

On 19 October 2007 the Insured tendered notice of a DEMAND LETTER received from Claimant, dated 19 September 2007, asserting potential losses of approximately \$44,000 in connection with an appraisal performed by the Insured dated 3 December 2004. Claimant asserts that the Insured overstated the value of the property by concluding it was worth \$266,000. Claimant advised that it conducted an internal investigation and hired an independent appraiser who valued the property at \$180,000.

Insured received a DEMAND LETTER from XXX Bank dated 10 July 2007, in connection with an appraisal he performed on 9 December 2004 alleging that the property appraised was only worth \$60,000; his appraisal concluded the property was worth \$150,000. XXX Bank demands \$117,910.97 for its alleged losses.

On 3 December 2007, the Insured called to advise of a POTENTIAL CLAIM against him relating to a forged signature on an allegedly electronically-altered appraisal. The Insured has not yet seen the appraisal at issue and advises that they did not authorize the appraisal.

On 14 November 2007 the Insured tendered notice of a DEMAND LETTER received from Claimant asserting \$128,000 in damages as a result of the Insured's allegedly inaccurate appraisal. The Insured completed the appraisal on 15 February 2006 and Claimant asserts that the comparables used by the Insured at that time were superior in condition and amenities to the Property. Claimant demands the Insured pay off the balance of the loan or consider buying the note. The balance allegedly due and owing on the loan is \$128,000.

On November 21, 2007, Claimant's counsel forwarded correspondence to the Insured with regard to an appraisal completed by the Insured at the request of XXXX Home Loan Corporation in 2007, in connection with a construction loan for which Claimant was the borrower. After taking possession of the Property, located in Baltimore, Maryland, Claimant allegedly learned that certain construction work was either not performed or had been performed improperly. Moreover, no required inspections were undertaken by Baltimore for electrical, plumbing or HVAC work. Claimant estimates that the cost of bringing the Property into Code compliance will be in excess of \$50,000.

On 10 September 2007, the Insured provided notice of a LAWSUIT filed against him on 20 July 2007. The Insured was served with the LAWSUIT on 30 August 2007. The LAWSUIT asserts that the Insured's appraisal misrepresented a Lot (slated for development in Hilton Head South Carolina) as allowing construction of a 4,000 to 6,000 square foot home when, in reality, the Lot could only sustain construction of an 1,800 square foot home. The Lawsuit alleges negligent misrepresentation and overvaluation against the Insured, in addition to conspiracy against various other defendants. Seeking \$224,000.

The Insured provided notice of a POTENTIAL CLAIM after receiving a certified letter from a loan officer requesting a copy of her file. The Insured contacted the loan officer, who asserted she misrepresented property, and responded to his response for information. The Insured also received two letters from XXX Companies, which advised that they were conducting a "routine audit" of various YYY Mortgage Company loans. Those letters asked the Insured to compare information pertaining to the Insured's appraisal in March 2007 to confirm its accuracy.

On 12 September 2007 the Insured subsequently received a letter from the Florida Department of Business and Professional Regulations/Division of Real Estate, which administers the Florida Real Estate Appraisal Board, advising of a complaint filed against her in connection with the March 2007 appraisal. The buyer of the property asserts that the appraisal contains gross misrepresentations, and false, erroneous and fraudulent statements concerning the property, resulting in "financial crises" upwards of \$325,000.

On or about August 2005, mortgage broker XXX Funding, submitted to YYY Lender, a loan application from borrower, who owns the property located at .....,CA. This application was accompanied by an appraisal done by the Assured, who was hired by Capital to complete an appraisal for the benefit of YYY. The appraisal was dated in December 2005.

The report also stated the appraiser had significant experience in the area, was familiar with the types of homes and the reasonable values of the homes, and was sufficiently familiar with the area to issue an opinion. The Assured's appraisal classified the home as "modular". Based on this information, YYY approved the loan and funded it. The transaction closed in October 2005.

Thereafter, YYY learned that the home was not a "modular home", but rather a "manufactured home". YYY contacted the Assured and the Assured refused to acknowledge this alleged defect, maintaining that he had correctly identified it as a modular home. ABC Appraisal Services was hired to provide a second opinion on the issue. ABC contacted Skyline Corporation ("Skyline") which is the company which "manufactured " the dwelling in dispute.

The Assured allegedly admitted after the issue arose that he had Skyline's information and that there was a notation in County records that the home was manufactured. However, the Assured discounted those findings based on his opinion that Lake County classified both modular and manufactured homes as "manufactured". YYY notified the Assured of ABC's findings, however, the Assured did not agree that this was an error.

Claimant, YYY, sent a demand letter to the Assured dated June 28, 2007. YYY asserted that it would have never funded the loan knowing it was a manufactured home and/or would have charged higher rates for refinancing. YYY tried to recoup its loss by offering the property for sale both on the open market and on the discount market, however this is no market for a loan on those terms and secured against a manufactured home, even if the loan is sold at a substantial discount. YYY alleges that because of the issue with the "manufactured home" characteristics, the market value of the loan is substantially less than the loan amount. Claimant seeks damages from the Assured in the amount of \$225,000.

The Insured received a DEMAND LETTER via certified mail from Claimants' counsel dated 10 October 2007. The letter asserts that the Insured's appraisal, performed on 28 June 2005, valuing the property at \$325,000, grossly overvalued the property and contained substantial discrepancies in connection with the market data. The Claimants' further assert that, per their expert, the property at that time was only worth \$220,000. Claimants demand \$107,700 for their losses, which includes the alleged \$105,000 overage, \$1,200 in expert fees, and \$1,500 in attorney's fees.