

STANDARDIZATION OF APPRAISAL PROCESS

Project Goal: Minimize loan losses at liquidation due to poor quality of appraisals

The appraiser, the review process of an appraisal, and its quality have a direct impact on losses and liquidation rates. Often a decentralized function, it is difficult to gauge the quality and effectiveness of appraisal ordering and review process until it is too late i.e., deal in liquidation. To mitigate risk, the team is tasked with creating an appraisal process, which will result in:

- ***Reduction of overall process cycle time, (fast customer response)***
- ***Increased underwriting capacity***
- ***Reduction of liquidation losses***

Business Case:

- Monitor appraiser quality to mitigate fraud/loss
- Increase competitive advantage by improving customer response time

Six Sigma Improvements:

- Developed a “vetting” process for all appraisers, controlling quality
- Identified common key drivers for deals with poor recovery (high losses)
 - Developed checklist to ensure identification of critical elements (population density, growth pattern) that may mitigate future losses in event of liquidation
- Centralized appraisal order and review process with new policies/guidelines

Delivered Benefits:

- Increased operational capacity by 10%
- Reduced process cycle time by 25%
- Reduced losses by \$500,000

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