

Sunday, May 6, 2012

## **An Update on FDIC Lawsuits Relating to Appraisals and a Chart of Target Appraisers' Locations**

By Peter C

*Update on the update: May 19, 2012 - in the last week, the FDIC sued approximately 20 more appraisers as the receiver for BankUnited in a last-minute rush to file the actions before the deadline for its negligence claims relating to that failed bank. The appraisers affected by these new lawsuits are in New York, Pennsylvania, New Jersey, Washington, California and Florida. All of the appraisals were performed for mortgage brokers.*

In 2011, the FDIC filed its highest number ever of lawsuits naming appraisers as defendants. So far in 2012, the FDIC's pace for suing appraisers has slowed, but that may change as the relevant statutes of limitations approach for several large lenders that failed in 2009. (READI members can read about statutes of limitations and how they differ for the FDIC in "[What Is The Statute of Limitations for a Lawsuit Against an Appraiser in My State?](#)")

Since January 1, 2007, the FDIC has sued or identified in court documents approximately 500 individual appraisers for allegedly negligent appraisals. Of these, approximately 165 individual appraisers and appraisal firms have been named as defendants and the remainder identified as negligent by the FDIC in its lawsuits against other defendants, such as bank officers and directors and appraisal management companies.

In the last 5 years, the FDIC only has sued fee appraisers for one thing: over appraisal of subject properties. Most typically, the FDIC has alleged that the appraiser's opinion of value was inflated because the appraiser selected inappropriate comparable sales (to use the FDIC's own words: "more than one mile from the subject property"). For examples of allegations in recent FDIC lawsuits see "[What Is the FDIC Suing Appraisers About?](#)"

A few appraisers have now been sued or identified as negligent in multiple actions by the FDIC -- in other words, some have been sued twice for different appraisals, some have been identified as negligent for different appraisals in more than one lawsuit naming other defendants, and some are subject to both of those issues. Though suing or identifying approximately 500 appraisers as allegedly negligent in its lawsuits, however, the FDIC has not, as a general rule, filed any complaints against appraisers with state appraiser regulators. Rather than pursue discipline, the FDIC almost uniformly only sues for monetary damages. The average damage amount claimed by the FDIC in relation to an allegedly negligent appraisal exceeds \$450,000.

The chart below shows the city and state of each appraiser sued or publicly identified by the FDIC as allegedly negligent since January 1, 2007. In a few instances, I've changed the names of smaller cities/towns to more general descriptions.

Appraisers are beginning to find out that some lenders and appraisal management companies are now tracking the identity of appraisers sued or identified as negligent by the FDIC for the same reasons they track licensing sanctions when maintaining their appraiser panels. The main reason for AMCs doing this is that an AMC has potential liability to a lender client for selecting an appraiser sued by the FDIC for negligence, in the same way that the AMC may have liability for selecting an appraiser with a disciplinary issue or insufficient license.

Finally, this might sound like a crazy question, but in the realm of the FDIC, it is not. . . "Wouldn't an appraiser know if he or she actually has been named as a defendant in a lawsuit by the FDIC?" The answer is "no", because the FDIC filed a number of lawsuits against appraisers in 2011, never served the appraisers, and then dismissed the cases without prejudice to refiling. I can't explain their tactics. The lawsuits, however, will still show up in some types of credit or background checks.

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**Appraisers Named as Defendants in FDIC Lawsuits or  
Identified by FDIC in Lawsuits as Providing Allegedly Negligent Appraisals**

City or County and State  
January 1, 2007 to May 4, 2012

<b><u>Alabama</u></b>	Carlsbad	Healdsburg	Mission Viejo
Huntsville	Carlsbad	Hemet	Mission Viejo
	Carmichael	Hercules	Mission Viejo
<b><u>Arizona</u></b>	Carmichael	Hollister	Mission Viejo
Gilbert	Carson	Huntington Beach	Modesto
Glendale	Castaic	Huntington Beach	Modesto
Mesa	Castaic	Huntington Beach	Monterey County
Mesa	Chatsworth	Huntington Beach	Morgan Hill
Phoenix	Citrus Heights	Indio	Murrieta
Phoenix	Concord	Indio	Murrieta
Phoenix	Corona	Inglewood	Murrieta
Queen Creek	Covina	Irvine	Murrieta
Scottsdale	Culver City	Irvine	Newark
Scottsdale	Cupertino	Irvine	Newbury Park
Scottsdale	Cupertino	La Habra	Newport Beach
Scottsdale	Dana Point	La Mesa	North Hollywood
Tucson	Dana Point	La Mesa	Oak Park
Cave Creek	Dublin	Laguna Hills	Oakland
	Dublin	Laguna Niguel	Oakland
<b><u>California</u></b>	Dublin	Lake Forest	Oakley
Alameda	El Cajon	Lakewood	Oakley
Alamo	El Cajon	Livermore	Oakley
Alpine	El Cajon	Livermore	Oceanside
Antioch	El Dorado Hills	Lomita	Oceanside
Antioch	Encinitas	Long Beach	Oceanside
Antioch	Escondido	Long Beach	Ojai
Antioch	Fair Oaks	Long Beach	Orange
Aptos	Fair Oaks	Los Angeles	Orange County
Aptos	Fairfield	Los Angeles	Orangevale
Aptos	Fairfield	Los Angeles	Orangevale
Aptos	Fairfield	Los Angeles	Orinda
Aptos	Foothill Ranch	Los Angeles	Oxnard
Auburn	Fountain Valley	Los Angeles	Pacific Palisades
Big Bear Lake	Fountain Valley	Los Angeles	Palm Springs
Brentwood	Fremont	Los Angeles	Palm Springs
Brentwood	Fresno	Los Angeles County	Paso Robles
Brentwood	Fresno County	Los Angeles County	Paso Robles
Burbank	Fullerton	Los Gatos	Pinole
Camarillo	Fullerton	Martinez	Placentia
Camarillo	Glendale	Martinez	Placer County
Campbell	Granada Hills	Merced	Pleasant Hill
Canyon Country	Granada Hills	Merced County	Pleasanton
Carlsbad	Grass Valley	Mira Loma	Pleasanton

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Pomona	Santa Barbara	<b>Colorado</b>	Lake Mary
Poway	Santa Barbara	Denver	Lantana
Rancho Cordova	Santa Clara	Greenwood Village	Lantana
Riverside	Santa Clarita	Lakewood	Miami
Riverside	Santa Cruz County	Littleton	Miami
Riverside	Santa Monica	Littleton	Miami
Riverside County	Santa Monica	Woodland Park	Miami
Riverside County	Santa Monica		Miami
Rocklin	Santa Rosa	<b>Connecticut</b>	Miami
Rocklin	Santa Rosa	New Haven County	Miami
Sacramento	Santa Rosa		Miami
Sacramento	Sherman Oaks	<b>Florida</b>	Miami
Sacramento	Simi Valley	Apopka	Miami
Sacramento	Simi Valley	Asheville	Miami
Salinas	Stockton	Aventura	Miami
Salinas	Sun City	Aventura	Miami
San Bernardino County	Sunland	Aventura	Miami
San Clemente	Tarzana	Boca Raton	Miami
San Diego	Teresopolis	Bradenton	Miami
San Diego	Temecula	Broward County	Miami
San Diego	Thousand Oaks	Cape Coral	Miami
San Diego	Tiburon	Cape Coral	Miami
San Francisco	Torrance	Clermont	Miami
San Francisco	Tustin	Dade County	Miami
San Francisco	Vacaville	Daytona Beach	Miami
San Francisco	Vallejo	Delray Beach	Miami
San Francisco	Vallejo	Deltona	Miami
San Joaquin County	Van Nuys	Fort Lauderdale	Miami
San Joaquin County	Walnut Creek	Fort Lauderdale	Miramar
San Jose	West Hills	Fort Myers	Miramar
San Jose	West Hills	Fort Myers	N. Miami Beach
San Jose	West Hills	Fort Myers	Naples
San Jose	West Hollywood	Fort Myers	Naples
San Jose	Westlake Village	Fort Walton Beach	Naples
San Jose	Westlake Village	Hollywood	Naples
San Jose	Whittier	Hollywood	Naples
San Jose	Whittier	Homestead	Naples
San Juan Capistrano	Woodland Hills	Homestead	Niceville
San Rafael		Jacksonville	Orlando
Santa Barbara		Jacksonville	Orlando
		Key West	Palm Springs
		Key West	Palm Springs

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Panama City	<b>Illinois</b>	Detroit	Pembroke Pines
Pembroke Pines	Arlington Heights	Detroit	Pinellas Park
Port Richey	Calumet City	Fenton	Polk County
Santa Rosa Beach	Chicago	Ferndale	Port Richey
Sarasota	Chicago	Grand Traverse County	
Sarasota	Chicago	Grand Traverse County	
Tallahassee	Miami	Macomb	<b>New Jersey</b>
Tamarac	Oak Forest	Northville	Edison
Tampa	Plainfield	Northville	Somers Point
Vero Beach	Plainfield	Oakland County	Sparta
Wakulla County	Vernon Hills	Oakland County	Spring Lake Heights
Weston	West Chicago	Plymouth	
Winter Park		Plymouth	
Winter Park	<b>Kentucky</b>	Southfield Township	<b>Nevada</b>
	Boone County	Springfield Township	Clark County
		Springgate	Douglas County
<b>Georgia</b>		Trenton	Henderson
Canton	<b>Massachusetts</b>	Wayne County	Las Vegas
Clarkston	Brewster	Wayne County	Las Vegas
Dallas	Essex County	White Lake	Las Vegas
Douglasville	Plymouth		Las Vegas
Duluth	Wakefield		Las Vegas
Lithonia		<b>Minnesota</b>	Las Vegas
Peachtree City	<b>Maryland</b>	Anoka	Las Vegas
Smyrna	Baltimore	Bloomington	Las Vegas
Smyrna	Capitol Heights	Bloomington	Las Vegas
Suwanee	Montgomery County	Burnsville	Las Vegas
Woodstock		Eden Prairie	Las Vegas
	<b>Maine</b>	Minneapolis	North Las Vegas
<b>Hawaii</b>	York County	Prior Lake	
Maui		Rural West	<b>New York</b>
	<b>Michigan</b>	Scott County	Bronx
<b>Idaho</b>	Adrian		Bronx
Boise	Allen Park	<b>Missouri</b>	Brookhaven
Coeur D'Alene	Berkley	Belton	Brooklyn
	Bloomfield Hills		Brooklyn
<b>Indiana</b>	Bloomfield Hills	<b>North Carolina</b>	Great Neck
Carmel	Bloomfield Hills	Asheville	Hicksville
Fortville	Commerce Township	Boone	Lindenhurst
Hendricks County	Dearborn	High Point	Rensselaer
Indianapolis	Dearborn	Union County	Somers
Plainfield		Union County	Somers
Westfield			Staten Island
			West Islip
			Yonkers

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**Ohio**

Broadview Heights  
Broadview Heights  
Cleveland  
Cleveland  
Cuyahoga Falls  
Delaware  
Hamilton  
Lyndhurst  
Portage County  
Troy

**Oregon**

Clackamas

**South Carolina**

Beaufort  
Simpsonville

**Tennessee**

Pickett County

**Texas**

Alvin  
Austin  
Austin  
Frisco  
Houston  
Houston  
Houston  
Houston  
Lakeway  
Lufkin  
Montgomery  
Richmond  
Rural Central Texas  
Travis County

**Utah**

American Fork  
Herriman  
Holladay  
Holladay  
Ogden  
Orem  
Salt Lake City  
Salt Lake City  
Salt Lake City  
Sandy  
Washington

**Virginia**

Bristow  
Clifton  
Great Falls  
Warrenton

**Washington**

Seattle  
Camas

**Wisconsin**

Gene Geneva

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