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LLANO FINANCING GROUP UPDATE, OCTOBER 9, 2015



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Submitted by *DannyStewart* on Thu, 10/08/2015 - 13:19

Thursday, October 8, 2015



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If you are reading about this for the first time, here is a very brief background summary to give you some perspective. Beginning several years ago a number of entities owned, controlled, or run by two brothers from Texas have been acquiring the remnants of defaulted mortgage loans and then suing appraisers all over the The brothers are Chris and Ben Ganter and the entities involved (at least those we know about) are:

- Heritage Pacific
- Savant Claims Management
- Savant LG
- First Mutual Group
- Mutual First
- Llano Financing

In every case we know about the plaintiff alleges it acquired either the loan or the rights under the loan to sue appraisers. They also used to go after borrowers, but when a class action on behalf of the borrowers they were targeting got filed, they collapsed the entity they were using at the time (Heritage Pacific) and filed bankruptcy. Since then, they have been focusing on appraisers since appraisers typically have E&O insurance and they have a deep pocket to find the pot of gold at the end of the rainbow.

Many of the filings we have seen are obviously well beyond the statute of limitations since the appraisals they are based on go back to 2006 or earlier and are in loan files where the borrowers defaulted many years ago and the property was subsequently sold at foreclosure. Conveniently, a fair number of these complaints omit any reference to how long ago the default and foreclosure occurred, thus forcing the defendant to file a motion to obtain a dismissal based on the applicable statute of limitations having already run.

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Some of the cases reference a recent review appraisal being the basis for just discovering the errors in the original appraisal, but leaving the legal nuances of the discovery rule alone for now, let's just say the "review appraisal" itself does not appear to meet USPAP standards and the reviewer (who is named in several cases) may have violated both USPAP and the ethics and/or standards of the Appraisal Institute that gave him an MAI designation. In some cases, the reviewer has been identified in the complaint as "Certified Appraiser" or even "Faye Dunaway"...no kidding.

Recently the game seems to have changed some since Llano now says it is suing as the agent for Impac Funding Corporation (www.impaccompanies.com (<http://www.impaccompanies.com/>)) and Deutsche Bank National Trust Company (www.dba.usa/ (<http://www.dba.usa/>)). We saw some documentation which seems to verify this agency status by indicating Impac retained some financial interest in the outcome of these lawsuits and has to approve certain expenditures. By the way, the loan origination firm CashCall Mortgage (www.cashcallmortgage.com (<http://www.cashcallmortgage.com/>)) seems to be very closely affiliated with and controlled by Impac. If I were an appraiser, I'd have to think twice about doing any new appraisal work for them right now. Hint...hint.

We are pleased to report many of the cases these groups have filed so far have been dismissed and we are aware of one that has been fully litigated where they received judgment on the merits. We will keep you posted on any new developments as they occur. Who knows, in our next update we may even list all of the attorney firms and appraisers who are working for the brothers and the entities listed above.

PS – We attempted to speak with and get comments from one or more of the attorneys that filed some of the batches of Llano lawsuits as well as from the General Counsel for Impac. As of now, none of them have returned our calls or emails.

Author: Brian L. Trotier, JD, is the Executive Vice President and Chief Operating Officer of FREA and a former practicing attorney with more than 30 years experience in real estate and risk management.

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Submitted by Michael Ford (not verified) (http://mfford.com/html/c___r_fees.htm) on Fri, 10/09/2015 - 16:22
Permalink (/comment/2334#comment-2334)

IF there is an MAI allegedly doing work that is non compliant with USPAP then he should be turned in to the ethics committee of the AI AND a copy of a known deficient re appraisal he or she prepared should be published on the web so that ALL can know who he is and the level quality of his or her work. Offer no opinions. Just a copy of a report that has already become a public record somewhere in a complaint (as a courtesy maybe the original owners names should be redacted)-especially if they filed BK. Let the collective internet of appraisers offer hypothetical opinions (which in itself would become interesting). "Allegedly".

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Submitted by Keith Wolf (not verified) on Sun, 10/11/2015 - 19:55 Permalink (/comment/2365#comment-2365)

Submitted by Keith Wolf (not verified) on Sun, 10/11/2015 - 19:55 Permalink (/comment/2365#comment-2365)

I am looking appraisers who (/comment/2365#comment-2365)

I am looking appraisers who are on lenders do not use list for non USPAP related violations. This appears to be a new method of getting appraisers to hit lender guidelines. Would you be interested in running an article on this who reaches out?