PCVMURCOR™
Nationwide Real Estate Valuations Management

CASE STUDY

PCV Helps Client Solve New Merger Appraisal Underwriting Issue

SITUATION

A national lender client of ours was acquired by another lender, which resulted in the combination of their collateral underwriting and appraisal quality control functions. There were several differences in the requirements of the acquiring lender, which caused some initial confusion, and an increase of lender correction requests. The acquiring lender was accustomed to working with staff appraisers and a joint venture appraisal management company; it dissolved as a result of the merger. PCV was retained as their national AMC provider.

OBSTACLE

The newly formed combined collateral risk teams had varying definitions of appraisal quality. Underwriting requirements were not clearly defined or communicated to PCV at the onset of the merger. The underwriting process was divided into two teams, each with independent leadership and definitions of quality and appraisal requirements. Some of the requirements were unique to the lender and not widely used in the industry. All appraiser reports were being sent back for revisions, creating delays, frustration, missed closing dates, lost business, and a low loan pull-through rate. This was a result due to a lack of collaboration and consensus between PCV and the risk teams to fully understand the client's underwriting and appraisal requirements.

ACTIONS

PCV tracked the correction requests received by the lender to understand their needs and requirements. After collecting several months of data, we requested an in-person meeting to discuss our findings and suggestions. We presented the client with an action plan with four overarching goals:

1. Create a specific set of expectations to define quality
2. Incorporate new requirements into a robust, product-specific QC process
3. Develop scorecards to monitor progress and schedule monthly meetings to discuss areas that need fine-tuning
4. Give appraisers a renewed confidence to accept assignments

RESULTS

At the start of the plan, the revision rate was 58%; by the end of the quarter, it decreased to 54%. PCV and the client stayed committed to the plan and continued to define their approach to quality. After further refinement, the revision rate dropped to 25% in the following quarter, eventually falling to 15%. With the decrease in revisions, turn times improved, loans closed quicker, and more borrowers were able to achieve homeownership.

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