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Managing an Increasingly Challenging Appraisal Process

By Vladimir Bien-Aimé



The appraisal process is the longest of all the loan fulfillment processes, averaging seven days from initial order to fulfillment. There are numerous disparate tasks that must be completed to produce an appraisal that is accurate, compliant and ready to be submitted to the Uniform Collateral Data Portal (UCDP), which makes for long turnaround times. Managing the appraisal process is more involved and complicated now than it ever has been. And, there are many constantly changing federal and state regulations that lenders must adhere to in addition to the Consumer Financial Protection Bureau's (CFPB) rules and the Dodd-Frank Act.

Lenders can employ a number of different methods to effectively and consistently comply with ever-changing regulations. In order to handle an appraisal process that is now largely driven by compliance, some lenders have opted to simply add staff. This approach increases your cost to originate loans and actually creates exposure as a result of the potential for human error.

Other lenders will use an appraisal management company (AMC) to manage the process. While this is a viable option, lenders have to be very discriminating when doing business with an AMC, as many are questionable. If they make an error or are out of compliance, the lender is ultimately on the hook for any fines. Further, some AMCs are slow to pay appraisers and some don't even pay at all. And, similar to the overnight emergence of loan modification companies, many new AMCs were launched when people saw an instant opportunity to make a quick buck. Like the proliferation of loan modification companies, AMCs can close their doors without notice, leaving behind a mess of broken glass and unpaid fees that are due to appraisers. A good example of this is the bankruptcy of Evaluation Solutions/ES Appraisal Services (ESA), which was an AMC that left \$11 million in unpaid debts to its vendors and creditors, with a large portion owed to real estate appraisers and agents/brokers.

There is also a third option whereby lenders can utilize appraisal management technologies that leverage automation to fulfill tasks normally managed by a person. These technologies ensure that all regulations are met while also establishing transparent access to information, so all that lenders need to do to ensure that their best practices are being followed is regularly review reports. In terms of compliance alone, a good appraisal process management technology is more thorough and consistent than a human tasked with a multi-phase process, and more transparent than the processes undertaken by many AMCs.

If a lender opts to use appraisal technology, it can expect more benefits than just preventing the fines associated with noncompliance. By automating best practices to ensure 100 percent compliance, lenders also gain the collaboration, control and confidence that ultimately reduce risk, fraud and operating costs throughout the appraisal process. It also eliminates the element of human error, inaccuracies and speeds up turn times thus preventing deal fallout.

Solid appraisal management technology delivers immense value by compliantly managing the entire appraisal process with perfection. The ramifications of making errors and overlooking issues can cripple your business. Whatever method you decide to use to handle appraisals, it has to be full-proof.

Vladimir Bien-Aimé is president and chief executive officer of Global DMS. Since co-founding Global DMS in 1999, Bien-Aimé has grown the company to capture a leading share of the appraisal management segment, with a client base of over 20,000 unique users and a 100 percent retention rate among lender clients. He may be reached by phone at (877) 866-2747 or visit www.globaldms.com.



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try experience, is being charged in his new role with attracting high quality loan originators and expanding production volumes and market share in the Austin marketplace, while providing some of the lowest pricing and best-in-class service to borrowers.

"After 25 years of responsible mortgage lending, Mortgage Master is excited about doing business in the great State of Texas, and helping borrowers find the right mortgage solution when purchasing or refinancing a home," said Paul Anastos, president of Mortgage Master. "As we continue to expand, Mortgage Master is attracting experienced leaders, like Larry, as well as high quality loan originators throughout the U.S. because of our supportive and sustainable business model, which provides borrowers with some of the best pricing available and enables loan officers to increase their production and income."

Joining Weisinger in the Austin retail branch are two loan originators Christian Pfluger III and Christina Cadenhead. Additional loan originators hires are pending.

Carrington Expands Wholesale Lending With New Florida Ops Center



The wholesale lending division of Carrington Mortgage Services LLC has announced that it has expanded its coverage in the Southeast, adding an operations center in Jacksonville, Fla. This latest addition reflects the company's ongoing commitment to extending its reach and growing its wholesale business into 2014, even as other lenders are exiting the new purchase-centric market. Focused on extending the borrowing potential of consumers through conventional and government loan products, Carrington is committed to providing what consumers, real estate professionals and brokers rely on: a wide breadth of product, reduced turn times and exceptional service.

The new office is led by Divisional Sales Manager Richard Dybel and Director of Operations Jawana Thomas—both formerly with EverBank Financial Corporation, which recently exited wholesale lending. Dybel and Thomas each come to Carrington with more than 20 years of experience in mortgage lending management.

"We're pleased to open our fourth wholesale operations center, and to welcome industry veterans Richard Dybel and Jawana Thomas to the Carrington family," said Ray Brousseau, executive vice president of Carrington Mortgage Services LLC's Mortgage Lending Division. "By increasing our Southeastern sales and service footprint

under their capable management, we're taking yet another step toward helping our broker partners grow their businesses, their agents close more loans, and the borrowers they work with get into the homes they want."

The wholesale lending division has also announced that it has expanded its offering to include banks and credit unions as approved third-party originators. Effective immediately, approved banks and credit unions can partner with Carrington to provide their customers with access to a wide portfolio of loan programs designed to extend the borrowing potential of consumers. The new program also serves as a risk mitigation method for these financial institutions by allowing them to act as third party originators rather than as lenders on both conventional and government loan products.

Among the benefits differentiating Carrington from other wholesale lenders is its expedited processing times made possible through the company's Purchase Promise Program. Carrington's 21-day loan closing program announced in June was designed to significantly reduce closing times compared to industry averages and applies to both FHA and conventional purchase loans.

"This is yet another step in Carrington's plan to aggressively expand its reach in the changing market and help more people get into the homes they want," said Ray Brousseau, executive vice president of Carrington Mortgage's Mortgage Lending Division. "Now more consumers can access Carrington's extensive lending and servicing capabilities through their neighborhood banks and credit unions. We believe that these institutions will grow to appreciate what makes Carrington an ideal wholesale lending partner for third party originators—breadth of product, competitive pricing and unmatched commitment to help our partners succeed."

ValuTrac and LPS Partner on Appraisal Initiative

ValuTrac Software has announced an agreement with Lender Processing Services Inc. (LPS) to integrate with the LPS Loan Quality Gateway, which is powered by RealEC, a provider of collaborative network solutions for the mortgage industry. This new integration will allow ValuTrac's customers to seamlessly connect to the LPS Loan Quality Gateway and gain significant operational efficiencies by eliminating any manual data entry to facilitate appraisal ordering, real-time appraisal tracking, appraisal review and delivery of a completed appraisal product.



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