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*Testimony before the Senate Committee on Housing, Commerce and Trade
State Senator André Jacque
June 15, 2021*

Chairman Jagler and Committee Members,

Thank you for holding this hearing on Senate Bill 341, relating to limitations on actions regarding real estate appraisal services.

Current Wisconsin law unreasonably subjects real estate appraisers to liability for services performed several years prior, without complaint, at a point when records can be difficult to locate, resulting in undue stress for these small business persons and virtually unlimited risk.

As an example, if an appraiser performed an appraisal on a property in 2003, a third-party could sue the appraiser in 2020 for damages alleged to have arisen out of the 2003 appraisal. Under current Wisconsin law, the lawsuit could be allowed, because the statute of limitations begins at the time of discovery rather than at the time of performance.

This situation greatly limits the ability of real estate appraisers to adequately defend themselves. It places undue hardship on them, resulting in lost money and production, legal fees, future insurance premium increases and potential future lost business. There are law firms that have purchased the rights to sue appraisers in relation to defaulted mortgages. These firms have not purchased the bad loans themselves, just the rights to sue the appraiser(s) involved. The holders of the defaulted mortgage see this as a way to recover some of their losses, with virtually no risk. In some cases, appraisers have been forced to settle these lawsuits just to make them go away and to limit their defense costs.

Several other states including Minnesota, Illinois, Oregon, Tennessee, North Carolina, Kentucky, and South Dakota have recently enacted or proposed legislation to limit appraiser liability.

Thank you for your consideration of Senate Bill 341.



PAUL TITTL

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Senate Committee on Housing, Commerce and Trade
Senate Bill 341
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First of all, I would like to thank you, Chairman Jagler and committee members, for allowing me to testify before you concerning Senate Bill 341.

Wisconsin law does not effectively limit real estate appraisers from liability. An appraiser who submits an appraisal today can be sued twenty-five years from today in relation to that work. That lawsuit could go forward, because the statute of limitations related to work performed by real estate appraisers begins at the time of discovery rather than at the time of performance.

Appraisers faced with that kind of action may have difficulty responding, because after a period of time, evidence may be lost, memories fade and witnesses may be deceased.

SB 341 changes the statute of limitations provision to begin on the date the real estate appraiser submits the appraisal report to the client rather than on the date of discovery. That change eliminates problems associated with the current provision. It is also consistent with the record-keeping requirement for the real estate appraisal profession, the Uniform Standards of Professional Appraisal Practice.

Thank you for this opportunity to testify before you today. Senator Jacque and I will be pleased to take any questions you might have.

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