The BIG AVM Lie

Lookout - the next time you buy or refinance your home.....

by Steve Keohane, USN (Ret), Nov 2001

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Automated Valuation Models (AVMs)

Many lenders, including Fannie Mae, Freddie Mac, Wells Fargo, Countrywide and Washington Mutual made very risky decisions several years back to utilize computer generated appraisals (known as AVMs) instead of licensed real estate appraisers.

This extraordinary "Risk taking" by lenders in the name of greed nationwide is now beginning to cause problems in the bond markets because of the extraordinary risk of backing mortgages when nobody ever even looked at the property (homes and property) being financed. The subprime market meltdown due mostly to their Liar! Liar! loans (no income verification) is yet another clear indication of Lender irresponsibility and greed. Driveby "appraisals", where an appraiser is told not to go inside the property to be appraised have also caused extraordinary losses to the lending industry. Often these driveby's are ordered because the Loan Officer has already gotten a head's up of something illegal, such as an illegal basement apartment, or a "gutted" or damaged room, etc.

Lenders nationwide were warned in the spring of 2004, that when they use anything less than a full, traditional appraisal in housing markets where values are soft, they could be penalized on Wall Street.

Fitch Ratings, one of the major risk-assessment firms for the global bond market, believes that anything less than what it calls "the full monty" -- an on-site, exterior and interior professional appraisal -- is likely to overstate the true worth of the property if it's located in any of dozens of slowly appreciating markets around the country.

Fitch plans to impose a 10 to 15 percent "haircut," or devaluation, of the homes backing mortgages in bond pools if they are in soft real estate markets and did not get traditional full appraisals. That rules out all the quicker and less costly valuation alternatives in wide use, including online database "automated valuation models" (AVMs), broker price opinions, desk reviews, tax assessments and drive-bys.

Bond investors -- those who buy into the giant mortgage pools that fund much of the U.S. home loan market -- care deeply about accurate property valuations. That's because when borrowers default and go into foreclosure, investors lose more when the appraisal used by the lender inflated the property's true value.

These AVMs are similar to those you get for free, or pay $10-$29.95 for, like at Zillow, YaHoo or at some other company sites. They were known as neural logic or "fuzzy logic" when they were used on the stock market in the mid 90's. They failed there miserably.

Like neural logic programs of the past, AVMs which the banks are now using are also failing miserably. These computer programs begin their "appraisal" by blindly generating an appraised value for a home with very faulty data. This computer "analysis" is based on multiple regression analysis with a large amount of the most pertinent variables, including your homes actual condition, its actual verified size, and your location removed from their equation. Only after AVMs find the appraised value do they begin searching to find what they consider likely comparables.

The reason the banks are doing this is not to save you money--but to increase their own bottom line (they collect the fee). This also allows the lender to "fudge" these computer generated home valuations, because no 3rd party (like an appraiser) is now watching them. When a mortgage company is involved, our experience as state licensed appraisers is that a large percentage (not all) of loan officers will do anything it takes to "push a loan" just to collect their own commission. This is not always in your best interest! Suppose you owe much more than your home is worth, and the real estate market takes a down turn; you may soon find yourself filing bankruptcy if you had to sell your home. Relying on these AVMs to give you a value prior to selling your home could very well cost you $10,000-$100,000 in lost equity. It has happened to many people.

AVMs and LOW VALUES:

AVMs base their value estimates without anyone ever evaluating the condition of your home or the condition of the comparable sales used to estimate your value. AVMs nearly always totally ignore the number one criteria in real estate--location. These computer programs could care less if your home is located in a much superior neighborhood--an inferior neighborhood is often separated by just one street from you. These computer programs don't care if you have an ocean front view, or even a "crack house" view. A comparable which your home is judged by these AVMs may have sold low because half its foundation was falling down a cliff. This AVM comparable could have sold low because most of its lot is far from level--perhaps even a rocky cliff. It could have sold low by $50,000 because it has urea formaldehyde in the walls. The point is, --AVMs don't ask questions, and don't see anything. AVMs simply do not care. Because it's within their "circle" (distance from your home) computers figure it is equal to yours. AVMs always indiscriminately compare your neighborhood with run-down and other incompatible neighborhoods. That's because computers cannot see the difference as they incorrectly analyze data in an office hundreds or thousands of miles away from you.

Computer generated evaluation databases are predominated by 10-15 year old county data. This data most likely does not show whether you renovated your home's interior or exterior, put in new thermal windows, finished your basement, added an in ground pool, deck or porch. Computer generated evaluations will most likely miss your new kitchen and your new bathroom also. Additionally, AVMs are not likely to measure your home correctly. And they'll probably miss that finished 3rd floor and that new $60,000 addition in the rear. In short, AVMs do oranges against apples. They'll include a finished basement as if living area (gross living area) in the comparable sale--and often they'll not do the same with your home.

Computer generated evaluation databases will most likely not include "fresh sales" in your neighborhood, or even across the street from you. If you have waterfront property, a computer evaluation will most likely compare your home against a non-waterfront home. Should your lot spill over to another town or even another state, this AVM will most likely miss that lot portion outside of your town. Computer generated evaluations will not talk to local brokers about why a home sold so high, or so low. They will also miss a lot of good comparables that exist when a homeowner sells their own property (FSBO). If you have a lot that could be sub-divided to give you a windfall of $100,000-$100,000,000, unlike an appraiser--the bank computer will give you no "heads up" so that your "gravy" goes to the new buyer--and you are none the wiser.

The worse thing about these computer evaluation models (AVMs) is that they are spitting out reports to homeowners who are basing their selling decisions on these. We suggest if you lose money by relying on one of these - that you contact an attorney and file suit. AVMS are often falsely advertised as "Appraisers", "Real Estate Appraisers" and "Appraisal" on internet search engines.

The ARIZONA Real Estate Appraiser Board is the first in the nation to try and do something about this when it issued cease and desist letters to Willow. Sadly, the Arizona legislature did not follow up. In April 2007, Arizona SB 1291, which would have outlawed these "fuzzy logic" appraisals immediately, failed to pass in the Arizona House. But we think that Arizona can still make these online AVMs cease and desists under its current ARS Chapter 36 Law which says only state licensed and state certified appraisers can do appraisals. We are not talking about the Market Analysis (CMA) that brokers do. We are talking about misleading, faulty data being falsely advertised as home "Appraisals".

Perhaps if Arizona (all states collect tens of millions yearly in licensing fees) and some other states took some of the tens of millions they have collected from appraisers in licensing fees since 1994, and used some to take Willow to Court - we may see a change.

WHAT CAN A HOMEOWNER DO? Tell the Mortgage Company or Bank that you insist on an appraisal by a state licensed appraiser.

RECENT TRUE LIFE EXPERIENCES WITH AVMs

A State Certified Appraiser writes in October 2004:

I've got a story to tell:

I am a state certified appraiser with 21 years of experience with two professional trade designations; thus I am highly overqualified to do mortgage origination appraising. LOL.

Be that as it may, two years ago I was contacted by a pension fund asset manager to render an opinion of market value on a property two years past. It seems this fund manager had purchased several hundred million dollars worth of paper and was doing an audit. The initial request was for a 2055 exterior, however, much of the information I obtained from public records and title company records was conflicting and thus I was able to upgrade to an interior inspection.

The subject property was located in a neighborhood surrounded by homes in the $1.7 to $2.4 million dollar range. The subject had the same assessor's book and page numbers of the $2+/- million homes that had sold with the time of the effective date of the retro value. Furthermore, the year built stated on the title company records and square footage were consistent with the million dollar homes. So far so good?

Turns out the subject property was actually built in 1949 and had an addition of 2,000 square foot which included a 650 sq. ft. garage and a 750 sq. ft. enclosed patio. Furthermore, the subject backed directly to a railroad spur which abuts a major interstate freeway. The indicated year built 2001 was actually the permit date that somehow got on to the title company record and the additional 2,000 square was actually only 500 sq. ft for a master bedroom, sitting area and bath.

The reality was the home was a vintage post-WWII 1949 rambler with several fair quality additions. **The true value of the home as of the effective date was $750,000 (75% of that was land value).**

The company that the pension fund had bought the loans from was using Automated Valuation Models (AVM's) and the AVM had an estimated value of $2.2 million for the home.

Oh yeah, there was a first (loan/mortgage) on it from that company of $1.35 million. Needless to say within five minutes of my office sending the report to the client I received a phone call with a panicked individual screaming that I must have appraised the wrong house. Apparently there were dozens of other properties in the same area, all valued by AVM's.

After speaking with the client I received a phone call from the firm's legal consul advising me that my services are no longer needed and stated that if I discussed this with anybody they would bring suit for violation of the confidentiality of the client/appraiser relationship. I'm certain they buried the report along with everything else.

This is just the tip of the iceberg as the AVM Titanic has already struck the iceberg and yet the band continues to play on.

What comes next will make the S&L (Savings & Loan) crisis look like a game of Old Maid!

An appraiser in Massachusetts writes; In December 2001 a homeowner called me to do an appraisal. This homeowner told me on the phone that 2 days prior he paid $20 for an on-line AVM report. This AVM report said that his home was worth only $214,000. The local City Assessor valued his home at $190,000--so he figured it was right. I went out there and did an in-depth appraisal and found this home was worth $250,000. I had many comparables to support this. What if this homeowner relied on this AVM when he sold his home. In reality, that $20 report would have cost him $36,000.

Steve K

In January 2002, an appraiser in Maryland reported this about attempted bank manipulation; "This is new one. AVM came in $6,000 lower than appraisal (full 1004 - with/interior inspection, with good comparables..). Well - Underwriter is concerned - thinks value should be lower, wants 3 more comparables -I just want to scream - SCREAM....

B IN B

ANOTHER AVM "horror story":

I appraised a HUD repossession for the mortgage company representing the buyer of the home. The sales price was

$95,000. My value came in at $124,000.

It was a track home approximately 1600 square feet with a pool but in a single subdivision that was surrounded by $250,000 custom home sites. There were no sales within the subdivision within the past the 6 months. I had to go further out in my search for comps to find a very similar subdivision to find suitable comps. There were no comps in the subject's subdivision, nor in that nearby similar neighborhood as low as $95,000.

The Lender ordered a field review because, little did I know, an AVM came in at $95,000 and set the list price the realtor used. The AVM must have had to use very old comps to find any comps in that subdivision, especially sales as low as $95,000.

The review appraiser come in with the same value that I did. Prior to that field review I was treated like there must be something wrong with my appraisal until the review appraiser confirmed my results.

Why would I intentionally come in that much higher than the sales price, especially knowing full well it was going to cause me problems with that higher value. I had no choice, THAT WAS THE MARKET VALUE. What was I supposed to do, lie or make up comps to make everybody feel warm fuzzy about AVMs.

Another AVM Horror Story (1 Jan 2002):

I went to homeadvisor.msn.com site and entered my home address in their valuation software. It says "Home Values provided by Freddie Mac" on the site. Not only was the last sales price reported for my own home incorrect by $34,000, a quick check of county records confirmed the sales prices of the comparables were incorrect by $25,000-$35,000.

Where are they getting these sales prices? It's bizarre. I predict the (improved) AVM programs of the future will be bundled with the desktop underwriting software and will be as quick and easy as a credit report for the lender. If it gives the lender the value they want, and the AVM is acceptable to the secondary market, then appraisers will never know about the loan. I see no future in appraisers selling AVM's (as some would like to have us believe), they are another tool for the lender. Diana M., Washington State

March 2002, an Appraiser writes:

Been on the hustle lately and happened into a town hall the other day and ran into an old attorney friend of mine and we started to chit chat and I said by the way what do you think about those AVM jobs; here's his response-

had one closing all set & ready to go and noted a glitch, they didn't have the second mortgage payoff noted, so I called their closing dept. and they said - go ahead & close our "Title Search" shows no such item. He closed the deal and said to me quietly chuckling, someone just lost $50,000 hehehe* At this rate it won't be long folks, just wish I was on the end of one of those $30,000 to $50,000 giveaways.

In March 2002, an Appraiser writes:

Just finished a rebuttal to a client where the value was questioned by the borrower (refi). The borrower had gone to one of the on-line valuation services and had six sales. Of the six, three were generally comparable. All three sales were inaccurate, reporting sales prices in the $190's whereas the actual MLS sales prices were in the 160's - 180's. Given the errors (invariably where the sales prices are reported higher than actual), I foresee some significant long-term problems for lenders who rely only on these methods. That is, as long as appraisers exist. After that, we will have rampant inflation of values as there will be no real check on realtor and lender actions.

In May 2002, an Arizona Appraiser writes:
I conducted a full appraisal report on a very typical, conforming home in one of the only tract subdivisions in the small town in which I reside. I state this to clarify that in my opinion, this neighborhood is one of the simplest subdivisions in my town in which to estimate market value, due to the high degree of similarity in housing quality, size, age, etc. My appraisal report stated the appraised value of the home as $123,000, with good market support from very similar, very recent comparable sales with few adjustments.

The borrower thought the property was worth $135,000, was upset with my value conclusion, and insisted that another appraisal be conducted. Another appraiser completed an appraisal report, and concluded the property was worth $125,500. The borrower was still unhappy with these results, and filed a complaint with the state appraisal board against me and the other appraiser.

Now here is where it gets interesting. The documents provided by the appraisal board related that **the borrower had originally been provided with a "desktop appraisal" by the lender (an AVM), which estimated the home's value**

as $93,000! This valuation was lower than the original purchase price of the home 6 years prior, in an area which had experienced moderate appreciation over the entire period. The lender had decided to decline the loan, based upon this "desktop appraisal", but the borrower had the good sense to insist on an appraisal completed by a state licensed appraiser.

I found it quite interesting that **two independent appraisers, completely unaware of the fact that both were conducting an appraisal of the same property, came to conclusions that differed by only $2500, or 2%, but the lender's AVM provided a value estimate that was $30,000 to $32,500 lower! And this was on a VERY SIMPLE appraisal assignment with ample market data.**

The consumers and the taxpayers in this country need to become educated about the dangers of utilizing these faulty, unproven systems to estimate the value of the largest and most important investment most will ever make in their lifetime. If not, we will all bear the costs of an insolvent mortgage banking industry.

Mike

In August 2002, an Appraiser writes:

Within the same week, two borrowers had basic screaming matches with their lender on the drive by and AVM values arrived at the week before. In both cases, the lender did not want to order an appraisal. In one case, the AVM (Automated Valuation) estimated the value of this waterfront property at $250000. My appraisal with recent comparables in the same area, similar linear WF (water frontage), and similar GLA (size/gross living area) on the homes came in at a conservative $375000. The AVM utilized all the sales in the area of which the majority were not waterfront homes. God help us.

A Homeowner writes in August 2003:

Last year my home was appraised for an equity loan, and was valued at $142,000. The bank established a line of credit based on that amount, and I have tapped into it and now owe a total of$130,000 on my house. At the time, I thought the appraisal high, but my banker assured me that these folks knew what they were doing. Okay, so now, a year later, interest rates are rock bottom and I apply for a consolidation loan. I was approved on the spot, and given a rate of 5.35% which would have made about a $200 difference in my mortgage payment. They decided to do an onsite appraisal this time. Guess what - my house is only worth $114,000. This is a fine mess. I don't get my interest rate reduction, and am upside down in my home. I believe they used an AVM last year.

Do I have any recourse in this matter? Or is it just my tough luck that I am now upside down in this house?

Any advise or opinion you might have would be much appreciated.

Judy C.

See article; **Fannie Mae Weighs Elimination of Some Appraisals**

See "Fannie Mae & Freddie Mac - The next Enron?"

Fannie Mae Appraisal Waivers Questioned

(January 8, 2002) -- In a move that has drawn fire from appraisers, Fannie Mae is allowing some mortgage lenders to forego appraisals on sales and refinancing for a $50 fee.

Through the property inspection waiver pilot, lenders can close mortgages more quickly, offer savings to cost-conscious borrowers, and quote lower rates. Additionally, these lenders avoid contractual warranties to Fannie that normally could trigger financial penalties in the event that a home's value is stated inaccurately.

The waiver could lead to the same problems experienced during the savings and loan crisis of the 1980s, when thrift institutions lost billions due to recessionary lending based on inaccurate appraisals, says Frank K. Gregoire, chairman of the NATIONAL ASSOCIATION OF REALTORS Appraisal Committee.

Appraisals are necessary to determine a property's worth. Although a home may look fine on the outside, the interior could be plagued with building code violations that go unnoticed without an appraisal, says Richmond, Va.-based appraiser Patrick Turner.

Appraisals are not being banished altogether, says Fannie Mae, but eliminated when adequate electronic valuation data is available. Most applications received through Desktop Underwriter, Fannie's automated underwriting system, require no appraisal or only an exterior inspection; very few need a complete appraisal.

Although Fannie's program appears to save both borrowers and lenders money, appraisers like Turner say that saving a few hundred dollars on an appraisal cannot compare to the thousands at stake for borrowers who pay more for a home than what it actually is worth because they waived this process.

Source: San Diego Union-Tribune (01/06/02); Harney, Kenneth R.

A Homeowner writes in May 2006:

Our family has owned a home in Oceanside with a lovely ocean view since 1988. We have steadily updated and remodeled this property with major, permitted renovations conducted in the early 1990's and the late 1990's. However, I learned from an appraiser in the early 2000's that the county records had incorrect data on file about our home. So, we contacted the County appraiser's office in , and a county appraiser was dispatched to our home to measure the square footage and to count bedrooms and bathrooms. Our true square footage is about 2700, and we have 4 bedrooms and 4.5 baths, as the appraiser verified. She then filed that correct information with the county. Since that correction was made and filed, every time a real, human appraiser comes to our home, I provide for them a copy of the forms that the county appraiser filled out after verifying the data and the appraiser uses the correct data about our home to select and compare "comparables." That approach worked well through the appraisal that we had conducted for refinancing in March, 2005 when the home appraised for $910,000.

However, when we tried to refinance again in April, 2006 with an appraisal of $1,000,000, we were met with a ridiculous response: the lender, GE Capital, flatly rejected the appraisal and gave the mortgage broker, Advantix, very wrong information about the comps and concluded that the "value was not there." The broker then informed me that the appraiser "had done you no favor in falsely inflating the appraisal "thereby insinuating that the appraiser or I or both had attempted to misrepresent the facts supporting the appraised value of the house. Nothing could be further from the truth, as I -- an argumentative lawyer -- had conducted very thorough research about the property's probable value prior to beginning the refinancing/reappraisal process.

From another mortgage broker (one who learned the business from Ameriquest), I have just learned that now lenders tend to use AVM's to reject or approve appraisals. I believe that the use of AVM's explains GE Capital's very wrongful flat rejection of our appraisal and our loan. It is wrong, because it shows a complete lack of diligence in evaluating our property and tends to "redline" neighborhoods based on the average value range of nearby properties sold -- whether those properties are truly comparable or not. [In our case, the nearby properties sold in the past six months all sold for a high of about $850,000. But none of them were comparable in size, amenities, or view.] Our appraiser, therefore, used two of those nearby properties and made appropriate adjustments and two other, not so near properties, that were more comparable.

Because the appraisal was flatly rejected with no opportunity for appraiser rebuttal and because the broker accused the appraiser of malfeasance -- based on false data about our property derived from the lender's use of AVMs -- I am now prepared to bring suit against Advantix and GE Capital. Our case was made worse because, due to Advantix's misrepresentations about the speedy, routine nature of GE Capital's appraisal review process and due to our pressing business need to conclude the refinancing by April 30, we had already signed the loan documents on April 20. GE Capital did not even tell Advantix and/or Advantix did not tell us about the flat rejection of the appraisal and did not make the accusation of appraiser/borrower malfeasance until May 1. As late as 11 am on April 28, Advantix' representatives were still indicating that the loan would "fund" as soon as the review appraisal contingency was "checked off."

Now, I am seeking, of course, to refinance with other lenders, but in the meantime, our most comparable "comp" on our appraisal may become too old and I am consuming many hours contacting the AVM data services trying to correct the data they are reporting. For one lender, we are also considering paying yet another appraiser who will conduct a back-up appraisal.

If any of you have any clients who have been similarly harmed by lenders' AVM practices, I would very much like to speak with them to see if there truly is power in numbers to stop the ignoring and rendering useless of licensed, proper appraiser's efforts.

Thank you.

Ellie Ebbs-Byers
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An Appraiser writes in July 2006:

Several months ago we received an order from a client who was doing a refinance on a friends two family rental property.

During the sales comparables search/research we found that the value was about $30,000 less than the homeowner's value.

Our client than said that he was going to order an AVM. On receipt of the AVM data he suggested that the AVM's data indicated a value of $30,000 to
$40,000 more that what we were finding.

At our request the loan officer sent us a copy of the AVM.

It contained data on 17 properties. I researched every property listed in the AVM. Out of the 17 properties listed, 15 were condominiums and only two were two family units. Even these two, though they were two unit rental properties, were not similar in terms of bedroom, bathroom count and GLA and really could not be considered as appropriate sales comparables.

I completed the report with the sales comparables that I found and the loan officer on reviewing my report (yes, he actually read the whole report) concluded that I had written a creditable report and the report was accepted by the lender.

The point is that after this experience the loan office/client "learned" that AVM's may NOT be very accurate and useful in determining the value of a property. He also realized that after some additional reflection that AVM's don't "see" the property and cannot take into consideration the actual condition of the property.

The other lesson learned by the loan officer is that he could have potentially put his friend upside down on this property.

This situation ended with a positive. However, I cannot help wondering what would have happened if the loan officer had not taken the time or given us an opportunity to do the research. The lesson we learned is: if you are
confident in your research, knowledge, experience and sources; stick to your conclusions.

In the meantime, I'm still trying to determine what adjustments to use to compare a condominium to a two family rental property... If any one has any ideas....

Jerry Kedziora
jerry@premiergroupappraisers.com

October 2006

Not about AVM's. Driveby exterior appraisals have the same loss potential/problems as AVMs...

Let them cut their own throats. Just last week an underwriter asked me why my appraisal came in $90,000 lower ($145k) than appraiser who did a Exterior only Driveby appraisal ($235k) in the spring of this year. My answer--whoever ordered an exterior driveby only appraisal in the spring is to blame. Inside it is in Poor-Average condition with NO kitchen cabinets. And it has additional functional obsolescence (other than no cabinets). It has very steep/dangerous stairs from the 1st-2nd floor.

Looking at the outside, the spring appraiser actually thought this was in Good/renovated condition, and sought comparables in good renovated condition.

To make matters worse, the appraisal I did last week was in conjunction with a repossession/foreclosure. The homeowner put nothing down when he bought the home a few years ago for $140,000, and simply walked away. He is probably someplace on a sunny beach in Mexico enjoying the $70-$80,000 or so he made off the lender by refinancing for $235,000 last spring, based on an exterior inspection only appraisal. The homeowner certainly didn't put any of that refinance/cash out money back into the property.

I imagine this is happening over and over now. Once these $90,000 losses begin to add up and come home to roost, the lender's investors should probably have a "field day". Unless the lender hides these.

Similar losses are happening via AVM usage also. And they will get worse as markets fall nationwide. Did I mention foreclosures are everywhere in Massachusetts now.

Steve Keohane
Massachusetts
http://AppraiserCentral.com

rk posted Message 10523 in the Appraisal Talk

Dated : October 05, 2006 at 00:49:00
Subject: Re: AVMs gain acceptance

I did a drive by last week. We have pretty good public records here and I had an old MLS listing with interior pictures from a year or two ago when they bought the house. The house looked nice from the exterior. I had 2 comps in the subdivision and 2 from a neighboring subdivision, all similar acreage, similar age, quality, design, etc. I appraised the home for $240,000.

The lender came back with several stupid stipulations, but the last one really made me laugh.

"We had an AVM run on this house last week and it came in at $340,000, please explain the $100,000 difference between your appraised value and the AVM value."

I explained to them that I couldn't possibly even comment on the AVM without seeing it and suggested that they show my appraisal to the computer that generated the AVM and ask it the same question :).

October 2007

An appraiser wrote:

This is for your AVM files. I did a report on a 4-bedroom 1400 square foot house. I estimated it to be worth $200,000. My loan officer called me a week later to ask that I add a specific comp the lender provided. Reason: an AVM came up with $216,834 value for the house. The sale they wanted me to use a 2-bedroom, 760 square foot house. Reason: the county had the subject's gross living area at 700 square feet (the current owner bought the property in 1997, had done remodeling but no additions). The thing that surprised me the most was how much credence the people my loan officer was working with gave to the AVM $216,834 value, they didn't even dare round up or down.
Dusan

December 2008

In May 2007 I went through Wells Fargo Financial for a refinance.

They came back with a value of about $ 263,000, which I found out recently that they got from an AVM.

They provided me with a 95% loan to value loan.

I am going through the same market crunch that most people are going through right now and I was trying to find out if I could refinance with a lower rate or what I could do.

I found that my loan is upside down as a result of the AVM. I had a retrospective appraisal done on my home recently. The appraiser went back to May 2007, pulled comps that existed at that time, etc. He came up with a May 2007 value of $ 211,000.

I now find that my loan was over allowed by $50,000. I used my so called equity to pay of some high interest loans. Had I known at the time the value was off by than much, I would never had completed the loan.

Now I am fighting a battle with Wells Fargo to correct their error and put the loan down to what it should have been and have them eat the difference.

I don't know how it will turn out, but it may end up in court.

Another misuse of AVMs.

Please submit your own "horror stories" to:

Contact us