How will appraisal technology evolve in 2022?

Appraisal management systems need to offer advanced automation and configurable workflows that can react to changes quickly

With the recent news about desktop appraisals, appraisal technology is top of mind for many. HousingWire recently spoke with Reggora co-founder and CTO Will Denslow about the role of technology in appraisal innovation.

HousingWire: The FHFA announced late last year that desktop appraisals will become permanent, and Fannie Mae also just released guidelines regarding the change. How will this affect appraisal technology moving forward?

Will Denslow: With desktop appraisals becoming a permanent fixture in the appraisal landscape, and the continued prevalence of appraisal waivers and alternative products, we can expect to see a lot of change in the coming year or two. This will range from the technology used to conduct home appraisals and valuations, as well as the technology that lenders and appraisal vendors use to manage their operational workflows.

Digging into the workflow technology a bit further, it's going to become increasingly important for appraisal management systems to have built-in flexibility for managing new types of workflows. The appraisal process, which isn't simple to begin with, is becoming even more dynamic.

We'll see multiple vendors, different data sources and different formats of data to deliver to GSEs; while these new programs will ultimately speed up the appraisal process, there is going to be a higher level of coordination required for each appraisal order.

To keep up, appraisal management systems need to offer advanced automation and configurable workflows that can react to changes quickly. If lenders cannot meet the new level of coordination required, they risk falling behind.

HW: Last year, we began talking about a growing shortage of appraisers. How can technology help mitigate this issue?

WD: With fewer appraisers entering the workforce and the demand for appraisals continuing to grow, longer turn times are having a major impact on lenders. The good news is that there are a number of ways that technology can help.

Many have discussed the role of automated valuation models (AVMs) to further reduce the role of appraisers, but AMVs are still incredibly limited by publicly available data and can only play a

role in the simplest of properties. As a result, we're always going to need appraisers playing a part in the process.

For the majority of appraisals, especially with more complex properties, it is still crucial to ensure that a licensed appraiser plays a role in the valuation process.

With an appraiser shortage that's causing delays across the country, it's time to apply more intelligence to the way we get the right appraiser to the right property at the right time – very similar to what Uber has done for the transportation and freight industries. With the right alignment of data, advanced algorithms and automation can be used to optimize where and how appraisers are utilized.

It's also worth noting the role of new technologies such as LiDAR and 3D scanning that could help the industry. We could soon be in a position where the majority of home inspections (including measurements, photos, etc.) are completed by someone like a Realtor or gig-economy worker, and the information is then sent to the licensed appraiser to complete at their desk. This approach would eliminate the need for appraisers to spend time on the road and increase the numbers of appraisals they can complete each week.

HW: What innovations should the industry be looking out for in 2022?

WD: There are a few major innovations lenders will be focused on for 2022. The first is hybrid and desktop appraisals which I touched upon earlier. This is the beginning of a fundamental change for the industry which will require a level of cohesion between vendors and lenders that the industry has never seen before. As a result, I think this will be a big catalyst for lenders to move over to newer technologies.

The second are streamlined integrations. For lenders who currently utilize a modern appraisal platform, they are looking to enhance the amount of communication between their LOS/POS and their AMS.

As we move into 2022 and lenders strive to optimize their operations and deliver frictionless and fast customer service, you can expect most lenders to continue upgrading their tech stacks.

A big indicator is that we are seeing many of our lender clients start to utilize our APIs in addition to our out-of-the-box integrations. Because Reggora has fully open APIs for our lender clients, lenders can completely customize their experience and access data like never before. When your systems are sharing data bi-directionally and all of your stakeholders can access the right information at the right time, you'll be in a better position for success.

In terms of other innovations, be on the lookout for new advances in AI and automation, new approaches to algorithmic order processing, and new gadgets to make appraisers more productive in the field.

HW: How does Reggora plan to contribute to appraisal innovation?

WD: Reggora was founded with the goal of modernizing the appraisal industry to improve appraisal logistics and reduce turn times. We are a technology company first. That means more than 50% of our company is either an engineer or someone owning a portion of our product, fully dedicated to ongoing research and development.

Since our platform was built on a flexible modern framework and designed with the future in mind, we are already in a position to support lenders who are embracing appraisal modernization and new options such as desktop appraisals. On an ongoing basis, we are developing more advanced automations and algorithms that leverage real-time data to increase speed and efficiency for both lenders and appraisers.

We are excited about the changes beginning to take shape in the industry, and excited to continue bringing new innovation to the market.