Hot Topics and Myths in Appraiser Liability

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Where Are We Going This Morning?

- Overview of appraiser professional liability claims:
  - Basic liability prevention suggestions
  - Understand key elements of negligence claims against appraisers from a very recent WA case
  - Cover some hot issues and dispel a few myths

- Reminder: liability for appraisers in general is not out of control
Five Quick Liability Prevention Tips

1. “Appraise” clients, parties and assignments for unreasonable risk – follow your gut instinct.
2. Focus on precise, narrow descriptions of intended use and intended user – can a party who you really don’t intend to rely on your report (like a borrower) twist your language?
3. Proofread your reports.
4. Get square footage right.
5. Disclose special conditions in clear plain English.

➢ Look for new engagement materials and appraisal terms and conditions from AI in the near future.
In mid-2006, a real estate developer had two adjacent properties near Spokane under contract for $475,000 and $300,000.

One property was 51 acres; the other was 39 acres.

Both were zoned partially “light industrial” and partially “rural traditional” (a classification permitting minimal use).

The developer was seeking to flip the properties to other investors.

LLCs were formed through which the purchases would be made with financing from RiverBank.

RiverBank engaged Value Logic to appraise the properties – the fees paid were $3,000 and $2,000.

The appraisals, delivered in October 2006, valued the properties at $4,500,000 and $4,250,000.
• The reports contained the following limitations:

This report is prepared for the sole use and benefit of the client. Neither this report, nor any of the information contained herein shall be used or relied upon for any purpose by any person or entity other than the client. The appraiser is not responsible for the unauthorized use of this report.

The liability of [Value Logic] is limited to the client only and only up to the amount of the fee actually received for the assignment. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions.
The reports contained the following limitations:

Without prior written approval from the author, the use of this report is limited to internal decision making and financing. All other uses are expressly prohibited. Reliance on this report by anyone other than the client, [or] for a purpose not set forth above, is prohibited. The author’s responsibility is limited to the client.
• The developer received copies of the appraisals and showed them to a few prospective investors or told investors what the appraised values were during investor meetings.

• Some of the investors received copies from a closing agent.

• The developer’s pitch was that the investor LLCs would be able to flip their interests quickly – the investors purportedly did not know that the developer had the properties under contract for far less than they were paying.

• Statements were made by the developer to investors such as: “with the appraisals I got . . . an idiot could get into these properties and make a quarter million dollars.”
The investor LLCs – one named RockRock Group and the other RussellRock Group – purchased 75% interests in the properties.

RockRock paid $1.8m for its interest in the 53-acre property; RussellRock paid $1.63m for its interest in the smaller property.

RiverBank financed the purchases based on the appraisals and with personal guarantees from the investors in each LLC.

After acquiring their interests, RockRock and RussellRock were not successful in re-flipping the properties themselves. The market tanked almost immediately after the purchases were complete.

In 2009, payments came due on the loans, defaults occurred, and the investors were called on their guarantees.
In 2009, a review appraiser for the bank found the original appraiser had overvalued the properties by applying a value per square to the entire properties based on “light commercial” zoning.

Another appraiser valued the properties at $1,220,000 and $520,000.

In 2011, RockRock and RussellRock sued Value Logic and its two appraisers.

The gravamen of the complaint was that Value Logic negligently overvalued the properties in 2006 and that the LLCs would not have completed the purchases but for the overstated values.

The primary theory was negligent misrepresentation.

The damages demanded by the plaintiffs exceeded $5,000,000.
A primary key to any claim for professional negligence or negligent misrepresentation is the concept of duty – the plaintiff must establish that the appraiser owed the plaintiff a “legal duty.”

For the client who hired the appraiser, establishing duty is easy.

Whether an appraiser may be found to have owed a duty to non-clients become fuzzier and, in most states, subject to a test described in what is called the Restatement Second of Torts, § 552.

This is how the WA Court of Appeals applied the test – the duty element:

requires the LLCs to establish they were a limited group of persons for whose benefit and guidance Value Logic intended to supply the appraisal report or knew

RiverBank intended to supply the appraisal report.
Value Logic moved for summary judgment, which was granted by the trial court on the basis that Value Logic did not owe the investor LLCs (or individual investors in the LLCs) a legal duty. The WA Court of Appeals affirmed the judgment.

Why? All that good language in the appraisal reports (not contradicted by anything in the engagement agreements or by other evidence).

as evidenced by the reports, Value Logic did not intend for anyone other than RiverBank to be guided by the reports—the reports define RiverBank as the client, state they were prepared for RiverBank’s sole use and benefit, prohibit any person other than RiverBank from using or relying on them, and state the appraisals were confidential between Value Logic and RiverBank.
But I’m a Residential Appraiser, “What Can I Do?”

Include a specific advisory in form reports directed to purchasers/borrowers and sellers. Example:

“The appraiser has not identified any purchaser, borrower or seller as an intended user of this appraisal and no such party should use or rely on this appraisal for any purpose. Such parties are advised to obtain an appraisal from an appraiser of their own choosing if they require an appraisal for their own use. This appraisal report should not serve as the basis for any property purchase decision or any appraisal contingency in a purchase agreement relating to the property.”
Date: 10/20/2009

To whom this may concern:

My name is Patricia [redacted], and I purchased a home through [redacted] Mortgage in the year 2000. [redacted] was the person who appraised the property. This was a FHA loan 291-275 [redacted] (mortgage insurance case number). This home was said, to have had a complete new roof, "Routine roof maintenance over ownership and complete replacement in 1999."

Last fall, I noticed I had some water damage on the outside and inside of my home. I contacted a contractor for an estimate and to evaluate the problem. I have sent 3 pictures, you can see there is mold growth in the ceiling.

If I do not hear from you within 30 days, I will file a complaint with FHA and if necessary I seek legal action.

yours truly,

Patricia [redacted]

[redacted] MO [redacted] 816- [redacted]
“Wait, that appraisal was 9 years old. What About the Statute of Limitations?”

Myth: “I can’t be sued over an appraiser that I did more than 5 years ago.”

Statutes of limitation for claims against appraisers:
• Have no relationship to USPAP’s 5-year recordkeeping requirement
• May be subject to the “discovery rule”
• Are extended for the FDIC and some others
• Vary by the type of claim and state

• So how long is it here? 3 years in WA.
• However, a “discovery rule” applies in WA.
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC  20410-8000

ASSISTANT SECRETARY FOR HOUSING-FEDERAL HOUSING COMMISSIONER

Special Attention of:
All FHA Approved Mortgagees
All Direct Endorsement Underwriters
All FHA Roster Appraisers
All FHA Approved 203(k) Consultants
All HUD Approved Housing Counselors
All HUD Approved Nonprofit Organizations
All Governmental Entity Participants

Transmittal: Handbook 4000.1
Issued: August 26, 2015
Effective Date: Varied

1. This Transmits:


- **Doing Business with FHA - Other Participants - 203(k) Consultant, DE Underwriter, and Nonprofit and Governmental Entity**
- **Quality Control, Oversight and Compliance - Other Participants - 203(k) Consultant, DE Underwriter, and Nonprofit and Governmental Entity**
- **HUD REO purchasing requirements as established in Mortgagee Letter 2015-17**
New, Restated and Unified FHA Appraisal Requirements – Examples

• Changing the word “should” to “must” in numerous appraisal requirements
• New or revised inspection items. Examples:
  - Attic and crawl spaces
  - Appliances
  - Electrical and plumbing
• Analysis and reporting. Examples:
  - New photograph requirements
  - Legal non-conforming use
What Do We Make of the Changes and Requirements?

Performing the assignments: More work, unpleasant tasks, and more time.

What is your liability risk? Getting sued by either the lender or borrower.

Here, I have good news. FHA assignments do not overall cause more liability to appraisers than other “regular” lending assignments.
FHA Assignments Do Not Overall Cause More Liability Risk – Just Different

- Lender claims overall are lower compared to non-FHA lending assignments: FHA insurance, greater scrutiny, better appraisal practices, lower loan limits – are all factors that decrease claims. The negative factors are higher LTV and lower borrower credit ability.

- Borrower claims are where we do see increased claims, as compared to “regular” assignments. Thus, let’s focus liability prevention there.
b. Intended Use and Intended Users of Appraisal

The intended use of the appraisal is solely to assist FHA in assessing the risk of the Property securing the FHA-insured Mortgage (24 CFR § 200.145(b)).

FHA and the Mortgagee are the intended users of the appraisal report.

The FHA Appraiser does not guarantee that the Property is free from defects. The appraisal establishes the value of the Property for mortgage insurance purposes only.
For Your Protection: Get a Home Inspection

Why a Buyer Needs a Home Inspection

A home inspection gives the buyer more detailed information about the overall condition of the home prior to purchase. In a home inspection, a qualified inspector takes an in-depth, unbiased look at your potential new home to:

- Evaluate the physical condition: structure, construction, and mechanical systems; Identify items that need to be repaired or replaced; and
- Estimate the remaining useful life of the major systems, equipment, structure, and finishes.

You Must Ask for a Home Inspection

A home inspection will only occur if you arrange for one. FHA does not perform a home inspection.

Decide early. You may be able to make your contract contingent on the results of the inspection.

Appraisals are Different from Home Inspections

An appraisal is different from a home inspection and does not replace a home inspection. Appraisals estimate the value of the property for lenders. An appraisal is required to ensure the property is marketable. Home inspections evaluate the condition of the home for buyers.

FHA Does Not Guarantee the Value or Condition of your Potential New Home

If you find problems with your new home after closing, FHA cannot give or lend you money for repairs, and FHA cannot buy the home back from you. Ask a qualified home inspector to inspect your potential new home and give you the information you need to make a wise decision.


#1 Point for FHA Liability Prevention: Use and Build on Guidance about Intended Use/User

In your report, be sure to use the express wording given to appraisers in the FHA handbook regarding intended use and user:

"The intended use of the appraisal is solely to assist FHA in assessing the risk of the Property securing the FHA-insured Mortgage (24 CFR § 200.145(b)). FHA and the Mortgagee are the intended users of the appraisal report. The FHA Appraiser does not guarantee that the Property is free from defects. The appraisal establishes the value of the Property for mortgage insurance purposes only."
#1 Point for FHA Liability Prevention: Use and Build on Guidance about Intended Use/User

Include additional language further restating and clarifying these issues – my suggestion:

“Notwithstanding the pre-printed language on the fill-in form used to report this appraisal: (1) Pursuant to the requirements of HUD Handbook 4000.1, the intended use of this appraisal is solely to assist FHA in assessing the risk of the Property securing the FHA-insured mortgage; (2) FHA and the identified Lender/Client (the mortgagee) are the only intended users of the appraisal, and no borrower is intended to, or should, use or rely on the appraisal; (3) the appraisal establishes the value of the subject property for FHA’s and the Lender/Client’s mortgage underwriting only, (4) the appraisal is not a home inspection and does not replace the services of a home inspector, and (5) the appraiser does not guarantee that the subject property is free of defects.”
### FHA Minimum Photograph Requirements

<table>
<thead>
<tr>
<th>Photograph Exhibit</th>
<th>Minimum Photograph Requirement</th>
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<tbody>
<tr>
<td>Subject Property Exterior</td>
<td>• Front and rear at opposite angles to show all sides of the dwelling</td>
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<td></td>
<td>• Improvements with Contributory Value not captured in the front or rear photograph</td>
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<td>• Street scene photograph to include a portion of the subject site</td>
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<td>• For New Construction, include photographs that depict the subject’s grade and drainage</td>
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<td>• For Proposed Construction, a photograph that shows the grade of the vacant lot</td>
</tr>
<tr>
<td>Photograph Exhibit</td>
<td>Minimum Photograph Requirement</td>
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| Subject Property Interior             | - Kitchen, main living area, bathrooms, bedrooms  
- Any other rooms representing overall condition  
- Basement, attic, and crawl space  
- Recent updates, such as restoration, remodeling and renovation  
- For two- to four-unit Properties, also include photographs of hallways, foyers, laundry rooms and other common areas |
| Comparable Sales, Listings, Pending Sales, Rentals, etc. | - Front view of each comparable utilized  
- Photographs taken at an angle to depict both the front and the side when possible  
- Multiple Listing Service (MLS) photographs are acceptable to exhibit comparable condition at the time of sale. However, Appraisers must include their own photographs as well, to document compliance |
| Subject Property Deficiencies         | - Photographs of the deficiency or condition requiring inspection or repair                                                                                                                                             |
| Condominium Projects                  | - Additional photographs of the common areas and shared amenities of the Condominium Project                                                                                                                                    |
Discussion Item: Sewer Versus Septic
Give Extra Attention to Sewer/Septic

q. Onsite Sewage Disposal Systems

ii. Required Analysis and Reporting

The Appraiser must note the deficiency of MPR or MPS and notify the Mortgagee if the Property is not served by an off-site sewer system and any living unit is not provided with an Onsite Sewage Disposal System adequate to dispose of all domestic wastes in a manner that will not create a nuisance, or in any way endanger the public health.

The Appraiser must visually inspect the Onsite Sewage Disposal System and its surrounding area. The Appraiser must require an inspection to ensure that the system is in proper working order if there are readily observable signs of system failure. The Appraiser must report on the availability of public sewer to the site.
Discussion Item: Sewer Versus Septic
Give Extra Attention to Sewer/Septic

- One of the most common mistakes we see leading to a borrower claims is failing to identify and report that a property is served by a septic system and wrongly reporting the property as served by sewer.

- It’s #2 on our list of most common claim items not strictly related to value.

- Typical reasons for the error: using a template form without editing the box for sewer/septic, relying on MLS or other incorrect information, and making an actual mistake in the field.
In general, not a liability risk, except in the rarest of circumstances (the house caught fire following attempted testing of a stove).
h. **Roof Covering**

The Appraiser must notify the Mortgagee of the deficiency of MPR or MPS if the roof covering does not prevent entrance of moisture or provide reasonable future utility, durability and economy of maintenance and does not have a remaining physical life of at least two years.

k. **Attic Observation Requirements**

The Appraiser must observe the interiors of all attic spaces.

The Appraiser is not required to disturb insulation, move personal items, furniture, equipment or debris that obstructs access or visibility. If unable to view the area safely in their entirety, the Appraiser must contact the Mortgagee and reschedule a time when a complete visual observation can be performed, or complete the appraisal subject to inspection by a qualified third party. In cases where access through a scuttle is limited and the Appraiser cannot fully enter the attic, the insertion of at least the head and shoulders of the Appraiser will suffice.
Discussion Item: the Foundation

1. Foundation

The Appraiser must examine the foundation for readily observable evidence of safety or structural deficiencies that may require repair. If a deficiency is noted, the Appraiser must describe the nature of the deficiency and report necessary repairs, alterations or required inspections in the appraisal where physical deficiencies or adverse conditions are reported.
Discussion Item: Encroachments

(D) Encroachments

(3) Required Analysis and Reporting

The Appraiser must identify any Encroachments of the subject’s dwelling, garage, or other improvement onto an adjacent Property, right-of-way, utility Easement, or building restriction line. The Appraiser must also identify any Encroachments of a neighboring dwelling, garage, other physical Structure or improvements onto the subject Property.

The Appraiser must notify the Mortgagee if, upon observation, it appears that an Encroachment affects the subject Property.
Some Basic Pieces of Liability Prevention Advice for All Types of Assignments

- Proofread reports
- Keep strong work files – extra photos and notes
- Keep work files for several years longer than USPAP requires
- Be vigilant in narrowly identifying your clients, intended users and uses in your reports
- Use plain English in your report to describe conditions and issues that concern you – don’t just rely on canned phrases
- Follow your gut instinct about clients or situations that pose a high risk
Hot Topic: Square Footage Claims

- Number #1 claim issue after pure value claim
  - Get the measurement right
  - Double check your calculations and sketches
  - Proof for typos
  - Don’t trust borrowers, sellers, MLS, public records
Don’t Trust Borrowers, Sellers or MLS
Myth: “Only Appraisers who work for lenders get sued.”
So, Who Sues Appraisers Engaged as “Experts” or Who Perform Other Non-Lending Work?

Client(s) of the Appraiser. Examples:

- Taxpayer who hired appraiser to provide value for return
- Divorcing spouse who hired appraiser
- Party to condemnation suit who hired appraiser as expert
- Parties who jointly engaged appraiser to determine purchase price or a rental rate for a lease renewal
Continually and repeatedly, [REDACTED] substantially overstates the fair market value of the easements by hundreds of thousands, if not millions, of dollars. In his appraisals, [REDACTED] cites the professional standards applicable to real estate appraisers, and purports to value the subject property before and after the easement using generally accepted appraisal practices. But his analysis is mere form over substance. [REDACTED] distorts data and provides misinformation or unsupported personal opinions to achieve artificially high values for conservation restrictions that are often completely out of line with actual property values in the market area.
Case Example: Conservation Easement Appraiser

38. The total purported value of the easements, as determined by [Redacted], is more than $1.3 billion. The total purported value of easements that encumber buildings in [Redacted], according to [Redacted], is more than $400 million.

39. The amount of improper charitable contribution deductions resulting from [Redacted]'s flawed appraisals could reach hundreds of millions of dollars.
Case Example: Conservation Easement Appraiser

(2) provide a copy of the order of injunction to all former and current clients who retained Defendants since January 1, 2007 to appraise property for any federal tax purpose; and

(3) provide to counsel for the United States a list of clients (including each client’s address, phone number, e-mail address, and federal tax identification number) for whom they have prepared appraisal reports for tax purposes on or since November 1, 2009.
Hot Topic: The Emerging Mass Litigation Problem Involving Appraisers. What Is It? What lessons can be learned in general by all appraisers?
Mass Litigation Phenomenon
(Fueled by Impact Mortgage Holdings)

- Litigation investors suing appraisers for profit.
- Currently, it principally involves an investment entity named Llano Financing Group LLC, and 99% of the loans have ties to Impac Mortgage Holdings/Impac Funding.
- Claims relate to residential appraisals for loans at height of real estate bubble.
- Affects appraisers from all spectrums – licensed, certified, trainees, supervisors, designated, uninsured and even deceased.
- The concern is that the phenomenon will catch on and spread to more current appraisal work or commercial appraisals.
470+ cases overall

310+ filed by Llano in last 12 months

200 in Florida
50+ in Illinois
38 in Las Vegas

650+ appraisers sued overall by the entities
PURCHASE OF RIGHTS AGREEMENT

This Assignment of Rights Agreement is dated and effective as of March 31st, 2014, as amended on November 19, 2014, by and between Savant LG LLC (“Assignee”), and Impac Funding Corporation (“Assignor”) (collectively, “Parties”, individually, a “Party”).

RECITALS

WHEREAS, Assignor desires to assign and Assignee desires to acquire certain legal rights to sue and recover damages from real estate appraisers for real estate appraisals upon which certain mortgage loans were based; and,

WHEREAS, Assignor and Assignee desire to enter into this Agreement to establish the definitive terms and conditions governing the assignment and acquisition of such rights.
Assignment of Right to Sue Appraiser

COMMON INTEREST AND ASSIGNMENT AGREEMENT

IMPAC FUNDING CORPORATION ("ASSIGNOR") does hereby assign to SAVANT LG LLC ("ASSIGNEE") all rights, title and interest to and under the real estate appraisal of property located at 6865 MOTHER GOOSE RD JACKSONVILLE, FL 32210 performed for Loan... ASSIGNOR by and through this Common Interest and Assignment of Rights assigns any and all of its rights to pursue any and all claims (in contract and in tort) against the real estate appraiser(s) and/or the appraisal company that the appraiser(s) was associated with (at the time the appraisal was performed). ASSIGNOR further grants permission to assignee to assign these rights to a Claim Servicing Entity ("CSE"). The ASSIGNOR assigns any and all award of damages or other compensation to which it would be entitled had ASSIGNOR pursued the claims in its own name and own capacity of original owner and holder of said rights.

Effective: March 31st 2014.

ASSIGNOR:

IMPAC FUNDING CORPORATION

By: Richard Johnson

Title: E.V.P.

SAVANT LG LLC ("ASSIGNEE") does hereby assign to Liano Financing Group LLC ("CSE") all rights, title and interest to and under this COMMON INTEREST AND ASSIGNMENT AGREEMENT.
What’s in a Complaint?

3. Plaintiff is suing in its capacity as agent for Impac Funding Corporation, ("Impac"), the master servicer for DEUTSCHE BANK NATIONAL TRUST COMPANY, ("Trust") a national bank association, which owns the loan that is the subject of this suit. As master servicer, Impac had the authority and right to assign certain servicing functions and other duties to Savant LG, LLC (hereinafter "Savant").
What’s in a Complaint?

10. Defendants appraised the Property as of February, 2007, and determined the value was $600,000.00 which indicated that the Property was adequate to secure the loan (the “Appraisal”). A true and correct copy of the Appraisal is attached hereto as Exhibit “1” and incorporated herein by reference.

11. Based on Defendants’ appraisal certifying the value of the Property covered the amount of the loan, Original Lender issued a promissory note secured by a mortgage on the property to Borrower(s) for $420,000.00. A true and correct copy of the Promissory Note is attached hereto as Exhibit “2” and incorporated herein by reference.
What’s in a Complaint?

12. Despite the Defendants’ appraisal certifying the value of the Property sufficiently secured the loan issued by the Original Lender the Plaintiff discovered the inflated appraisal provided by the Defendant after a subsequent sale of the property did not yield proceeds to satisfy Impac’s loan amount.

13. The sale of the Property did not produce proceeds to cover the loan amount resulting in damages of $302,885.71.
What’s in a Complaint?
Cookie Cutter Allegation of Negligence

20. Upon review of Defendants’ appraisal by a Certified Appraiser following the sale of the Property, Plaintiff determined that, among various errors and omissions, Defendants incorrectly used improper sales comparables that were locationally, functionally, and dissimilar to the Property, which resulted in a gross overvaluation of the Property.
Sometimes a Cookie Cutter Review is Attached
Often the Allegations Are Obviously Flawed
What To Do if It Happens to You? Or, if any Professional Liability Claim Happens to You.

- With any legal threat or claim, don’t ignore it.
- Report to E&O.
- Get legal assistance.
- Handle the lawsuit appropriately if you are served.
Get Legal Advice – Not Internet Advice

Anyone have experience with that Llano company trying to come after you for an old appraisal completed? I have a buddy who is no longer in the business getting letters from them on something he completed as an associate in late 2007.

Just tell him to tell them he burned the files a few years back and have no idea what they are talking about? If they want a new appraisal, maybe he can recommend you but do you really want to hear from these guys years from now on an old report?

after. Like I said tho, he was just a trainee, so I can't see how much of anything could fall on him legally, even if within discovery.

It would be on the supervisor that signed the report
October 28, 2015

James V. Noonan
Damon G. Newman
Noonan & Lieberman, Ltd
105 W. Adams, Suite 1800
Chicago, IL 60603

RE: ________________ All American Appraisals Civil Action No. 15 CV 332

To Whom It May Concern:

I sold All American Appraisals in October or November of 2007 to Mr. ________________ for $20,000.00. To my knowledge, he then filed as owner with the State of Indiana. He lived also in Crown Point, In.

My husband and I moved to Florida in November of 2007 and retired. I have never owned or operated any business while living in Florida.

I am 76 years old. I am retired. My husband passed away January 2013 and I have since remarried and am now ________________. The only money I have is my retirement. I cannot afford to hire an attorney. My present husband is 79 years old and travel is not an option.

The appraisals were made at the peak of property market values in their locations in 2006. I provided 6 comparable sales for each of the two appraisals to establish their market value at that time. Surely, I cannot be held responsible for the economic crash and decline in property values in late 2007.

Sincerely,

[Signature]

[Name]
Why Do Many Appraisers Not Have Insurance Coverage for the Lawsuits?

Most common reasons:
• No current policy or no “tail” coverage
• No coverage back to time period of appraisal because “prior acts” coverage does not go back far enough.
• Appraiser has “individual” policy with exclusion for supervising other appraisers
• Appraiser has “individual” policy and the appraisal was done by employee or contractor
Common Reasons Why Appraisers Don’t Have Coverage for Claim Under Their E&O

- The “prior acts” or “retroactive” date on the appraiser’s E&O policy does not cover the time when the appraisal was performed.

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REAL ESTATE APPRAISERS ERRORS & OMISSIONS INSURANCE POLICY

DECLARATIONS PAGE

This is a claims made and reported policy. Please read this policy and all endorsements and attachments carefully.

Policy Number: NJA313536

1. NAMED INSURED: [Redacted]
   STREET ADDRESS: [Redacted]
   Gainesville, VA 20155

2. POLICY PERIOD: Inception Date: 12/18/2014
   Expiration Date: 12/18/2015
   Effective 12:01 a.m. Standard Time at the address of the Named Insured.

3. LIMITS OF LIABILITY:
   Each Claim: $1,000,000
   Aggregate: $1,000,000

   Claim Expenses have a separate Limit of Liability:
   Each Claim: $1,000,000
   Aggregate: $1,000,000

4. DEDUCTIBLE:
   Each Claim: $0
   Aggregate: $0

5. RETROACTIVE DATE: 12/18/2012
   If a date is indicated, this policy will not provide coverage for any Claim arising out of any act, error, omission or personal injury which occurred before such date.
Common Reasons Why Appraisers Don’t Have Coverage for Claim Under Their E&O

• The appraiser is sued for an appraisal he or she signed as a supervisor, or
• The appraiser is sued for an appraisal by an employee or subcontractor,
• And, the appraiser has an “individual only” policy:

Appraisal Services does not include the supervision of, subcontracting to, assignment to or referral of any portion of any contract, project or engagement by the Named Insured.

X. Professional Services rendered by any person or entity other than the Named Insured;

Y. Professional Services rendered by the Named Insured if such claim was based on or arising out of such Named Insured’s supervision, subcontracting, assignment or referral of any portion of any contract, project or engagement.