

Appraisal for Lending: A Comparative Annex

Recent Court Decisions • The Valuation Engineer

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Notice to readers. These summaries are the Journal’s own descriptions of court decisions and legal instruments, written for valuation professionals. They are not legal advice. Where the understanding of a decision or a provision is critical to a matter, the reader should consult the official text and obtain advice from a lawyer qualified in the jurisdiction concerned. Many of the sources were written in languages other than English and were read in machine translation, which can be in error; each such item is marked, and its original-language source is linked so that it can be checked.

Scope and Sources

This annex is thematic where the installments before it are regional. Those digests report each decision in its own jurisdiction, under the purpose for which the valuation was made; this one gathers a single purpose across jurisdictions, where the comparison is the point and the facts of any one case need not be told again. Its subject is the appraisal produced for a lender, and what happens to it — and to the valuer (appraiser) who made it — in court. Lending appraisal is a different legal problem from expropriation. The question is not what a willing buyer would pay the State, but whether a defined-purpose opinion — usually market value, sometimes forced-sale value — was produced with the skill, independence and data a reasonably competent valuer would use, and whether the lender, or a later investor, was entitled to rely on it.

The published 2025–26 material clusters in four places, and the annex is organized accordingly: the English law of valuer negligence, where the current test was restated on appeal; the United States, where the battleground is independence from loan production and the standing of bias and overvaluation claims; East Africa, where the fight is market value against forced-sale value at the auction door; and the institutional layer — the bank-required formal report — in Nigeria and Latin America. The purposes differ and so do the likely litigants: at origination the borrower complains of undervaluation and the later investor of overvaluation; at realization the chargor attacks the forced-sale figure, its staleness, or its absence.

One structural point is worth stating at the outset because it recurs. A lender valuation is not a purchaser’s survey. English law still treats a modest owner-occupier as entitled to rely on the mortgage valuation (*Smith v Eric S Bush*); a buy-to-let investor generally cannot (*Scullion v Bank of Scotland*). Whoever compares USPAP intended-use language with common-law duty is comparing instruments built to answer the same question: who was this figure for?

Provenance. Every decision reported below as *held* was read in English or is taken from the identified reporting; filings reported as *alleged* are allegations and nothing more, and are so marked. Regulatory and institutional instruments — the Fannie Mae Selling Guide, the SHF index, Panama’s Ley 468 — are not judgments and are identified as such at the point of use.

England — the bracket first, then the method

***Bratt v Jones* — the current restatement.** The Court of Appeal’s decision of 2 May 2025, [2025] EWCA Civ 562, is the cleanest recent statement anywhere of how a common-law court decides whether a valuation was negligent. The valuation was of an Oxfordshire site with permission for 82 houses, produced for an option price rather than a loan, but the test it applies is the general one that governs a lender’s claim against its valuer. Jones valued at £4.075 million; Bratt contended for about £8 million; the trial judge found the “correct” value to be about £4.75 million, set a bracket of 15 percent for a one-off site of that kind, and found Jones inside it by a fraction. The appeal was dismissed, the court holding itself bound by *Merivale Moore*:

- first, is the figure outside a reasonable bracket of the correct value — a question of fact, with 10 percent the usual margin and up to 15 percent for a one-off or development site; and
- only if it is, did the valuer’s method fail *Bolam* — a method no reasonably competent valuer would have used.

The burden stays on the claimant throughout; the bracket is a precondition of liability, not a reverse onus. The court — in a single joint judgment — doubted, obiter, the logic of letting a careless method escape because its number luckily lands inside the band, and said the point could be resolved only by the Supreme Court: a doubt recorded, not a holding.

What the damages can be. Where negligence is established, recovery remains capped on *SAAMCO* principles: the loss attributable to the information being wrong, not the whole fall of the market after the loan. And *Scullion* still confines who may sue: the buy-to-let investor who leaned on the lender’s report is generally owed no duty.

Implication for appraisers. The two-stage test is an appraiser’s shield and should be understood as one. The first question is arithmetic, not professional: a figure within ten to fifteen percent of what the court later finds correct ends the claim. The method is examined only outside the band — which is precisely why the working papers matter most on the assignments furthest from the ordinary, where the band is widest but the method is loneliest.

Sources — *Bratt v Jones* [2025] EWCA Civ 562 (official, read in English): <https://www.bailii.org/ew/cases/EWCA/Civ/2025/562.html>; judgment PDF: <https://professionalnegligenceclaimsolicitors.co.uk/wp-content/uploads/Bratt-v-Jones-2025-EWCA-Civ-562-02-May-2025-1.pdf>; commentary: <https://www.nelsonslaw.co.uk/valuers-negligence-what-lenders-need-to-know-after-bratt-v-jones/>; <https://www.crowell.com/en/insights/client-alerts/english-court-of-appeal-clarifies-law-regarding-negligent-valuations>; on damages, *SAAMCO* and *Scullion*: <https://www.carruthers-law.co.uk/articles/surveyor-negligence-claims-damages/>.

United States — independence, and who may complain of the number

The institutional rulebook. The Fannie Mae Selling Guide, B4-1.3-12 (*Appraisal Quality Matters*, revised 3 September 2025), is not a judgment but it is the text against which most American origination disputes are argued. A lender must not shop a value to hit the loan amount; a reconsideration of value goes back to the original appraiser, with a replacement appraisal only where the concerns cannot be resolved; rapid price appreciation calls for added diligence; the Appraiser Independence Requirements and the Uniform Appraisal Dataset (3.6) apply. Loans made without

an appraisal at all — on an automated figure or a waiver — lie outside this annex and outside the Journal: their output is not an appraisal. The question “was the appraisal negligent” arrives only on the loans where a human opinion was still thought necessary.

Undervaluation — *Cheroutes*. In *United States & Cheroutes v Rocket Mortgage, Solidifi, Mykhailyna & Maverick Appraisal Group* (D. Colo., 24-cv-02915), a Black homeowner’s Denver duplex was appraised at US\$860,000 in May 2020 and at US\$640,000 on a 2021 refinance in a rising market, with comparables — as alleged — drawn mostly from beyond the one-mile radius the appraisal-management contract required, in higher-minority areas. On 12 September 2025 the court declined to dismiss the claims against Rocket. That is a pleading ruling: the allegations are unproven, and are carried here as allegations. In the opposite doctrinal direction, HUD’s Mortgagee Letter 2025-08 (19 March 2025) rescinded the FHA’s anti-discrimination valuation letters of 2021 and 2024, and the bias claims that have failed in court have failed on method and intent — courts declining to infer discrimination from census residuals or from sociological experts barred from opining on appraisal method.

Overvaluation — *StanCorp*. In *StanCorp Mortgage Investors v Cushman & Wakefield* (D. Md., filed 23 January 2026) a mortgage investor pleads the lender-side theory across 25 multifamily and commercial loans: acceptance of borrower rent rolls without verification, a studio building reported as one-to-three-bedroom units, renovation figures contradicted by the photographs, and comparables drawn from the same borrower’s portfolio — put as negligence, USPAP breaches on inspection and verification and extraordinary assumptions, misrepresentation and contract. Filed, not found: every word is allegation.

Independence as a bargained-for service — and the limit of the theory. *Alig v Rocket Mortgage, LLC* (4th Cir., No. 22-2289, 23 January 2025) concerns a West Virginia class of 2,769 refinancings in which the appraisal request form transmitted the borrower’s own estimate of value to the appraiser; the trial court had awarded the class more than US\$10.6 million. The theory was not USPAP method but the promise itself: an *independent* appraisal as a service the borrower paid for and did not receive. On remand from the Supreme Court the Fourth Circuit, by a majority, rejected that theory for the class. Applying *TransUnion*, it held that the class members had not shown a concrete harm from the transmission of their estimates, and reversed the certification of the class and its damages award. The named plaintiffs’ individual claims stand as the court had earlier decided them, and the case was remanded.

Reliance beyond the mortgage. In *Aquidneck Trucking v Lightspeed Trucking* (D. Mass., 24-12767, 31 July 2025) the buyers of a company were allowed to pursue the target’s appraisers in negligence; the contract claims failed for want of privity; and whether their reliance was foreseeable was held a question of fact *despite* the intended-use disclaimers in the reports.

Implication for appraisers. The American materials put the pressure on the engagement rather than the arithmetic. The intended use and intended user paragraphs are not boilerplate — *Aquidneck* shows a disclaimer surviving to trial as a fact question rather than disposing of the claim. *Alig* marks the limit of the other route: “independent” may be a term of the bargain, but a class that cannot show its own appraisals were affected has no injury to sue on. The Appraisal Institute’s note of 31 August 2026 supplies the internal version of the same point: vertical integration is not itself an independence breach; resolving a value dispute through production staff is. And its companion finding — that in Fannie Mae’s own 2023–24 review 58 percent of comparables affected

by concessions carried no adjustment at all, while dollar-for-dollar deduction is also wrong — is a reminder that the profession’s exposure is not confined to dramatic facts.

Sources — Fannie Mae Selling Guide B4-1.3-12 (official, read in English): <https://selling-guide.fanniemae.com/sel/b4-1.3-12/appraisal-quality-matters>; *Cheroutes*, order of 12 September 2025 (official): <https://www.justice.gov/crt/media/1414321/dl?inline>, and reporting: <https://www.housingwire.com/articles/judge-allows-appraisal-bias-lawsuit-against-rocket-to-proceed/>; HUD ML 2025-08 context: https://www.hklaw.com/-/media/files/insights/publications/2025/08/jaworski_banki ngfinancialsystemsreview_august2025.pdf; *StanCorp* reporting: <https://www.mpamag.com/us/news/g eneral/mortgage-investor-claims-cushman-wakefield-inflated-appraisals-on-25-loans/563271>; *Alig v Rocket Mortgage*, 4th Cir. No. 22-2289, opinion of 23 January 2025 (official, read in English): <https://www.ca4.uscourts.gov/opinions/222289.p.pdf>; *Aquidneck* reporting: <https://masslawyersweekly.com/2025/08/12/negligence-appraisal-reliance/>; Appraisal Institute on vertical integration and AIR: <https://www.appraisalinstitute.org/insights-and-resources/insights/newsroom/ai-news-rel eases/2026-08-31-when-vertical-integration-tests-appraiser-independence>; failed bias claims: <https://www.city-journal.org/article/home-appraisal-racial-bias-claims>.

Kenya — market value against forced-sale value, at the auction door

This is the African analogue of the lending-appraisal fight, and the High Court decided three instructive cases in fourteen months. The bank commissions a report before the charge and again before auction; the borrower attacks the forced-sale value, its staleness, or its absence.

No valuation, no forced-sale value. In *Equity Bank (Kenya) Ltd v Wahome* ([2025] KEHC 6079, 16 May 2025) the bank’s own witness admitted that no valuation had been obtained before the attempted auction and that no proclamation had issued; the court could not find a forced-sale value on the evidence, and the suit was dismissed. The statutory power of sale runs on a current figure, and without one there is nothing to exercise.

Sale at the contemporaneous forced-sale figure. In *Nakuru Machinery Services v Ecobank* ([2026] KEHC 5984, 30 April 2026) the origination valuation of April 2015 put market value at Kshs 30 million; the bank’s later reports of October 2016 and November 2017 put market value at 20 then 16.5 million and forced-sale value at 15 then 15.45 million; the auction realized exactly the November 2017 forced-sale figure. The court treated that coincidence with a contemporaneous professional figure as *prima facie* support for the sale price, and the borrower’s own January 2018 report at Kshs 34 million did not displace it.

A second opinion is not an injunction. In the *Njuca* matters reported in June 2026 — a Kshs 1.37 billion facility, the bank putting the securities near Kshs 1 billion against a debt near 2 billion, the borrowers putting the portfolio above 5 billion — the practical rule was stated in terms: competing valuation reports, without fraud or collusion, do not stop the auction. And *Mutai v KCB* ([2026] KEHC 9060, 26 June 2026) shows the chargee’s working practice — a fresh valuation obtained after the section 90 and 96 notices and immediately before the redemption notice and the advertisement.

Implication for appraisers. Kenyan realization practice gives the forced-sale value a job description. It must exist; it must be contemporaneous with the sale it supports; and where the hammer falls on the professional figure, the borrower carries the burden of displacing it with more than a competing opinion. The valuer instructed at realization is not resolving the parties’ disagreement about worth — the courts will not either — but fixing the number the sale will be tested against.

Sources — Kenya Law official reporter (read in English): *Wahome*, <https://kenyalaw.org/akn/ke/judgment/keh-c/2025/6079/eng@2025-05-16>; *Nakuru Machinery*, <https://new.kenyalaw.org/akn/ke/judgment/keh-c/2026/5984/eng@2026-04-30/source.pdf>; *Mutai*, <https://new.kenyalaw.org/akn/ke/judgment/keh-c/2026/9060/eng@2026-06-26>; Njuca reporting: <https://www.businessdailyafrica.com/bd/corporate/companies/state-contractor-three-firms-auction-65-properties-equity-loan-5502702>.

Nigeria — the mortgagee’s duty, and the licensed report

***Ohahuna v Onyemere* — credible valuations, or bad faith.** In HOW/97/2007, decided 24 June 2025, the High Court (Njaka J) restated, with *Cuckmere Brick* recited, that a mortgagee exercising the power of sale must seek a fair price on credible valuations, and that a gap between the reports — or a sale unmoored from any method — is evidence of bad faith. The defense valuer’s own split was recorded: open market value NGN 12.3 million against a mortgage or forced-sale figure of NGN 8 million as at 28 June 2006.

The report as a statutory actor. Nigerian lenders and the Federal Mortgage Bank will not lend on an automated model or a listing scrape; they require a report from a NIESV-licensed valuer, and 2026 consumer guidance is unusually blunt that an online estimate is no substitute for mortgage, National Housing Fund, consent, probate or court purposes. A formal Lagos residential report ran at roughly NGN 150,000 to 500,000 in the second quarter of 2026. Foreclosure itself is easy to find and usually says nothing about the appraisal — *Citygate v Eze* (Ikeja, 14 May 2026), granting foreclosure on a NGN 150 million legal mortgage, is the ordinary silent example.

Implication for appraisers. *Ohahuna* converts the valuation from evidence into conduct: the credible report is how the mortgagee demonstrates good faith, and its absence — or a sale price that no report explains — is how the chargor proves the opposite. The Kenyan and Nigerian lines are the same doctrine at different volumes, and both make the realization valuer’s file a litigation document from the day it is written.

Sources — *Ohahuna v Onyemere*, judgment pronouncements (read in English): <https://justicenjaka.com.ng/pronouncements-of-the-court-in-the-judgment-of-suit-no-how-97-2007-mr-christian-c-o-hahuna-anor-v-mr-thankgod-onyemere-anor-by-hon-justice-i-m-njaka/>; NIESV practice guidance: <https://ownkey.com/ng/blog/how-much-is-my-property-worth-nigeria>; *Citygate v Eze* reporting: <https://thenationonlineng.net/court-grants-foreclosure-order-on-property-over-loan-default/>.

Latin America — the institutional layer, and the missing case law

Mexico — the dataset the banks book. The Sociedad Hipotecaria Federal publishes the lending-appraisal index rather than court opinions: for 2025, an average mortgage *avalúo* of MXN 1,863,965 and a median of 1,209,189, values up 8.7 percent on the year, 1.1 percent fewer appraisals than in 2024, and used stock at 63.1 percent of the total. That is the number the system actually records — an institutional census of lending values with no negligence doctrine attached to it.

Panama — the *avalúo* survives the reform. Ley 468 of 24 April 2025, in force for its principal reform from January 2026, replaces the 1985 preferential-rate housing-credit regime. The bank still orders a formal *avalúo* and a Registro Público search before approval; what the statute subsidizes is the rate, not the value.

Verification note. No 2025–26 Mexican or Panamanian supreme court opinion turning on the negligence of an *avalúo hipotecario* was found in the open indexes, and none is cited. The same is

true, more broadly, of the British Virgin Islands, Barbados, Kuwait, the Democratic Republic of the Congo, Armenia and Angola: there is at present almost no free, reasoned first-instance judgment anywhere in those systems in which a bank sues its appraiser. The annex reports the absence rather than papering over it.

Sources — SHF index bulletin 2025-T4 (official, read in Spanish): https://www.gob.mx/cms/uploads/attachment/file/1076991/Boletín_de_prensa_indice_SHF_2025_T4.pdf; Ley 468 guidance (English): <https://www.panamaprop.com/en/blog/ley-468-interes-preferencial-panama-2026>.

How this annex sits beside the expropriation surveys

The expropriation installments ask whether the State paid real value — Türkiye’s Article 46 jurisprudence, the Kenyan Tribunal’s awards, the Angolan surface-right indemnity. The lending cases ask five different questions, and the annex’s jurisdictions answer them in a recognizably common way:

- **Intended use and intended user** — *Aquidneck*, *Scullion*: the report’s stated audience is litigated, not assumed.
- **Independence from loan production** — the Appraiser Independence Requirements, *Cheroutes*, *Alig*, the vertical-integration note.
- **Bracket, then method** — *Bratt*: the figure is tested before the reasoning is.
- **Market against forced sale, contemporaneity, good faith** — the Kenyan Land Act practice and the Nigerian *Cuckmere* line.
- **Who may rely** — the originating lender; a later investor (*StanCorp*, as alleged); a company’s buyer (*Aquidneck*); not every later owner.

The definitions of value differ with the purpose, and that is the deepest link to the rest of this issue: the expropriation surveys are about what *real value* means when the State must pay it, and this annex is about what *market value* means when a lender has paid for it and a court is asked who should bear the consequences of its being wrong.

Coverage and completion status

- **England.** *Bratt v Jones* was read in full; the *SAAMCO* and *Scullion* propositions rest on current practitioner statements of settled authority.
- **United States.** *Cheroutes* and *StanCorp* are a pleading ruling and a complaint respectively; neither has found any fact, and both are carried as allegations. The *Aquidneck* ruling was located in professional reporting; the Fourth Circuit’s opinion in *Alig*, which reversed the class certification and the damages award for want of standing, was read in the court’s published text.
- **Kenya.** All three High Court decisions were read in the official reporter. The Njuka matters rest on business reporting.
- **Nigeria.** *Ohahuna* rests on the judge’s own published pronouncements; the fee range and licensing practice rest on consumer guidance.

- **Elsewhere.** The department looked for, and did not find, reasoned lending-appraisal judgments in the British Virgin Islands, Barbados, Kuwait, the Democratic Republic of the Congo, Armenia and Angola. First priorities for the next installment: the remand in *Alig*; any state appraisal-board discipline flowing from the GSE reconsideration-of-value machinery; and the first Kenyan case to test a valuer's own liability rather than the bank's reliance on the valuation.