



Innovations in real estate property valuations

Digital images enhance automated appraisals

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By Jessica Swesey
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Brad Meyer, CEO of Trinity Inspection, thinks the next big thing in real estate and mortgage technology—the rapid turnaround of digital photographs—will "revolutionize" usage of automated property valuable models. "While AVMs are widely used, valuation providers have been searching for ways to enhance their usage, especially the need to have 'eyes on' the property," he said.

While most lenders have embraced the controversial AVM technology for immediate collateral assessment on home loan decisions, observers say a full appraisal or at least a drive-by of the property is still necessary to get the full view of the valuation picture.

Digital pictures of properties aren't new, but automated valuation model providers now have begun offering them on a quick-turnaround basis to lenders who need to assess the value of the property before making a loan decision. Veros Software and Electronic Appraiser are two AVM providers that have launched such products.

The addition of fast delivered digital images to AVMs gives lenders more insight about a property without their having to hire an appraiser or other person to drive by the house to confirm its condition before they set the loan underwriting ball rolling. Digital photos offer immediate answers to questions about the structure's condition or at least its existence.

Technology spending on automated [collateral management](#) systems for property valuation such as AVMs is expected to grow from \$33 million in 2003 to \$193 million in 2008, according to research released last fall by TowerGroup, a Needham, Mass.-based research and advisory firm. [Automated](#) collateral valuation systems will affect mortgage underwriting over the next decade the same way that automated underwriting systems did in the last decade.

Irvine, Calif.-based Veros Software, a mortgage technology company that delivers property valuations in 40 states, now offers a product called [VeroPhoto Plus](#). The AVM includes a digital image that is returned electronically within 24 to 48 hours. Supplemental options include interior photographs and condition reports of the subject property, street scenes and photographs of nearby recent area sales.

Dave Rasmussen, VP of sales at Veros, said the product is meant to give lenders additional insight not normally included with a standard AVM. He sees it as one piece of the valuation puzzle along with drivebys, various AVMs and full appraisals.

"Sometimes it's taken for granted that the property is standing and in reasonable condition," he said.



Dave Rasmussen,
Veros Software

Rasmussen thinks the digital photo will be a factor in lenders' risk assessment of home loans, although he doesn't think it will be included with every AVM that's ordered. The new feature has already caught on with lenders.

"We are signing a number of people up on a daily and weekly basis," he said.

The digital photo costs \$50 extra to add to the AVM. VeroPhoto Plus is available nationwide in both urban and rural areas. The product can be ordered for an individual property or a portfolio of properties.

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