



Improving the appraisal process for members

Mercury Network

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- Regional consultant for Mercury Network, East of Mississippi
- Attend numerous industry conferences and talk with hundreds of credit unions and lenders
- In this presentation, I've compiled some of the best ideas I've seen for improving member service in credit union appraisal operations
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Questions for you:

- How many of you use mortgage centers or CUSOs?
- In the crowd, how many are in compliance?
- How many of you are involved in production?

The appraisal process

- 1. The credit union orders an appraisal from a licensed appraiser for every mortgage loan.**
- 2. The appraiser inspects the property and delivers the report back to the credit union.**
- 3. The information in the appraisal report guides the credit union's underwriting decisions.**

Also used for inspections

Appraisers also perform inspections after disasters to inform credit unions and borrowers on the status of the property

Example:

CDAIR (Catastrophic Disaster Area Inspection Report), Hurricane Matthew in Florida counties

- **Brevard**
- **Duval**
- **Flagler**
- **Indian River**
- **Nassau**
- **St. Johns**

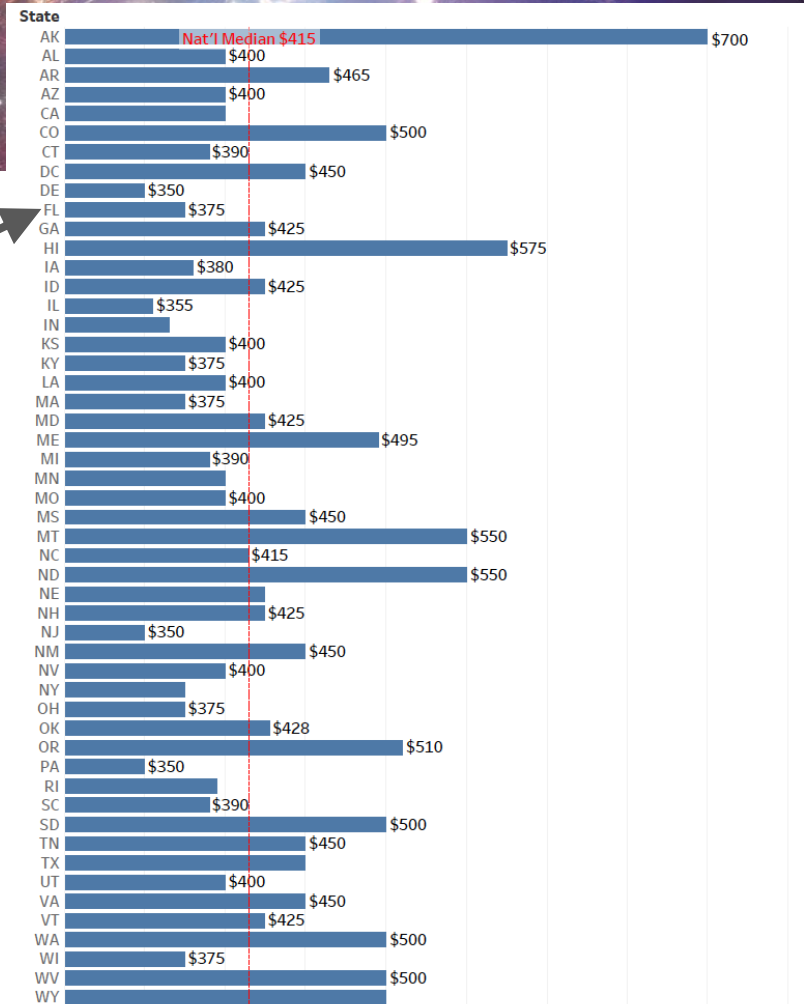
Appraisals in Florida:

- No appraiser shortage in Florida so your turn times are faster and appraisal fees are lower than typical (great for members)
- Nationally, turn times range from 5 to 10 days
- What turn times are you seeing?

Appraisal fees

National median is \$415, but Florida median appraisal fee is \$375 for a full scope assignment.

Source: Not survey data. This is Mercury Network *observed* appraisal fee data.



4 ideas for improving the appraisal process

- 1. Help members with more info**
- 2. Save members money**
- 3. Protect member investments with the best appraisers**
- 4. Expand services**

1. Help members with info

- **Information is everything. The appraisal is always a significant stressor for your member in the mortgage transaction. Providing more information about property inspection scheduling and the status of their appraisal reassures members and enhances service.**
- **Make sure you always have good vendor relationships and easy access to the appraiser for faster member service in case there are questions about the appraisal. Questions and revision requests can be painful otherwise.**



**Are members
paying more for
appraisals than
they have to?**

2. Save members money

- Invest in technology that reduces expenses for your members.
- Consider your options to use AMCs or go directly to appraisers. If you're using an AMC, verify they're paying "customary and reasonable" *at least*. Ideally, they're paying the appraiser more so you're getting the best appraisers, service and quality.



**Are you getting the
best appraisers?**

3. Get the best appraisers

- **Human nature - The best appraisers are paid more and they deliver better quality and service to their clients who pay more**
- **Don't pinch pennies because higher quality better serves members and saves you time**
- **It's critical to have the best relationships with your appraisers**



**Can you expand
member services?**

4. Expand member services

- Many credit unions don't have a wide network of appraisers, however...
- Technology can help connect you to rated appraisers anywhere in the country
- Many credit unions use this network to provide mortgages for members' second homes, businesses and more

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**Can't talk about
appraisals without
compliance...**

Vendor due diligence

Whether you use appraisers or AMCs, you must prove you've conducted thorough due diligence on your vendors (FNMA, FDIC, OCC). You should:

- **Get a system to track vendor performance**
- **Be able to easily swap vendors when needed**
- **Conduct due diligence on your service providers**

Free download

Download the free white paper with links and in depth discussion of relevant regulations.

www.MercuryVMP.com/TPO



Delivery to members

All appraisals must be delivered to the member promptly after receipt, and no later than three days prior to closing. You must:

- **Provide the appraisal to the member and prove it with an audit trail (CFPB, ECOA Valuation Rule)**
- **Comply with all consumer privacy and data security laws (GLBA, eSign Act)**
- **Provide an easy, professional process that impresses your members - opportunity for your enterprise**



**Compliant delivery
to members**

How do you prove it?

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Compliant delivery

Send all appraisal documents securely, not as attachments in unencrypted email

Provide appropriate disclosures to comply with law

Verify recipient can receive electronically, in compliance with eDisclosure requirements

IMPORTANT:
Record audit trails with date and time stamps to prove compliance later (automate it)

Download Appraisal PDF

1 Acknowledge electronic delivery

Choose whether to consent to electronic delivery.

In a few moments you'll be able to download an electronic (Adobe Portable Document Format, or PDF) copy of the appraisal report associated with your loan. First, you'll need an authorization code. But even before that, we're required by law to make sure that you understand the following.

By completing the steps below, you're consenting to receive the appraisal report in electronic (PDF) format, instead of a paper copy. And, you're acknowledging the following:

- You can still also receive a paper copy of the report by contacting your loan officer.
- You can withdraw this consent at any time. Contact your loan officer to do so.
- Your consent applies only to this appraisal report, and doesn't apply to other files related to your loan in the future.

Now, we need to make sure your computer or device is able to open the electronic (PDF) copy of the appraisal report. To do this, we're going to give you an authorization code to enter before you can access the appraisal report.

I understand the provided information and consent to receive the appraisal report in electronic (PDF) format.

I decline to provide my consent and do not wish to receive the appraisal report in electronic (PDF) format.

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2 Obtain your authorization code

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[Download Auth Code](#)

3 Enter your authorization code

Enter the case-sensitive security code exactly as it's shown in the PDF to download your appraisal.

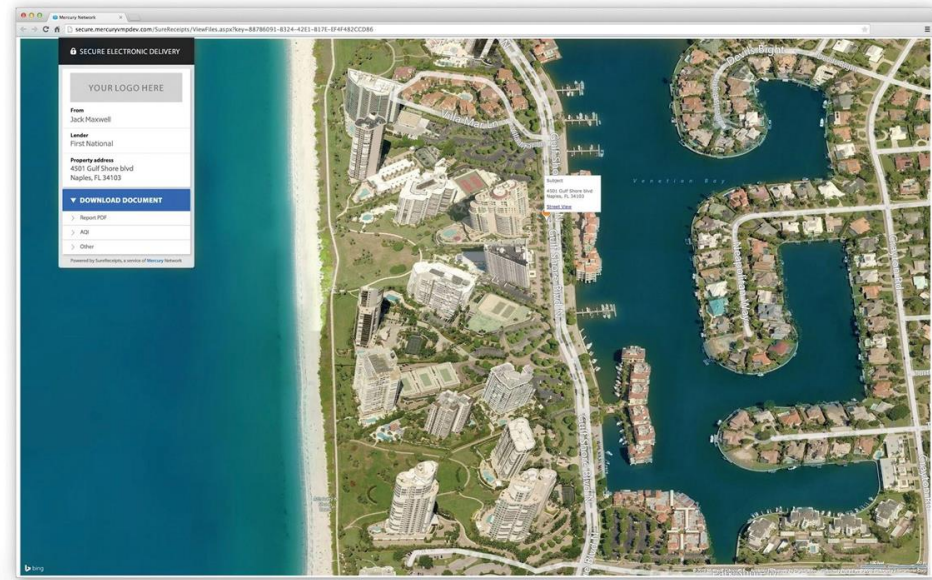
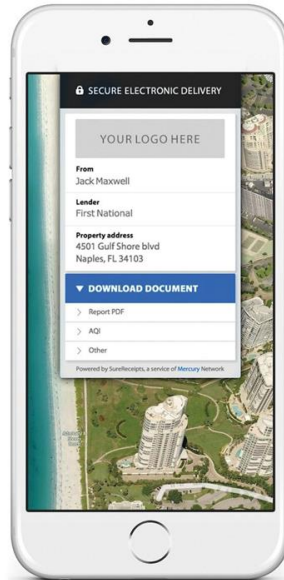
Auth Code:

[Cancel](#) [Download Appraisal](#)

Compliant delivery

Compliance can boost your image

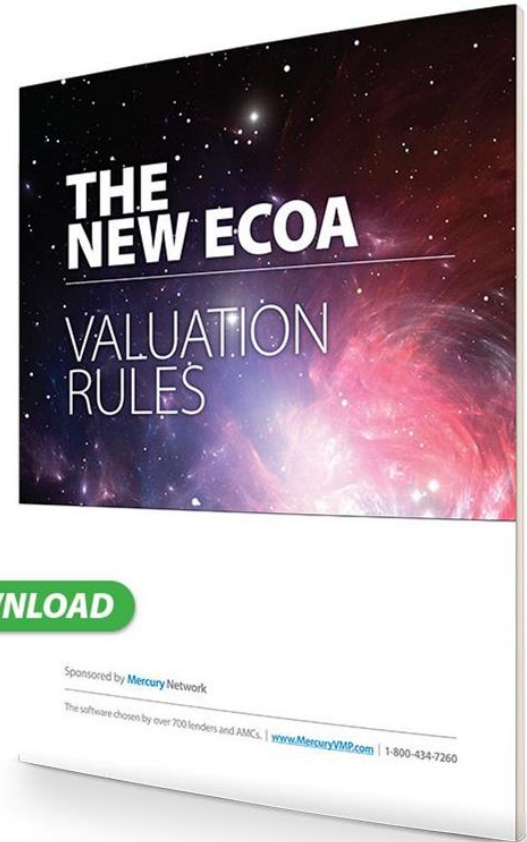
- Member's experience can be branded for your credit union
- Make sure it's mobile-ready
- Publicize your commitment to member NPI security



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www.MercuryVMP.com/ECOA



In conclusion

Takeaways:

- You have it better than most
- 4 ideas to enhance member service in appraisal operations
- Vendor due diligence
- Compliant, engaging appraisal delivery to your members



THANK YOU!

Questions?

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