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3 Ways for Lenders to Boost Efficiency in Appraisal Operations

A REGGORA GUIDE

While it's been historically difficult to measure the true cost or ROI associated with appraisals, it's well-known throughout the industry that appraisal turn times have an outsized impact on the bottom line for mortgage lenders. In fact, during a recent Reggora webinar, attendees were asked which part of the appraisal has the biggest impact on their bottom line. Nearly two thirds said turn times.

While shortening appraisal turn times is an obvious and important goal, it's important for lenders to consider their overall operational efficiency. There are several key factors that play a vital role, driving the speed, experience, and success of the appraisal process. To evaluate where your current process stands, ask yourself these questions:

Do your loan officers, agents, and borrowers get your timely updates about the appraisal status or are they left in the dark?

How quickly can you get your appraisal ordered and assigned to an appraiser?

Do your operational teams play a lot of phone and email tag with your appraisal vendors and loan officers?

Are you managing payments, fee escalations, and redisclosures manually?

The answers to these questions will be a good indicator for the overall efficiency of your appraisal process. While many of these areas appear minor, meaning lenders don't always prioritize them, they are all "low hanging fruit" that can be fixed relatively easily for a big impact.

How big of an impact? Customers of Reggora have reported gaining 213% efficiency, reducing their appraisal desk staff by 75% (and moving these employees to higher impact roles), and more.

In this guide, we'll explore three key areas of focus, where lenders using Reggora have successfully created efficiency and savings:

- Appraisal ordering and vendor allocation
- Appraisal payments
- Communication and visibility

Appraiser Supply & Demand

As market demand has continued to grow, we have seen a steady decrease in the number of licensed appraisers in the United States since 2013, according to data from both Freddie Mac and the Appraisal Institute. With the average age of appraisers increasing, and fewer new professionals entering the market, this issue is only getting worse.

So, what's that mean for turn times? It means that as an industry we need to become more efficient. Learn more about Reggora's vision for the future of valuation, and how we can work together for success: The Future of Residential Valuation.

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Appraisal Ordering & Vendor Allocation

When looking at the average timeline to complete a real estate appraisal end to end, one of the longest—and most manual—parts is finding an appraiser and scheduling the assessment. It has to make you wonder: Why in this age of online search and instant scheduling does this part of the process take so long? Lack of technology adoption is the answer.

80%

During a recent Reggora webinar, 80% attendees indicated that their appraisal ordering process was not efficient.

With the latest desktop solutions and mobile apps, lenders can automate every step of the appraisal ordering process. Business intelligence rules can trigger (or prevent) an order based on meeting specific requirements, such as having an FHA case number or being granted intent to proceed. Lenders can also have complex automation sequences based on hyper-specific characteristics and data requirements, ensuring the right appraisal product is ordered at the right appraisal fee at the right time. One of Reggora's customers has even reported saving up to 20 minutes per loan file by introducing automation. This type of automation paired with on-the-go access via mobile apps also makes it easier for appraisers to see and accept new orders quickly.

During Reggora's webinar on eliminating hidden costs in appraisal operations, Jan Valencia, Encompass Systems Admin at Alpha Mortgage, explained how they were able to do this in practice: "We got with our appraisers and said, 'Hey, you need to download the [Reggora] app.' They can accept the orders when they're out in the field. Before, they might've had to run back to the office or call their secretary to get that order accepted, or just accept them at the end of the day. So the communication—and the automation of that communication—has definitely reduced that turn time."

This ties into reputation-building as well. “When Realtors talk amongst themselves in the office, and they say, ‘Wow, Alpha Mortgage ordered my appraisal this morning, and it’s accepted before lunch’—those things just didn’t happen when we used a manual process,” Valencia said. When considering referrals, positive online reviews, and the value of word-of-mouth marketing, these pieces make a big impact.

Valencia’s team experienced big pay-offs internally, too. The speed of getting an order accepted along with the drop in reactive communications made such a significant impact that Alpha Mortgage’s appraisal desk went from four full-time employees (FTEs) to one—a huge ROI.

As an added bonus, tech implementation didn’t result in layoffs for Valencia’s team, as some might assume. Quite the opposite—it led to big organizational gains in terms of career pathing for employees. Alpha Mortgage’s appraisal desk has historically been an entry-level position. Now, they are able to more swiftly move their FTEs from appraisals to the disclosure desk and then to learn processing. Being able to provide this clear career path helped ease fears among employees who were nervous about technology taking away their job. “The ability to utilize those people in other areas really gave our employees that confidence that technology is better for the company,” Valencia said.

75%

Adding automation to their appraisal operations helped Alpha Mortgage reduce their appraisal desk staff by 75%

(moving these employees to higher impact roles).

Related Content: Learn more about automating your appraisal ordering

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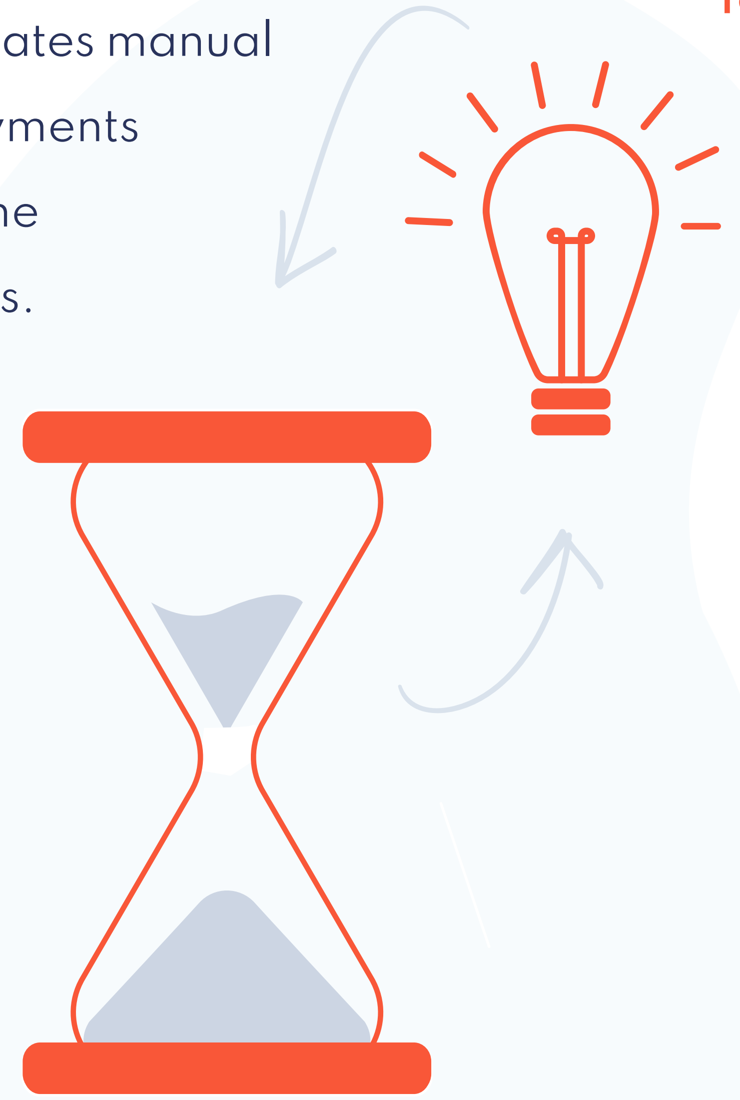
Payments

Although we live in a world where purchases can be made with the tap of a watch, not all lenders have fully embraced digital payments. Many still manage most aspects of payment processing manually, from collecting borrower payments to paying out appraisal vendors to managing fee escalations and fee disclosures. Manual tasks are error-prone. When you're dealing with payments and relationship management, there really is no room for errors.

Automated payment processing is the solution that both eliminates manual work and speeds up remittance. This technology enables payments to be collected online from borrowers, either upon booking the appraisal or at close, and appraisers to receive timely payouts.

"Before Reggora, we had a very manual process," Valencia said. "The loan officer would send a link to the borrower. Follow-up was almost non-existent. Once that borrower paid, they would send an order to the appraisal desk, and then start that whole process of getting the appraisal assigned out. … Now, there's no follow-up, the payment is made through the platform, and our accounting department doesn't have to get involved in paying the appraiser."



Eric Prue, Vice President of Residential Lending Innovation at Leader Bank, described the very manual process that his organization used to employ. Before automation, they would print each invoice and send it up multiple layers until it eventually hit the CFO's desk. After transitioning to Reggora, LeaderBank's workflow has been condensed into reviewing and approving a single Excel report. **The new process reduced workload for their accounting department by 15 hours each week.**

"That's created a better relationship [with our appraisal vendors], because we're having less invoices fall through the cracks, and then we're also paying them faster." Prue said. "And it's a better process for us as well, internally. So overall it was a huge benefit that we did not expect to receive."

Related Content: Learn more about automated payment processing

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Communication & Visibility

In today's always-on digital world, the bar is set high for response times and process visibility. When these expectations aren't met, it not only creates a poor borrower experience, but it inevitably necessitates manual work on the lender's part.

For instance, if an appraiser and real estate agent are not communicating well, lenders need to step in immediately to keep the process moving. That requires the appraisal desk to get involved. Team members responsible for appraisal operations must track down the appraiser and ask when the assessment will be scheduled, or if it has been completed, or how long the report will take after the session finishes. This type of manual work is ripe for automation.

Lending institutions that utilize technology to automate their team's queue will realize large gains in process improvements. Prue described how his loan officers receive a daily report that provides a status update of all their active orders. This drastically cuts down on reactive communication. "That alone saved us a ton of manual time, back and forth between our appraisal desk and the LO wanting to check in," he said. "Now, we know that if we get one of those types of inquiries, there is a serious issue."

Even more impressive are the downstream results Prue's team achieved as a result of automations. "We have created an efficiency rating and we indicated that we were able to add **213% efficiency from all the automated notifications. And that also allowed us to decrease our appraisal turn time by three days, while originating more volume.**"

Such internal process improvements directly affect the bottom line, but it's also important to consider the external benefits as well. A black hole in communication will undoubtedly negatively impact a lender's reputation since the appraisal process is such a large part of the transaction, Valencia said. "It's hard to place value on reputation, but you don't know it until it's gone," she said.

Conclusion

As this guide has shown, simple changes to the ways you leverage technology can have a measurable impact on your bottom line. By addressing a few key areas—appraisal ordering, payments, and communications—you'll see impressive benefits that help reduce turn times, cut production costs, and create better experience for your teams and borrowers.

The measurable gains that Reggora customers have seen in a short time reveal just how much these process improvements are needed: **213% more efficient, 75% reduction in dedicated headcount, and saving the accounting team 15 hours per week.** Beyond the quantifiable impact, lenders can strengthen their appraisal vendor relationships, cultivate customer loyalty, improve the organization's reputation in the field, and even develop new career opportunities for employees as a result of tech-enabled efficiencies. All of these outcomes are enabled by industry-leading automated solutions, like Reggora.

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How Reggora can help

Reggora's appraisal management platform is the modern solution to operational efficiency. It combines advanced payment processing, automatic appraisal ordering, detailed and customized reporting, and a modern user experience. With it, lenders can allocate orders efficiently, reduce human error, and make their organization future-ready.

If you want to improve your communication, appraisal ordering, and payment processing—all while reducing turn times and cutting costs—reach out to schedule a demo today.

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