

A Dive Into the Appraisal Process



& Why it Matters

Nick Turansky
National Account Director
AIM-Port by Appraisal Logistics

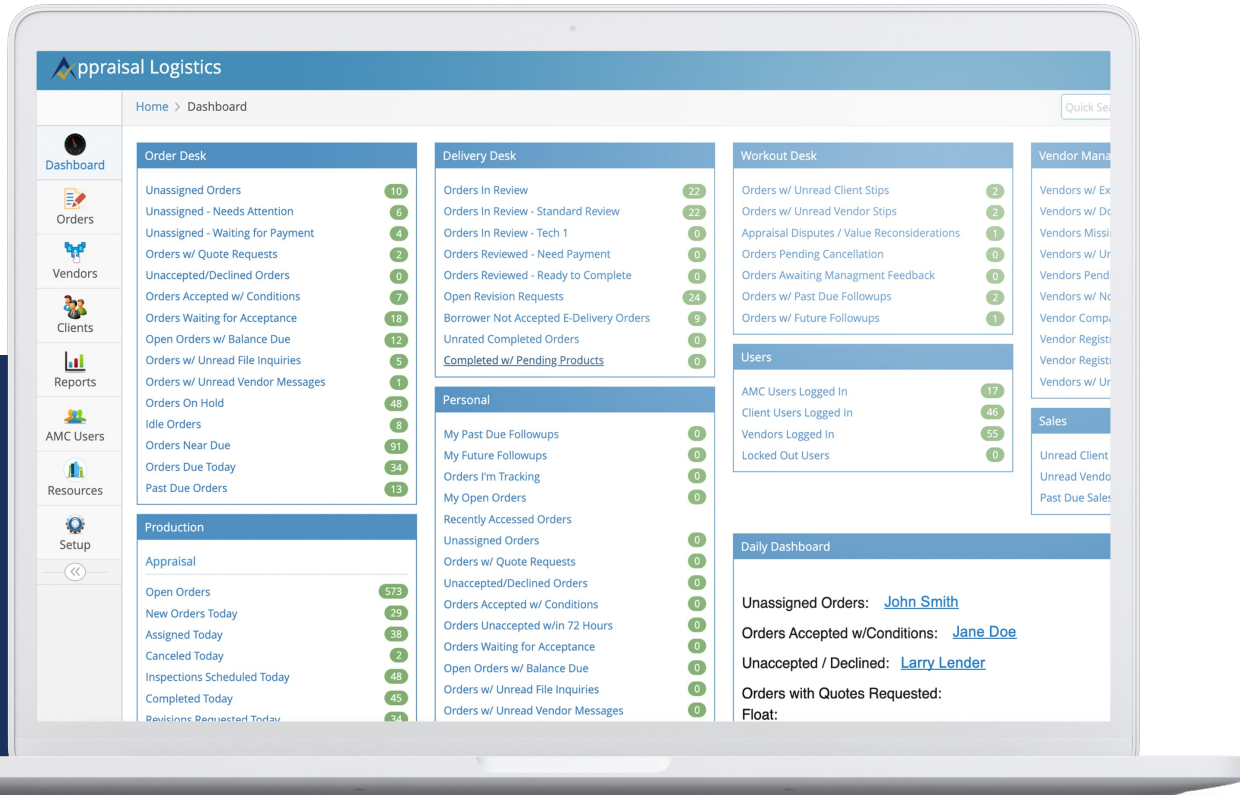


What We'll Cover

- About us
- Why Now
- Common challenges
- Reducing costs
- Future challenges
- Importance of appraisal
- Partner selection

About Us

AIM-Port is an appraisal management platform built to reduce costs and increase efficiency for lenders managing appraisal operations. Born from Appraisal Logistics, a full-service AMC licensed in all 50 states, AIM-Port's robust integrations, custom automations, and granular reporting tools deliver gains in speed and improvements to the borrower experience.



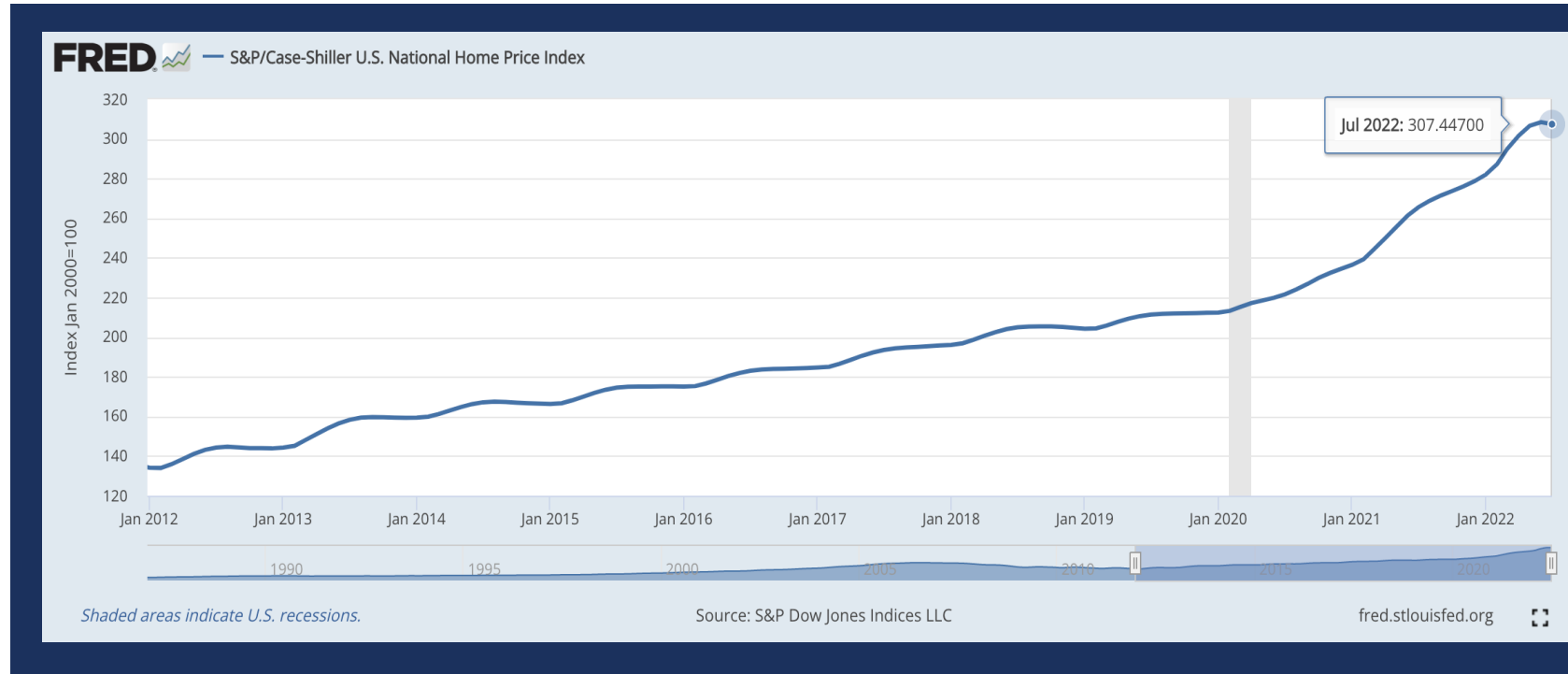
Why Now?

Underserved Market

Many appraisal technology products are not tailored to fit reverse lenders.

Changing Home Prices

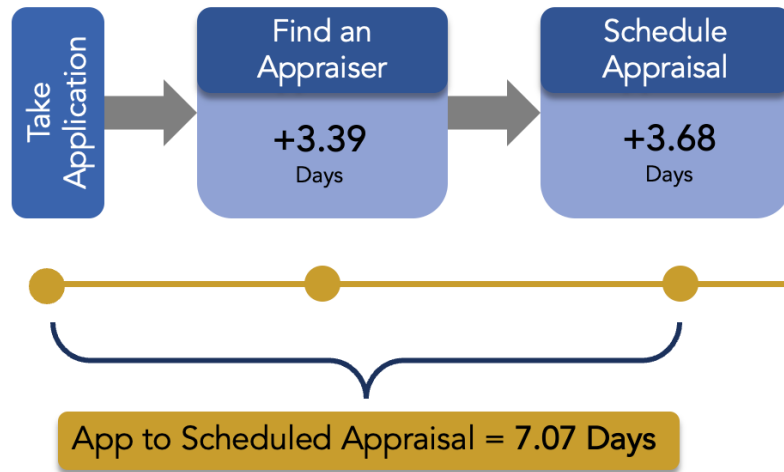
As home valuations level and start declining, second appraisals may become more common.



Data: Time Allocation

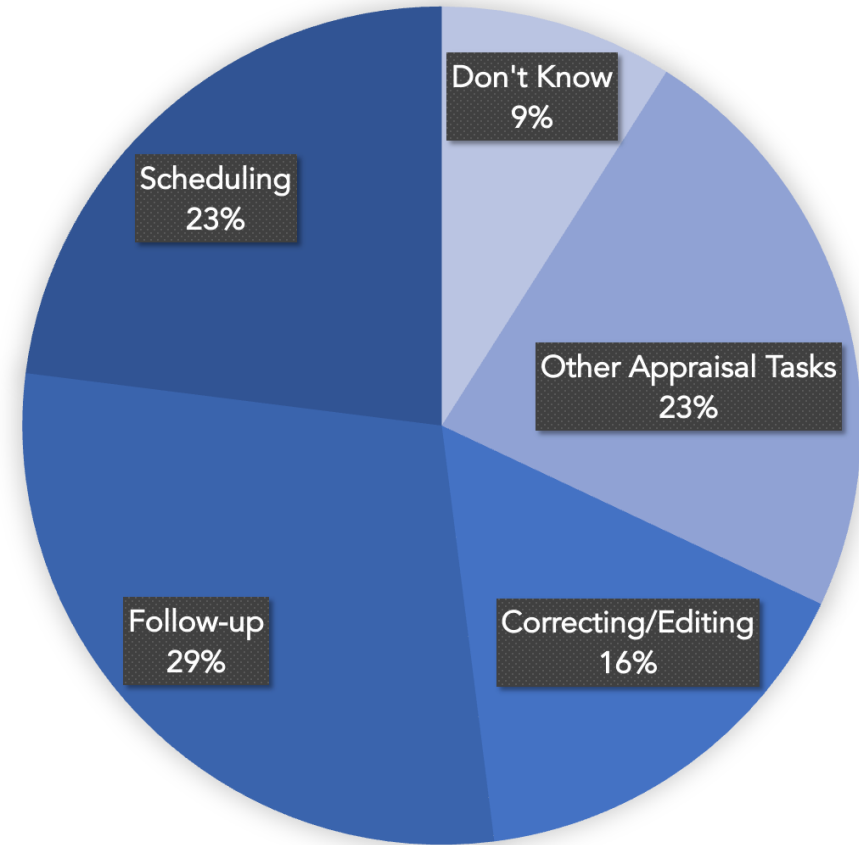
Where time is lost:

- Far too much time is spent with manual communications scheduling and following up with the appraiser.
- It takes an average of 7 days to find and schedule an appraisal.



Source: [STRATMOR Q1 2022 Lender Appraisal Study](#)

How Time is Allocated to Appraisal-Related Activities



Source: [STRATMOR Q1 2022 Lender Appraisal Study](#)

Operational Challenges

Visibility



- Appraisal desk users cannot easily access orders that require attention.
- Orders are not flagged or filtered by properties.
- Loan officers do not have visibility into the appraisal status of their loans.

Communication



- Appraisal desk is not able to easily communicate with the appraisal vendor.
- Lender teams are not able to easily communicate information and updates to internal team members.

Reporting



- Lenders do not have visibility into the performance of different appraisal vendors.
- Reporting tools are restrictive and non-customizable.

Manual Work



- Automations are not in place for things such as:
 - Order assignment
 - Payment collection
 - Vendor payout
 - EAD delivery
 - Borrower delivery

The two primary points of lost revenue in appraisals



15.2%

Borrowers Who Walk Away

15.2% of borrowers walked away from home purchase agreements as of August 2022, up by 3.1% from the same time last year.

Source: <https://www.cnbc.com/2022/09/26/home-buyers-are-canceling-purchase-contracts-what-to-know-before-you-do.html>

14%

Fee Increases

Our data shows that approximately 14% of orders require fee escalations.

Source: 9/21-9/22 Appraisal Logistics order data

Borrowers Who Walk Away

Revenue Leakage

100% Collect @ Close: 15.2% fallout * \$500 * 2,000 Loans = **\$152,000**

50% Collect @ Close : 15.2% fallout * \$500 * 2,000 Loans = **\$76,000**

Solution

- Borrowers are not price sensitive around appraisal. Closing costs are thousands of dollars, the appraisal is not a barrier for them.
- Collecting upfront instead of collecting at close gets commitment from the borrower.
- If a borrower is unwilling to pay for an appraisal upfront, the likelihood of fallout increases greatly.

Fee Increases

Revenue Leakage

14% increases * \$200 average amount * 50% CoC * 2,000 loans = **\$28,000**

- Average fee escalation is ~\$200
- Anecdotal proper change of circumstance (CoC) is ~50%

Solution

- Partner with a technology provider to keep fee schedule up to date
 - We have seen a 50% increase in orders accepted without human intervention due to payment and assignment automation tools
- Eliminate human error (wrong product selection) with automations
- Use automated notification / approval processes and redisclose 100% of the time

A Look at What to Expect

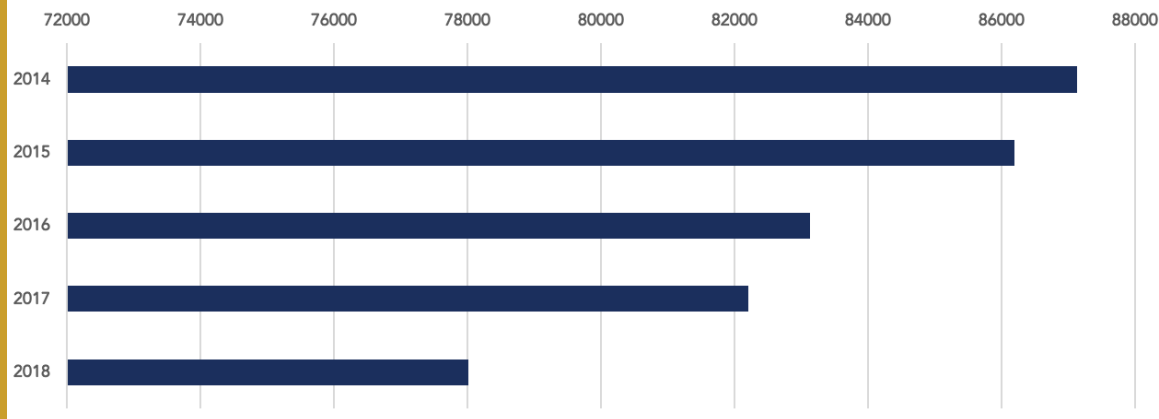
Near-Term

- Lack of modernized appraisal products
- More second appraisals if prices continue to increase

Long-Term

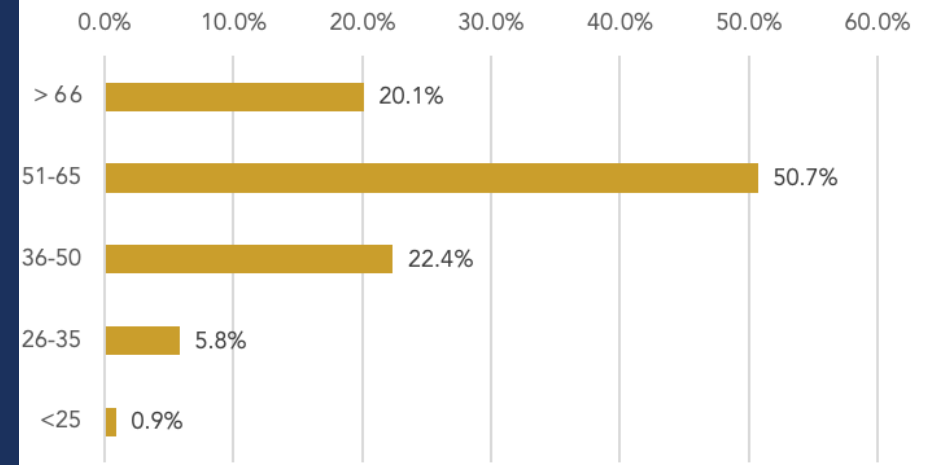
- Appraiser pool gets smaller as appraisers retire
- Borrower expectations increasing over time

Number of Licensed Appraisers



Source: Appraisal Institute U.S. Valuation Profession Fact Sheet: Q1 2019

Appraiser Age Distribution



Source: Appraisal Institute U.S. Valuation Profession Fact Sheet: Q1 2019

Why it Matters

The appraisal often represents the most stressful part of the process for the borrower

#1

Confusion and delays in the appraisal process negatively impact borrower satisfaction and lower the Net Promoter Score

#2

Operational challenges should be tackled now so you are ready when rates fall and volume returns

#3

Choosing a Partner

Key things to look for:

- Workflow accommodation
- Consistent development
- Reliable partnership
- Key operational challenges



Visibility

- Ensure each member of your team has access to relevant status updates and information



Communication

- Allow your appraisal desk to easily contact the appraisal vendor and pass information along to the production team



Reporting

- Provide detailed reporting capabilities to enable appraiser performance tracking. Discovering who your top appraisers are and sending more orders their way is an easy way to decrease turn times and increase quality.



Manual Work

- Provide key automations to save time on every order. Payment collection, order assignment, inspection scheduling, EAD submission, and vendor payout

Client Testimonial

“

I probably have saved a whole person worth of work thanks to the automations that we've done with AIM-Port.



Thank You

Scan the QR code to book a time to meet with us or visit www.aim-port.com for more information.



Nick Turansky
National Account Director
AIM-Port by Appraisal Logistics

