



VALUATION REVIEW

There is no comparable

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The growing alternative: Appraiser-assisted valuations

The valuation realm has grown considerably. Today, there's a cornucopia of valuation products to fill every niche — from lending to mortgage insurance. Though appraisers scoffed at many of the appraisal alternative valuations when they first hit the market place, there is a growing trend of appraisers getting into alternative valuation.

"I feel that when the appraiser-assisted valuation products came to market, they actually helped the appraiser compete," said **Brandon Boudreau**, chief operating officer at Metro-West Appraisal Co. LLC. "They should be embraced by the appraiser community. For years, there has been the threat of advanced technology replacing appraisers. I think these products help appraisers stay relevant."

Many appraisers are already familiar with the desktop appraisals, but shorthand appraiser-assisted valuations range from the Collateral Valuation Report (CVR) to appraiser-assisted automated valuation models (AVMs), also known as interactive valuation models (IVMs). Additionally, there are residential evaluation reports (RERs) and other evaluations that include documentation of property condition.

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On the road again

Piling into the minivan, arguing with my brother over who gets to stretch out in the “way back” seat and anticipating endless fast food on the road — summer was all about family travel. We all have our own fond memories of drives that ended up longer than anticipated and unplanned diversions that the road always provides. This summer, the *Valuation Review* family is packing up the VRmobile and hitting the road on a whirlwind road trip.

We’re kicking the summer off with a trip to the Predictive Methods Conference — hosted by Veros — in Dana Point, Calif., for three days of appraisal-related panels and meetings. After that, we’re heading to the National Settlement Services and Compliance Summit — hosted by *Valuation Review* publisher October Research — in Cleveland.

While we’re on the road we will be updating *ValuationReview.com* with live updates from the trade shows. From appraisal fraud and new technology to appraisal panel management and foreclosure issues, keep it tuned to *ValuationReview.com* for all the updates.

For those that prefer to get their news in the *Valuation Review* print edition, we have an editorial-packed, star-studded print edition lineup this summer. Like the blockbuster movies that fill multiplexes, we’re pulling out all the stops for bombastic coverage. You’ll get the live updates like the online readers, but we’re also prepping a huge tech-focused special report. *Valuation Review* will bring you up to speed on the latest appraisal technology and give you a look at how appraisers across the industry are putting it to work for them.

We know that we’re not the only ones hitting the road this summer. If you have an interesting appraisal-related travel story, we want to hear it! Send an email to jmorgan@octoberresearch.com. And if you end up at any conferences, tweet to [@ValuationReview](https://twitter.com/ValuationReview) and we’ll see if we can meet up.

Packed up and ready to go,



Jason Morgan
Editor, *Valuation Review*



OCTOBER KNOWLEDGE...
RESEARCH THE COMPETITIVE ADVANTAGE
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COVER STORY

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These reports can be used in combination depending on type to support home equity origination, purchase money transactions, refinances, servicing and default services, according to **Jeryl Graham**, executive vice president of valuation operations and product delivery manager at ISGN. Despite appraiser complaints, demand is what's driving the industry's acceptance of alternative valuation products.

"Appraisers have always wanted to tell users of valuation services what they should want, but the demand always determines what the appraiser may have the opportunity to provide for them," said **Michael Christensen**, SRA, and director of strategic relations for CoreLogic.

"As a consequence of advancements in technology and an ever-increasing pool of data, the analytics are becoming better. They're more robust and ultimately more reliable," added **Bill King**, director of valuation services at Veros Real Estate Solutions. "I think they will continue to have a larger role in the valuation process generally across the board."

Using USPAP

When faced with alternative valuation products, the cry of USPAP compliance can be heard from a group of leery appraisers. "Are these valuation forms USPAP compliant?" The simple answer is that the forms don't have to be USPAP compliant — the appraiser does.

"It's a common question from both appraisers and consumers of the products," King said. "USPAP applies to appraisers, not to forms or products or data or analytics. It applies to individuals. When the question gets raised, 'Is this product or form USPAP compliant?' it's really an inappropriate question. The real question is how does an appraiser employ this tool and stay within USPAP compliance?"

That question is a little more complicated. Using the most popular alternative valuations — CVRs and appraiser-assisted AVMs — the appraiser leverages the analytics to determine value. When appraisers employ any analytics, they should turn to USPAP advisory opinion 18, which concerns the use of AVMs and USPAP Standards 1 and 2.

"The USPAP advisory opinion basically says that it's the individual who has to comply, but when it comes to using analytics, the appraiser has an obligation [to know] how the tools that are being employed work. The goal is for the appraiser to know that whatever result they're taking from one of these analytics and bringing back into their own analysis, that those results are credible," King explained.

USPAP Standards 1 and 2 define the appraiser's responsibilities and govern the development of an opinion of value (Standard 1) and the reporting of that opinion (Standard 2). If an appraiser isn't familiar with these responsibilities, he could be setting himself up for trouble.

"From an appraiser's perspective, there should never be a conflict between USPAP and any assignment performed; however, if appraisers are not familiar with information they are analyzing — AVMs, BPOs, IVAs, etc. — they may unintentionally breach USPAP. They need to understand and be adequately trained in the use of these valuation methods and techniques," Christensen said. "Those

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When is an appraiser not an appraiser?

Practically never. It's a common question that gets asked when an appraiser steps outside the traditional valuation space to branch out into new valuation offerings. But whenever an appraiser is developing an opinion of value, he or she is always an appraiser.

"From a practical standpoint, every certified or licensed appraiser in the United States who is rendering any kind of opinion of value, in almost every single case, is going to be held to the minimum USPAP requirements," said **Bill King**, director of valuation services at Veros Real Estate Solutions. "There are no cases that I can come up with when an appraiser, acting as an appraiser, is exempt

of being an appraiser."

The only time an appraiser isn't held to USPAP standards is when that appraiser is acting as something other than an appraiser — like a broker or real estate agent.

"For example, I'm also a licensed real estate broker, and a property seller says, 'I want you to represent me. Tell me what to list my house for.' They're not asking me to be an appraiser and develop an unbiased, objective, independent opinion of value. They're asking me to represent their interests and help them get the maximum amount of money for that property — an all-together different exercise," King explained. "Be sure you don't misrepresent your role when you're called upon to act in another capacity."

COVER STORY

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appraisers who fully understand Standards 1 and 2 of USPAP, as well as non-traditional valuation methodologies and techniques, are more open to alternative valuation services in general.”

Forms and reports have very little to do with USPAP. In a way, it's not the job of the form to carry out USPAP responsibilities, but it's the job of the appraiser to make sure that the value approach and data in the products are compliant.

“You could do an appraisal on a napkin as long as you follow USPAP standards,” Boudreau said with a laugh. “Breaking through that misnomer is starting to happen. It's gaining steam and as more lenders start to use alternative valuations, that is going to drive more appraisers to be more receptive.”

“When a report is expected to adhere to USPAP standards, the engagement letter specifically indicates the appraisers' need to adhere to those stated standards. This eliminates a potential USPAP conflict,” Graham added. “Appraisers are expected to follow state and federal guidelines in providing their opinion of value dependent on the scope of work associated with the order.”

The USPAP thinking is sometimes backward — it's not that USPAP restricts what the appraiser can do, but the appraiser restricts himself because he might not know what USPAP allows him to do.

“It's my personal belief that USPAP, when understood, is an enabling document for appraisers,” King said. “It provides a lot of options and opportunities for appraisers. It's my belief that appraisers who feel that USPAP is a restricting or limiting document are saying that they don't understand USPAP.”

The alternative

Lender demand? Check. USPAP compliance by the appraiser? Check. So why are many

appraisers still resisting these alternative valuations? It could be lingering USPAP confusion. The other popular hypothesis is that it takes time and money to be trained in analytics use.

“I think there is a concern about proper training on these products,” Boudreau said. “The tools are great; the analytics are great, but if the appraiser doesn't fully understand how he's getting that data, or if he's just running the program and then putting that data in the report, then he's violating USPAP competency.”

For example, to be trained in the CVR, it's a two-day course with an emphasis on regression theory. As the median age of appraisers climbs ever upward, there are those who don't want to spend the energy or money on more training. But there's definitely opportunity for the adventurous appraiser.

“The ice salesman felt ill-used once the electric refrigerator was introduced for consumer use; however, the ice salesman who realized the food cooling market had differing demands adapted his approach and expertise and began selling electric refrigerators,” Christensen said anecdotally. “Change and progress has always been difficult for the appraisal professional to grapple with; however, due to continued innovation in validated theory, technology and database collection and analysis, single-dimensional appraisal analysis is quickly becoming inadequate to meet the regulatory and value quantification due diligence challenges facing mortgage and financial market participants.”

The first hurdle to clear is the understanding that these products are not out to replace the appraisal or the appraiser. The appraiser and traditional 1004 appraisals are, by no means, in danger of becoming extinct. For now, these products fill a niche where an expensive, full appraisal would be more than the client needs.

“The appraiser has the experience, knowledge

and training to be able to provide the most reliable opinion as to the value of the subject property,” Graham said. “Many appraisers view these additional products as an alternative product offering opportunity to balance volume fluctuations between origination, home equity and default channels. Appraisers see that the use of available data sources enables them more time to spend on analysis and providing conclusions.”

While an alternative valuation won't rake in as much as a traditional appraisal, it also won't take the time a full appraisal typically takes. There is no typical fee when dealing with a non-traditional appraisal, reported Christensen. You can look at it from a per project fee to hourly earnings. Typically, these valuations take anywhere from 15 minutes to several hours.

“Alternative valuations, from what we've experienced, range from \$75 to \$225,” Boudreau said. “Our veterans can knock out a CVR in 45 minutes to an hour. The appraisers who only have 10, 20 or 30 CVRs under their belts — it can take them a couple hours.”

For appraisers interested in learning more, King suggested that you sharpen your skills in regard to analytics, statistics and modeling and be able to incorporate a better set of data into the results than you've ever been required to do in the past. While the shapes and forms of reports might change in the near future, the demand for incorporated analytics and improved data is only going to increase.

“The long-range view of appraiser-assisted valuation models will replace traditional appraisal development methodologies and reporting forms,” Boudreau predicted. “In the short-term, at the minimum, they're going to be used in conjunction with the current forms.”

Questions? Comments? Contact Jason Morgan, editor, at jmorgan@octoberresearch.com.

Housing market focus: Nation on solid footing, but Midwest on slippery slope

“Home prices continue to show relative strength in April with virtually no change over the short term and tapering losses over the longer term,” said **Alex Villacorta**, director of research and analytics at Clear Capital, which released its Home Data Index (HDI) Market Report with data through April 2012.

“There has been quite a bit of buzz in the housing industry surrounding turning REOs into rentals. Our data suggests early activity from these programs could be starting to take effect, with national REO-only home price gains on a price per square foot basis vastly outpacing fair market prices on a national level,” Villacorta added. “Should investor interest continue to drive the expansion of REO-to-rental programs over the next several months, there could be a significant impact on the market overall in terms of providing a rising floor to home values.”

All Quiet on the Western. Eastern. and Southern fronts

Quarter-over-quarter results were notable only in how little change was seen this month, with numbers very similar with the price changes reported last month.

The nation lost a little ground with quarterly losses of -0.2 percent, showing continuing price stability over previous months' reports.

For the past five months, price movement at the regional level has settled in under 1 percent (except the Midwest) on a quarterly basis, which is a level of stability not seen for a decade. As the West, Northeast and South are all in positive territory, significant losses in the Midwest are pulling down national numbers. The Midwest lost 2.7 percent of its value over the quarter, which is the fifth month of declines for this beleaguered region. Despite mild winter weather and an early spring, it wasn't enough to kick off a home buying season in this region.

Year-over-year results: Northeast is only region in the black

Looking at yearly results, the nation is down 1 percent compared to last year, which is an improvement over the 1.4 percent loss posted in March's Market Report. The Northeast, a market that has held up well throughout the housing crisis, posted a light 0.7 percent increase in prices year over year, while the rest of the regions are still trying to climb back into positive territory.

The West and South, while still negative for the year, also saw improvements over last month's report, shrinking their annual losses by 1.4 percentage points and 0.3 percentage points respectively.

Midwest year-over-year performance paints a very different picture. Posting a loss of 4 percent, which is deeper than last month's yearly loss of 3.8 percent, it's not exhibiting any sign of finding a foothold for recovery like the other geographies.

Long-term trends are starting to reflect the shorter term improvements we've seen for the past two months, helping to confirm that housing prices appear to be flattening with a bottom in sight.

MSA performance

The 15 highest performing markets over the last quarter showed very similar price performance as compared to last month. The group had an average quarter-over-quarter growth of 3.1 percent, down slightly from last month's report of 3.5 percent, and the West contributed the most top MSAs with six of the 15.

The Phoenix market, hard hit in the housing meltdown, is starting to sizzle with quarterly values increasing 3.8 percentage points more than the next highest MSA. Phoenix also tops the Highest Performing 15 list for the second month straight, and has been either leading or in second spot on this list since the February report. However, with peak to current values at -58.2 percent, there is still a long way to go for Phoenix to see the values it once had.

The lowest performing MSAs showed improvement since last month with an average quarterly decline of 3.1 percent compared to a decline of 4.1 percent in March's report. The Southern region contributed the most to this group, with nine of the 15 MSAs, and the Midwest was second highest with five MSAs represented on the list.

The Milwaukee MSA is the hardest hit market this month with a dramatic quarterly loss of 12.5 percent. This loss is five percentage points deeper than the second hardest hit MSA, Columbus, Ohio, which posted a loss of 7.5 percent.

REO saturation: Continuing its creep

The portion of national REO sales relative to total sales continued its creep in April, marking the third straight month of quarterly growth. As described in past reports, rising REO saturation is typically associated with declining home values.

As foreclosures grew over the last six years, many homeowners became renters. This, combined with potential homebuyers putting off purchases due to market instability, has fueled an increase in demand for rental units and has buoyed rental rates.

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The combination of lower vacancies, increasing rental rates and affordable REO properties has attracted investors to the rental markets. Many see the potential for strong and sometimes instant cash flows topped off with the potential for future appreciation. Carrington Holding Company, Amherst Securities Group, and Waypoint Financial are examples of investors now active in purchasing single family REOs and turning them into rentals and holding for longer terms rather than the typical short term holds. On the supply side, Fannie Mae is accepting applications from investors to bid on properties for their REO-to-Rental pilot program, with similar programs expected to roll out in coming months.

Demand for REOs is very likely a key driving force behind increasing sales prices for REO properties (as measured on a median price per square foot basis) at a much faster pace than non-REO sales. Over the last year, REO-only prices have jumped a healthy 5.5 percent, while

fair market sales dropped 2.9 percent. This is a significant 8.4 percentage point difference between the two sub sectors of the national market.

Strength in REO prices is also likely a significant driving force behind the national price stability and resiliency in prices against increasing REO saturation seen over the past three months.

Going forward, the sensitive balance between REO supply and demand will help determine how market prices react to shifts in REO saturation. If REO-to-rental investment activity continues or increases, it is likely to provide the lift needed to support price increases especially as we enter the summer buying season. It's likely this balance will ebb and flow over the next several years with the markets recalibrating and normalizing along the way.

Small signs of real estate market recovery

Pending home sales increased in March and are well above a year ago, another signal the housing market is recovering, according to the National Association of Realtors (NAR).

The Pending Home Sales Index, a forward-looking indicator based on contract signings, rose 4.1 percent to 101.4 in March from an upwardly revised 97.4 in February and is 12.8 percent above March 2011 when it was 89.9. The data reflects contracts but not closings.

The index is now at the highest level since April 2010 when it reached 111.3.

Lawrence Yun, NAR chief economist, said 2012 is expected to be a year of recovery for housing. "First quarter sales closings were the highest first quarter sales in five years. The latest contract signing activity suggests the

second quarter will be equally good," he said.

"The housing market has clearly turned the corner. Rising sales are bringing down inventory and creating much more balanced conditions around the county, which means home prices will be rising in more areas as the year progresses," Yun said.

The PHSI in the Northeast slipped 0.8 percent to 78.2 in March but is 21.1 percent above March 2011. In the Midwest, the index declined 0.9 percent to 93.3 but is 16.9 percent higher than a year ago. Pending home sales in the South rose 5.9 percent to an index of 114.1 in March and are 10.6 percent above March 2011. In the West, the index increased 8.7 percent in March to 108.0 and is 9 percent above a year ago.

Foreclosure sales lowest since December 2010

The March *Mortgage Monitor* report released by Lender Processing Services Inc. showed that while March foreclosure starts increased a modest 8.1 percent since last month, overall, they were still down more than 31 percent year over year. Also in March, first-time foreclosure starts hit a five-month high. However, despite the increase, the number of first-time foreclosure starts in March was still

far below those seen throughout much of 2011 and all of the previous three years.

The March data also showed that mortgage delinquencies have continued to decline, reaching their lowest level since August 2008, with seriously delinquent inventory (loans more than 90 days delinquent) declining in both judicial and non-judicial foreclosure

states. Likewise, the rate of new problem loans (seriously delinquent loans that were current six months ago) continues to improve nationally, in both judicial and non-judicial states. At the same time, the LPS March mortgage performance data did show that foreclosure sales continued to behave somewhat erratically, dropping to their lowest level since December 2010.

Three Broker Opinion of Value products launched for commercial valuation

Equi-Trax Asset Solutions LP, an industry leader that offers collateral valuation tools, portfolio analytics and borrower outreach programs, reported that the company has begun offering a number of solutions for lenders who need low cost valuations on commercial real estate.

“The broker opinion of value [BOV] is an important element of commercial property collateral valuation, but one that is difficult to quantify since it is seemingly arbitrary,” said **Guy Taylor**, chief

executive officer of Equi-Trax. “We’re offering three different BOV reporting products — a short, medium and long form — that will increase the level of quality and professionalism in commercial BOVs.”

Equi-Trax has a history of bringing stability and standardization to collateral valuation products. A few years ago, the company led a movement to provide standards for residential broker price opinions (BPOs), which resulted in higher

quality BPOs industry wide.

The company is currently offering three types of commercial BOVs, including a basic drive-by, an extensive drive-by and an exterior property inspection. Each BOV product is run through two independent quality control audits before delivery to the client. The detailed review process is based on Equi-Trax’s extensive experience in the commercial real estate business.

SoftPro to sponsor Opening Night Reception at the National Settlement Services & Compliance Summit

Erica Meyer, owner and publisher of October Research, announced today that SoftPro has signed on as sponsor for the industry’s premier networking event: The Opening Night Reception at the 2012 National Settlement Services and Compliance Summit, in Cleveland, June 12. According to Meyer, due to the overwhelmingly positive feedback received after last year’s Opening Night Reception, the event will once again be held at Mortons: The Steakhouse in Cleveland’s famous Terminal Tower. As with last year, the event will include Morton’s always popular gourmet food, top-shelf drinks and a Casino night with gaming tables and valuable prizes in a networking-friendly environment.

“SoftPro is pleased to be partnering with October Research for this incredible event,” said **Joyce Weiland**, president of SoftPro. “The Summit has always provided a powerful environment for education and networking. It’s truly a place where business leaders come together in ways

that advance the entire industry.”

“SoftPro is committed to delivering leading-edge technology, education and solutions that enable closing and title companies to grow their businesses and stay ahead of the competition,” Weiland added. “The Summit provides tremendous networking opportunities to share ideas and learn about new offerings in the industry, and the crown jewel of these opportunities is at the Opening Night Reception.”

The theme of the 2012 Summit is “Make Your Move” and epitomizes the entrepreneurial focus of blending an intricate understanding of your markets, customers and partners to make knowledgeable and educated decisions to grow your company. Whether through in-depth education on tough compliance issues, insight into ways to add significant value to your products and services, or through improving processes and efficiencies, the 2012 Summit is designed to help you Make Your Move in 2012 and beyond.

“We are excited that SoftPro is sponsoring this very popular event,” Meyer said. “As the leading provider of closing and title software solutions in the nation, SoftPro epitomizes what the Summit is all about this year. The company has been a strong advocate for its own clients and partners through the years. They have assisted their customers in navigating the technological and regulatory challenges in ways that have strengthened their agents’ positions in the marketplace, and given them the solid base from which to make strategic moves.”

The Summit expects to attract nearly 400 professionals from across the country for the two-day meeting at the Marriott at Key Center, which is Cleveland’s state of the art conference facility. For more information about additional sponsorships available for the conference contact Glen Stout atgstout@octoberresearch.com or (330) 659-6101, ext. 6556.

For more information about the Summit, visit: www.OctoberResearch.com/Summit.

Decision Ready receives two mortgage technology awards

Ravi Ramanathan, founder and chief executive officer of Decision Ready, was honored with two technology awards. He was named a Technology All-Star by *Mortgage Banking* magazine. Ramanathan also received an Innovations Award on behalf of Decision Ready from the Progress in Lending Association.

MBA Chief Executive Officer **David Stevens** recognized Ramanathan's achievement as a Mortgage Banking Technology All-Star with an award presented at the MBA National Technology Conference in Phoenix.

Shortly after, Decision Ready received the Innovations Award from Progress in Lending at its annual event announcing the top technology innovations of the year.

Ramanathan's important contributions to mortgage servicing, particularly in the area of default servicing compliance,

earned him the Mortgage Banking technology award. He has been a pioneer in developing new technology for banks and servicers to implement policy and process compliance for default servicing that directly addresses the mandates imposed by regulators and the

Decision Ready's technology ensures servicers are compliant with all government regulations, investor guidelines and the servicer's own internal policies...We're very honored to be recognized with both of these awards

- Ravi Ramanathan, founder and chief executive officer of Decision Ready

courts. That includes interagency report findings, consent order requirements, supplemental directives for single point of contact and the ramifications surrounding the robo-signing of foreclosure affidavit documents. Decision Ready's technology, the

Decision Ready Automated Workflow platform (DRAW) won the company a place among the top innovations of the year by the Progress in Lending association. DRAW delivers a cutting-edge, cloud-based technology solution to simplify all stages of loan servicing, and at the same time, make certain mortgage servicers are compliant.

The platform provides process-based compliance, a huge leap in default mortgage technology. Rather than relying on manual compliance guidebooks, servicing associates are provided with comprehensive policy and process technology, which simplifies the decisioning

process.

DRAW helps servicers streamline the process of handling loans from the first stage of delinquency through to foreclosure, post-foreclosure sales or loan modification.

Valuation Management Group ranks highly in Pacesetter awards

Valuation Management Group LLC (VMG), a nationwide appraisal management company, was recognized for the third year as one of Atlanta's 50 fastest-growing private companies by the Atlanta Business Chronicle. VMG was ranked 14th at the Atlanta Business Chronicle's 2012 Pacesetter Awards breakfast on April 27. Previously, VMG ranked third in 2011 and placed 11th in 2010.

"We are proud to be a recipient of this prestigious award, in a city as progressive as Atlanta," said **Vicky Thompson**, president and chief executive officer. "Our great employees have been the major key to our growth. Our focus has always been on client satisfaction which has provided the growth."

Pacesetter awards are given annually to the

fastest-growing privately held companies, representing various industries. To qualify, a company must have its headquarters in the Atlanta area and generate revenue between \$1 million and \$300 million. They must also have a two-year growth in sales of more than 50 percent. Companies are ranked by a growth index formula used to even the playing field among companies of different sizes.

Global DMS' new workflow engine for eTrac appraisal management technology

Global DMS added a new workflow engine to eTrac, the industry's most widely used appraisal management technology. This new workflow engine will grossly expand user customization to achieve virtually limitless possibilities for custom workflows and enable accessibility to the industry's newest technology features, such as eTrac ATOM, Global DMS' recently launched mobile application.

"Think of it as a system that's smart enough to know exactly where an appraisal order needs to go, every step of the way, for every unique user," said **Vladimir Bien-Aime**, chief executive officer of Global DMS. "If the order

needs to be pushed to processing or underwriting or uploaded to the GSEs through the UCDP, the system will automatically take care of that. If a certain action needs to get done, like emailing the borrower at a certain time, it can do that, too."

eTrac's new workflow engine will be so fast and easy to customize that users will be able to create their own unique business rules that not only automate user-designated actions, but also guide each appraisal order to the next appropriate step. These custom rules can be set up and changed in a matter of moments through eTrac's menu-driven setup process, which is easy

enough for a layperson to use without the need for a dedicated IT professional.

This new workflow is part of Global DMS' focus on providing major enhancements and upgrades to its family of technologies. In March 2012, the company launched a mobile application, and it has plans to launch additional new technologies throughout the remainder of 2012. This workflow provides the foundation for all new Global DMS technologies to be completely compatible and to fully leverage the benefits of emerging technologies.

Calyx Software updates for UAD delivery

Calyx Software launched Point and PointCentral 7.6. Point 7.6 introduces a Uniform Collateral Data Portal (UCDP) screen for efficient delivery of Uniform Appraisal Dataset (UAD) files to Fannie Mae and Freddie Mac. The Uniform Loan Delivery Dataset (ULDD) reporting functionality, which Calyx offers at no additional charge, has been enhanced with additional fields in the XML file.

"We've been looking forward to launching 7.6 because it offers numerous new features and updated forms," said **Jody Collup**, director of marketing for Calyx Software. "While there are a few compliance updates, functionality and upgrades were our main focus for this release and we've been able to address our most popular client requests. Many of our users will benefit even further with

the May 10 WebCaster update that powers the new eDisclosure feature in Point 7.6 and makes automated document request, collection and storage a very convenient reality."

A new RegulatorConnect report will help Calyx users submit e-Exam data to auditors. In an effort to further streamline user operations, Calyx enhanced the interfaces with closing doc vendors with additional fields. Additionally, interfacing with LoanScoreCard is streamlined with shortcut buttons in multiple locations. PointCentral 7.6 offers users stronger security

with password management and administration of file operations for specific users or user groups. It also gives administrators the ability to assign other user's files to another user or user group. PointCentral administrators will also experience greater flexibility using business rules with additional comparisons to rules definitions.

The universal appraisal dataset (UAD) is just one of three components for the government-sponsored enterprises' loan submission system. The uniform loan delivery dataset (ULDD) and uniform collateral data portal (UCDP) are the other two pieces.

CoreLogic announces new GSE REO-to-rental data offering for bulk investors

CoreLogic announced the immediate availability of a new property data and analytics offering that provides enhanced insight to investors participating in the new government-sponsored enterprise (GSE), Federal Housing Finance Agency (FHFA) REO-to-Rental program and other similar private programs.

The new offering provides potential investors with property-level information such as:

- Average potential rent for the subject properties, based on relevant market information, including nearby multiple listing service (MLS) single-family residence (SFR) rental data;
- Capitalization rate information by geographic area;
- Current value of the property through CoreLogic automated valuation models (AVMs);
- Assessment of neighborhood and market trends;
- 24-month review of housing price trends; and

- Cash-flow projections on similar properties

The analysis is delivered within 24 hours of receipt. CoreLogic will report average rental pricing based on completed rental agreements sourced directly from local MLSs, where available. This will provide more accurate and timely data than listings from Internet sites. After a successful acquisition of REO property, CoreLogic can provide renter screening and occupant rental insurance data to help successful bidders manage properties more securely.

“Over the last five years, there have been more than 3 million additional potential renters from completed foreclosures, which is more than the net increase in the number of renters during the 1990s and the early part of the 2000s before the housing bust. And many of them seek single-family housing with similar characteristics to the home they owned,” said **Mark Fleming**, chief economist at CoreLogic. “However, until recently, attracting institutional investors into the single-family home rental market has been difficult because of the regional nature of the markets, the difficulty in bundling the properties and the lack of actionable information concerning cash flow and pricing.”

Fannie Mae, Freddie Mac and the FHFA recently announced that they will be bringing part of their inventory of 250,000 REO properties to market on a buy-to-rent basis. Initially, the program will focus on areas particularly hard hit by the housing market collapse, with Fannie Mae auctioning 2,490 properties in Georgia, Illinois, Florida, Nevada, California and Phoenix through a complex bidding process. Large private mortgage investors are pursuing similar strategies, including foreclosure rental programs that could allow delinquent homeowners to stay in their homes as renters.

“The GSEs are in the process of prequalifying investors for their programs and a number of investors have announced new funds to capitalize on this opportunity,” said **Ben Graboske**, senior vice president of Real Estate and Financial Services for CoreLogic. “Our new program will give investors the data and insight they’ll need to model their cash-flow projections, to bid with confidence and then to set attractive market-appropriate rents. The better the data, the better the chances that programs will be successful and more inventory can be brought to market in this fashion.”

Interthinx Watchlist Review Module lends a hand to GSE, OFAC compliance

Interthinx released its new Watchlist Review Module, a stand-alone application that enables lenders to check all loan participants against several industry lists to ensure compliance with Fannie Mae’s Loan Quality Initiative (LQI)

as well as rules from the Office of Foreign Assets Control (OFAC) and the Bank Secrecy Act (BSA).

“Much of the risk involved in the mortgage loan transaction rests with the loan participants,” said **Gayle Shank**, vice president of product management at Interthinx. “Knowing whether these individuals — including the personnel involved in the closing — are on any industry lists is a critical due-diligence step that federal regulators expect lenders to take. Those who fail to do so greatly increase the risk associated with a loan transaction.”

Lender implements RealView appraisal review technology

Platinum Data Solutions, a provider of comprehensive collateral valuation technologies, announced that San Diego-based Plaza Home Mortgage Inc., a full-service wholesale mortgage lender, implemented Platinum Data Solutions' RealView appraisal review technology in its Reverse Mortgage Division, which transacts reverse mortgages nationwide.

Reverse mortgages, which are available to individuals aged 62 or older, allow homeowners to draw against a portion of their home equity. Repayment of the loan is deferred until the owner dies, sells the home, ceases to live in the property, or breaches the mortgage provisions. Because of the way reverse mortgages are structured, they differ from traditional mortgage loans in that property value, not the borrower's credit or income, is the single most important factor in determining loan worthiness.

Reverse mortgage lenders have traditionally relied on automated valuation models (AVMs) and desk appraisal reviews in order to obtain a value on the property securing the transaction.

"Adding desk reviews or AVMs to substantiate an appraisal, although helpful, doesn't always yield consistent information," said **Mark Reeve**,

reverse mortgage division manager for Plaza Home Mortgage Inc. "More often than not, they create more ambiguity."

That ambiguity is generally centered around whether the most appropriate comparables were used to determine the property's value. Reeve added, "This can lead to difficulties between our underwriting staff and the appraisers we use. Without substantiated proof, questions about the validity of comparables tend to result in extended, strained communications between underwriters and appraisers."

In January, Plaza Home Mortgage Inc. implemented Platinum Data Solutions' RealView automated appraisal review technology in its reverse mortgage division to ensure consistent quality among the appraisals used to underwrite its reverse mortgages. The company now uses RealView as part of its underwriting process on all of its transactions.

"RealView's consistent, objective evaluation allows our underwriters to make accurate decisions, knowing that the appraiser used the best comps available — and if not, they now have data to rebut appraisers directly, in a methodical, scientific manner," Reeve said.

"RealView helps us make our underwriting decisions with confidence. That's the bottom line."

In just a few minutes, RealView conducts a comprehensive evaluation that covers more than 2,000 best practices rules and appraisal review guidelines, which include appraisal data points, as well as customized user-defined rules throughout all sections of the appraisal report. An internal manual appraisal review that covers the number of points covered by RealView could consume 30 minutes or longer.

"An accurate appraisal should be the number one component of any collateralized loan because it's sufficient value that positions you at square one to make a decision," said **Phil Huff**, chief executive officer of Platinum Data Solutions. "Platinum Data Solutions' mission is to provide companies with a rock-solid foundation of valuation-based information. From there they can proceed with confidence, to make the decisions that best suit their goals. We're pleased to welcome Plaza Home Mortgage to the Platinum family of customers, and we look forward to helping them further achieve their goals."

Coester Appraisal's automated review tech

Coester Appraisal Group enhanced Cloud Control, appraisal management technology built on the Salesforce.com platform, by adding C-Data, the company's automated appraisal review technology. C-Data automated review technology provides a comprehensive and thorough review by electronically evaluating every field in an appraisal report; identifying potential fraud, errors, discrepancies and missing information; and availing its extensive findings both online and in printed reports.

"C-Data is like a virtual quality control inspector, except that it takes only a few minutes, it's consistent and expansive," said **Brian Coester**, chief executive officer of Coester Appraisal Group. "C-Data's findings integrate MLS sales, AVM data and even mapped out comparables, all on one screen. And the best part is that we're providing C-Data completely free of charge to all Cloud Control users."

Coester launched Cloud Control in March 2012. Cloud Control offers Salesforce.com's ability to create business-unique sales and marketing rules that can help companies generate new business in addition to enhancing compliance and efficiency.

Veros launches next generation of AVMs

Veros Real Estate Solutions announced a series of gradual and controlled updates to its VeroVALUE AVM, which have produced significant improvements in performance, including hit rate and accuracy. Originally brought to market in 2001, VeroVALUE developed a strong reputation for model quality, unsurpassed hit rates in key areas of the U.S. as well as reliable, transparent value estimate and confidence scores that correlate with valuation accuracy.

“We are dedicated to reestablishing VeroVALUE as the premier AVM in the industry,” said **David Rasmussen**, senior vice president of operations at Veros. “Veros has taken VeroVALUE’s performance to a higher, industry-leading level and AVM users have taken notice. We encourage all AVM users who are not familiar with VeroVALUE’s latest performance metrics to test the AVM.”

The Veros analytics team has applied a renewed focus to the AVM’s data sources, data management, models and due diligence. The enhancements, which include model optimization and adjustments to selection and weighting, applied to VeroVALUE’s already extremely sound and highly functioning models have amplified the AVM’s performance on a national level.

VeroVALUE is benefiting from an increased frequency of data as well as the availability of additional physical characteristics and other data points relevant to the subject property. The additional data is derived in part from the inclusion of MLS data, which also provides its own distinct benefits to the AVM.

Veros’ technology includes hardware to allow better data currency and multiple data servers dedicated to discerning “good” properties from those expected to create data issues and conflict in the valuation. When issues are identified, Veros’ work continues, using this knowledge and the company’s proprietary tools to specifically target areas for future enhancement, issue resolution and deeper optimization.

“AVM enhancements aren’t rolled out overnight,” Rasmussen said. “Any strong analytic tool needs constant care and maintenance. The current results generated by VeroVALUE are the efforts of numerous months of due diligence and testing to ensure highly accurate data. These results are expected to continue to improve as the attention remains keenly focused on VeroVALUE’s optimization. Clients are reporting increases to their accuracy and hit rate numbers, both in new sale and refinance transactions.

“Delivering a sound valuation is a dedicated discipline at Veros. Our clients should continue to expect transparent and sound valuation estimates, as well as the flexibility to pair results with relevant supplemental analytics. It is our goal with VeroVALUE to meet or exceed compliance standards and set the bar for industry innovation,” he added.

Veros offers a total solution with variations of VeroVALUE designed for accuracy, default markets, portfolio needs or expert-assisted valuations and can provide a comprehensive, finely-tuned AVM cascade.



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