

Additional Legislative Talking Points

According to Peter Christensen, an attorney who works in appraisal law, appraisers often get sued 10 or more years after an appraisal was written. These lawsuits typically come years after the high end of the market, following value declines that sometimes result in foreclosure.

As an example, the Great Recession began in December 2007 and ended in June 2009. In Arizona, the high end of the residential market was 2006 - 2007. National figures show that home prices declined 33% during the recession - and more than that in some Arizona markets.

Starting in 2014 and continuing through 2017, hundreds of negligent lawsuits were filed against appraisers for their appraisal reports written in 2006 and 2007. Most of the mortgage debt had been written off by the original lenders, (but not forgiven).

These loans were, (and still are), packaged and sold to investors who use debt collection companies to wring money out of anybody involved in the transaction, including property appraisers. The rationale the collection companies use is that the foreclosure proceeds were less than the original appraised value, so that means that the appraiser overvalued the property. They don't consider, (or don't care), that there are many reasons a mortgage could go bad that have nothing to do with the appraiser including:

- Divorce, death, job loss, or medical illness of the borrower
- Property maintenance neglected by the borrower.
- Lenders, who allowed unverified income statements from borrowers, and/or high debt to income ratios that were accepted by the lenders.
- Poor quality borrowers who are allowed high risk adjustable mortgages.
- Lender underwriting that was not complete and thorough, with borrowers having undisclosed debt
- Borrowers that accumulated excessive debt after the mortgage was funded.

Those who would like to research appraiser lawsuit problems from the Great Recession are encouraged to Google:

Llano Financing Group
Impac Funding Corporation
Impac CMB
Savant LG, LLC
Heritage Pacific
Granter brothers
Mutual First
First Mutual group

<https://appraisersblogs.com/case-update-llano-cases-against-appraisers>