

# Credit Union Times

NOT FOR REPRINT

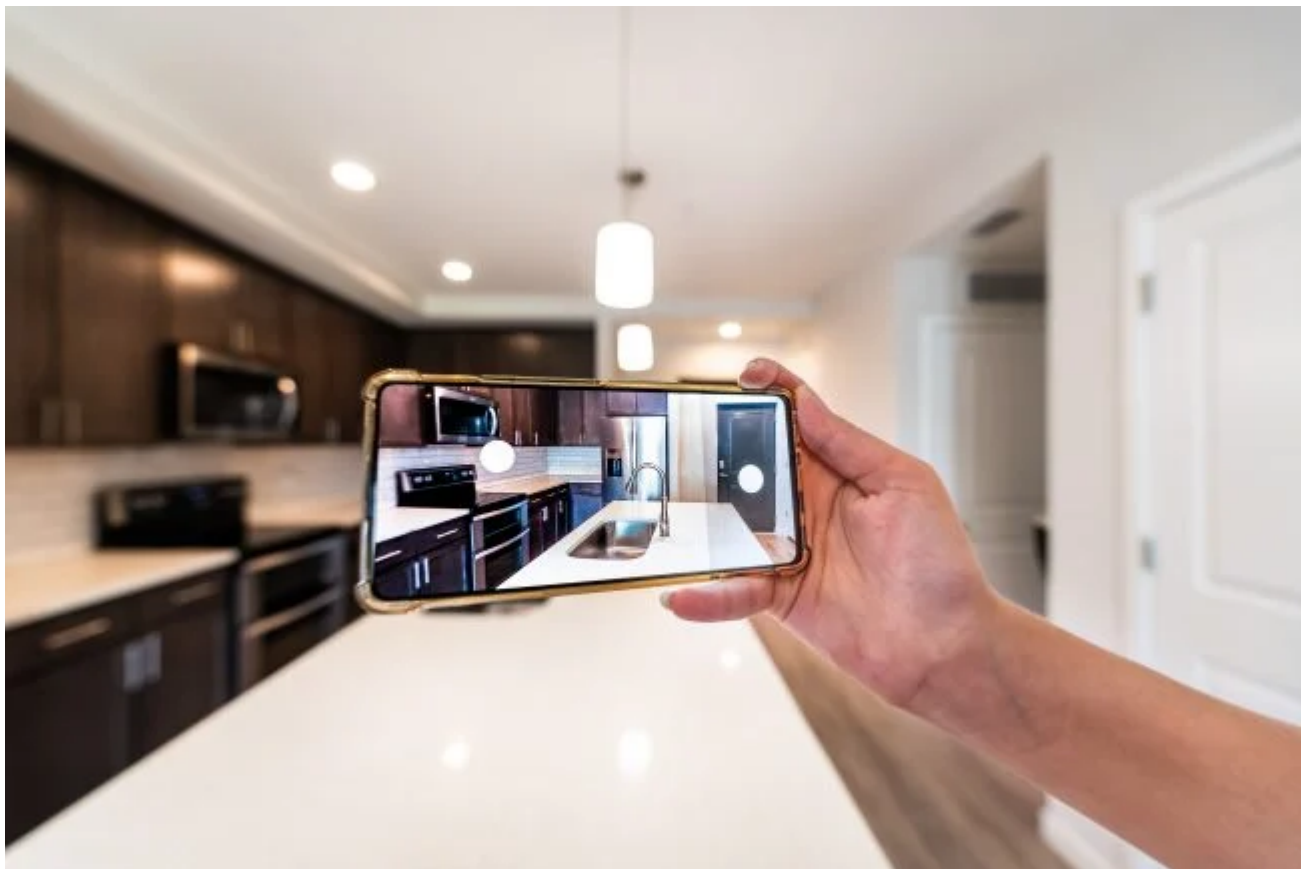
🖨️ [Click to print](#) or Select '**Print**' in your browser menu to print this document.

Page printed from: <https://www.cutimes.com/2023/2023/04/28/home-equity-lending-needs-a-tech-refresh/>

## Home Equity Lending Needs a Tech Refresh

CUs can differentiate themselves and better serve members by embracing technology like virtual inspections.

By **Jeremy McCarty** | April 28, 2023



**Source: AdobeStock**

With rising mortgage rates and a tight economy, homeowners in need of cash are turning to home equity lines of credit (HELOCs). And, thanks to rising home values over the last decade, homeowners are sitting on more equity than ever that they can use for remodeling, debt consolidation or just a rainy-day fund.

Recently, many homeowners have opted to remodel or add on rather than move to a new house. With interest rates where they are, these homeowners don't want to touch their low-interest first mortgage when tapping into their home equity, so a home equity loan is now one of the most viable options to convert equity into cash.

With this surge in home equity demand, credit unions need to re-focus on this market and establish a way to differentiate themselves from the competition while, most importantly, better serving their members.

## Speeding Up Valuations

Home equity loans are often categorized as consumer loans, and the credit and title underwriting has historically been completed in a short period of time relative to a first mortgage. To keep these loans moving quickly through the process, property valuation needs to occur in an expedient manner. Property valuation is often the “longest pole in the tent” during underwriting, so the ability to provide an equity loan commitment within a few hours, rather than a few days, or even weeks, is a game changer as credit unions look to better serve their members.

## Improving Accuracy

Often, equity lending valuations are completed through the use of automated valuation models (AVMs) or other valuation tools that utilize only a drive-by inspection of the property. While these tools are useful in certain contexts, they may not show the full home value, especially if there has been interior remodeling or other updates that can't be seen from the street. Leaving out important updates like this can cause disappointment for the homeowner, as they are not able to tap into the full value of their home and get a return on any investment they've made in the property.

## Leveraging Technology

Rather than using the traditional valuation process that focuses only on the home's exterior, credit unions can be more operationally efficient and provide the true home value to their member by leveraging technology that helps show all the interior and exterior amenities of a property. Additionally, with the right technology in place, credit unions can save time and cost without sacrificing the quality of their valuation. All of this translates into a more satisfied member.

## Using Virtual Inspections

A key technology helping streamline home equity valuations is the virtual inspection. Rather than waiting for an appraiser or analyst to drive by the property for a front exterior inspection, virtual inspections can be completed within minutes – and the process is very simple for everyone involved.

With a virtual inspection, the homeowner connects to the virtual inspector through a video call and helps conduct an inspection of the home's interior and exterior. Within minutes of the credit union ordering the evaluation, the homeowner is contacted, and if available, the inspection can be conducted on the spot. Alternatively, the homeowner can schedule a time that is convenient for them through an online calendar.

Collecting property data virtually is faster, lower cost, more thorough and provides everything the valuation professional needs for an accurate valuation, which can often be available within a couple hours after inspection.

## Getting Members Invested

In addition to being able to tap into their equity much faster, members appreciate being able to show off their home. Being part of the process and knowing that the unique qualities of their home have been considered in the valuation goes a long way in creating the best experience for members and solidifying their commitment to the loan.

Technology like the virtual inspection helps set credit unions apart, as the speed of loan approval is very important to the member. This sets a new standard in home equity lending and makes the credit union stand out in a highly-competitive landscape, while simultaneously strengthening their member relationships.



*Jeremy McCarty is Founder and CEO of Valligent, an appraisal management company that was recently acquired by the Santa Ana, Calif.-based Veros, a provider of enterprise risk management and collateral valuation services.*

**Jeremy McCarty**

---

---

**Copyright 2023. ALM Global, LLC. All Rights Reserved.**