



# STATE OF THE MORTGAGE FIELD SERVICES INDUSTRY

In 2016, the industry continued to grapple with legislative pressures, regulatory guidelines, and work order expectations that can be both conflicting and challenging. Throughout the year, the National Association of Mortgage Field Services (NAMFS), reviewed, tracked and wrote opinions on vendor relationships, new service expectations, and state rulings affecting our members and the industry as a whole. Our mission is to provide a voice for members of the default mortgage field services industry while supporting the communities in which they perform work.

At the 2016 Annual Conference of Mortgage Field Services, which is hosted by NAMFS, we took a look at the state of the industry to identify the most pressing issues and discuss how, together, we can resolve them.

## NAVIGATING JUDICIAL AND REGULATORY ISSUES

Vacant and abandoned properties pose a threat to the safety of the communities where field services providers perform work. This year, the industry responded to legislation and judgements at all levels of government that directly affect who can perform work and when they can do it. There were a few issues in particular that required immediate attention from industry professionals.

The ability to accurately determine occupancy is key to staying compliant with legislative and judicial decisions affecting how field services work is performed. In July, the Washington State Supreme court issued an opinion as to whether a servicer can change locks on a seemingly vacated property prior to foreclosure. "One of the most critical things we deal with is determining whether or not a property is occupied or vacant," said Adam Miles, NAMFS President, speaking at the An-

nual Conference of Mortgage Field Services in September. The state's Lien Theory was at issue as the court decided what action(s) constitutes a servicer taking "possession" of a property. The opinion concluded that the servicer could not change locks (gaining possession or control of) the property prior to foreclosure. A dissenting opinion followed recognizing exceptions to Washington's Lien Theory which include "mortgagor abandonment" of the property.

This year the Department of Housing and Urban Development (HUD), released Mortgagee Letter 2016-02 revising property preservation requirements of homes insured by the Federal Housing Authority (FHA). The industry had to respond to new conveyance condition standards and additional responsibilities for property inspectors. These changes impact how servicers instruct their third party vendors who are managing multiple interpretations of how work is to be performed.

## CLARIFYING WORK ORDER REQUIREMENTS

Each new regulatory guideline or process requirement potentially adds the need for vendors to perform new tasks or gain a new skill set to remain competitive and fulfill work orders. Field services providers and contractors who perform inspection and preservation work have spent much of the year looking for clarity and consistency as work order language and client expectations change. Work orders, background checks, and inspection requirements can differ from client to client and from multiple national field services clients. This leaves contractors at greater risk of non-compliance.

The industry is actively seeking ways to create standardization of policies and procedures, find common instructional language for work

orders and build communication with investor/insurers. Clarifying expectations is essential for the industry to reduce business risk and maintain compliance when managing a network of third party vendors.

**THE ROLE OF TECHNOLOGY** Each year the industry is presented with new technology to manage third party vendor relationships and compliance requirements. At this year's conference more than a dozen vendors exhibited or demonstrated scalable technology platforms that manage workflow processes and documentation when working with third party vendors. Servicers and their vendors are required to maintain a chain of documentation verifying that vendors follow work order instructions and meet regulatory guidelines. To that end, many field services companies are adding industry specific technologies capable of integrating with servicer and vendor proprietary platforms. Much of this technology includes mobile applications. Mobile technology allows inspectors and contractors in the field to provide clarity at the time the work is performed. Technology can connect investor/insurers, servicers, national field services providers and contractors in the field to create greater transparency and communication through these key participants in the supply chain.

## MANAGING COMMUNICATION BUILDS

**RELATIONSHIPS** Strong communication channels between servicers, field services providers, and contractors strengthens relationships while reducing errors due to the miss-interpretation of work order instructions. Most technologies offer permission-based access allowing all stakeholders to review and ensure that work meets expectations, follows guidelines and issues are quickly addressed.

"It's in the best interest of the national (field services provider), it's in the best interest the home and the neighborhood." Miles said. "If everybody is in the loop then we can have resolution to some of those escalated issues and it reflects well on the industry as a whole."

NAMFS would like to thank its members for their participation and support of the Annual Leadership Summit/Open Forum, the Annual Conference of Mortgage Field Services and for participation throughout the year on industry initiatives, member programs and association committees.

**ABOUT NAMFS** *The National Association of Mortgage Field Services, Inc. (NAMFS) is the premier trade association for the mortgage field service industry. We are dedicated to working with all entities of the industry from the Government Agencies and investors that set policy to the contractors and inspectors that perform the work.*