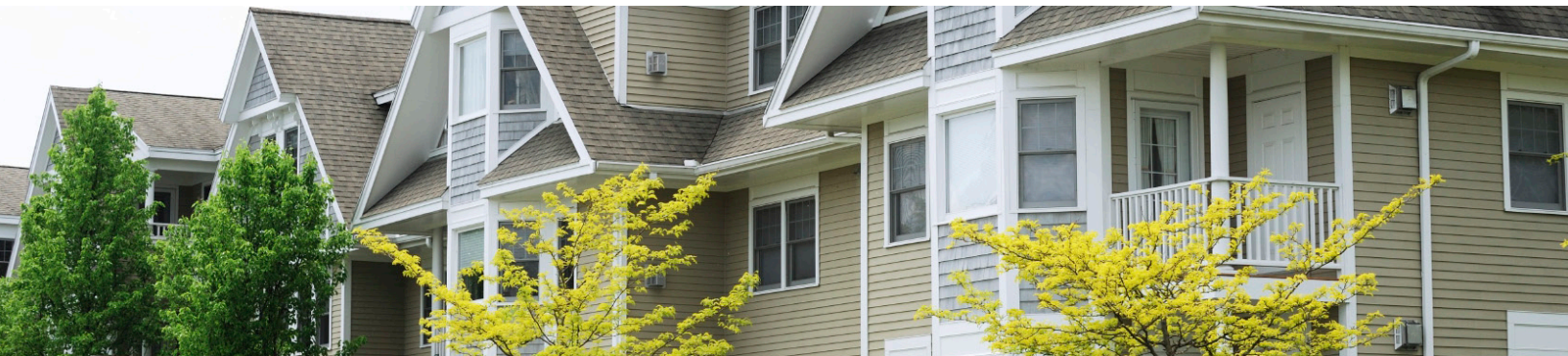


Get Your Facts Straight



the facts

Mrs. Baker owned a condominium, with two small bedrooms, and one and a half baths in Southern Florida. Her unit was in a building of six in a community of 24 individual condominiums. Mrs. Baker decided to refinance to take advantage of lower rates, and visited a local lender; South West Regional Bank for assistance.

Risk Factor #1

The original request for the BPO was for a condominium on Tenth Court; however the defendant did not confirm or notice that the address used in the BPO was actually a totally different address on Tenth Street.

South West Regional Bank sent a request to Apple John Realty Services to do a broker price opinion (BPO) of the property. Mr. Mason of Apple John Realty Services visited the property to perform the BPO. Mr. Mason had photos supplied by the lender, made notes and reported his findings. The refinance settled and Mr. Mason's BPO set a value of the property at \$330,000. The BPO value provided was used in an equity analysis to support a cash advance in the amount \$95,000.

Sometime after settlement, discrepancies were discovered in the BPO. Mr. Mason's BPO stated the property was in a different area of Florida that consisted of newly constructed high value residential properties. It also classified the property as a townhouse, when in fact it was a condominium. The BPO listed the interior square footage as 4,500 square feet, when in actuality it was 1,225 square feet. It went on to report the living space as four bedrooms, two and a half baths and a den. There were actually only two small bedrooms, one and a half baths and no den. The photos taken were of the townhouse community located just adjacent to the condominium.

Risk Factor #2

The defendant's documentation clearly showed a townhouse, when the property to be evaluated was listed as a condominium. Mr. Mason should have confirmed that discrepancy.

the result

The comparable used for the BPO was substantially higher than the value of the actual property; which was \$210,000. Therefore, the lender allowed a cash out of nearly \$120,000 dollars. As a result of all this, South West Regional Bank filed a claim against Mr. Mason and Apple John Realty Services seeking damages in the amount of \$120,000; the loss as a result of this erroneous BPO. The suit was settled for \$100,000.

Risk Factor #3

The mere visual inspection performed by Mr. Mason could not have told him the actual footage of the property, nor the number of rooms. Again, Mr. Mason should have communicated with the lender about these discrepancies.



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