

SUBJECT: Creating a statute of limitations for suits arising from appraisals

COMMITTEE: Judiciary and Civil Jurisprudence — committee substitute recommended

VOTE: 8 ayes — Leach, Farrar, Y. Davis, Julie Johnson, Krause, Meyer, Smith, White
1 nay — Neave

WITNESSES: For — Greg Stephens and Eric Woomer, Foundation Appraisers Coalition of Texas; (*Registered, but did not testify*: Lee Parsley, Texans for Lawsuit Reform)
Against — (*Registered, but did not testify*: Will Adams, Texas Trial Lawyers Association)

DIGEST: CSHB 1116 would require a person filing suit for damages or other relief arising from an appraisal or appraisal review conducted by a real estate appraiser or appraisal firm to do so by the earlier of:

- two years after the day the person knew or should have known the facts on which the action was based; or
- five years after the day the appraisal or appraisal review was completed.

This limitations period would not apply to suits based on fraud or breach of contract.

The bill would take effect September 1, 2019, and would apply only to a cause of action that accrued on or after that date.

SUPPORTERS SAY: CSHB 1116 would provide more certainty for appraisers by creating a statute of limitations for suits based on an appraisal. The absence of a statute of limitations for these suits has resulted in appraisers being sued sometimes decades after an appraisal was conducted, at which point appraisers often no longer have the documentation to defend themselves.

While the majority of these suits are dismissed, they clog the judicial system, and the threat of being sued creates a record-retention burden on appraisers. This bill would help solve these problems by requiring a person to bring these suits within five years of the appraisal.

The 10-year statute of limitations applicable to activities associated with construction would be inappropriate for appraisals because appraisals could lead to the discovery of defects years after a structure was built, and appraisals typically are reviewed by lenders to ensure that there are no errors or omissions.

**OPPONENTS
SAY:**

CSHB 1116 would create a statute of limitations that was inconsistent with the 10-year statute of limitations that applied to activities associated with the construction of real property. This limitation also should apply to appraisals.