



## **NAMFS: Notes from the Open Forum and Leadership Summit March 7-8, 2017**

### Survey Results from 2016 Survey:

How many people had higher volume '15 vs. '16?

33% had higher, 66% had same (same for revenue)

Profit in '15 vs. '16 – 33% higher, 33% lower, 33% same

Costs in '15 vs. 16 – 33% higher, 33% lower, 33% same

Supply chain issue – vendors may not fully understand cash flow vs. profit; folks in the industry need to be aware of this issue and help their network with this issue and help them run a better business. Technology partners play a role in this as well. Is there attrition or is there growth?

### Secure:

33% profitable, 66% not profitable

Winterization: 33% profitable, 66% not profitable

Yard Care: 42% profitable, 57% not profitable

Bid After the Fact: 71% profitable, 28% not profitable (before charge back)

Seems like more charge backs are taking place. One point made was that more charge backs are occurring because of the use of CE's. Cost estimator is using what a licensed, insured professional should charge to complete the job. Does not include any profit or overhead and the addition of the regional and/or national vendors taking their cut.

### Boarding:

0% profitable (??), 100% not profitable

Minor Repairs: 71% profitable

Trash out – 86% field work, 14% office

1<sup>st</sup> time secures – 65% field, 35% office

Estimates using a cost estimator – 42% field, 57% office

Grass – 75% field, 24% office

PCR – Average taking 36 minutes in the field, office taking 53 minutes, plus an additional hour for uploading photos, most of the vendors are estimating that it is a total of 3-4 hours to complete a full PCR, system updates, photos, cost estimators, etc.

Following % of expense per \$100/billed.

Preservation 40-45 Respondents

Office labor: \$11

Materials: \$10

Insurance: \$7

Field Labor: \$45

Fuel: \$6

Equip: \$4

Compliance: \$3

Office Facilities: \$7  
Technology: \$4  
Training: \$3

Inspections per \$100/billed 40-45 Respondents  
Fuel: 38%  
Compliance: 5%  
Tech: 3%  
Insurance: 8%  
Office labor: 25%  
Office Facilities: 15%  
Training: 5%

Inspections: Higher/Lower/Same '15 compared to '16  
33% higher volume  
66% lower revenue  
100% made less profit  
100% had higher costs

PPW #'s:

Companies that have closed or left the industry:  
2015 – 113 companies closed & left industry (4 in business 3+ years)  
2016 – 180 companies closed & left industry (20 in business 3+ years)

2017 Conference:

Will be held in Orlando. Still looking for sponsors.  
Feedback regarding session ideas (listed on separate handout)  
Lack of training and quality control suggested as a session  
Employee vs. Independent Contractor  
Website live by 3/22 – would like the sessions to be finalized prior  
2018 Conference will be in Denver – Marriott City Center

Industry Solutions Committee:

Committee created a couple of years ago to take on some additional items that really did not fit within some of the other groups.

Industry Standard Background Check:

Approximate numbers  
42,000+ individuals have been background checked  
93% ICO1  
1% ICO2 and ICO3  
5% ICO4  
1<sup>st</sup> level of dispute can be done with background check company  
2<sup>nd</sup> level of dispute can be escalated to Review Committee to review the circumstances around the scoring. Meeting usually once per month and averaging 4-6 cases/month.

Feedback from a couple of the attendees was that some of their “boots on the ground” vendors asked about what is being used to determine background scoring and the majority of the attendees at the session cannot answer. They indicated they wanted additional detail and were offered information in marketing materials currently published by Aspen. Adam cautioned to be careful with the different state requirements and possible violation of labor laws denying work.

Compliance Working Group – Standard Operating Procedures required by the regulators, need to help create a standard SOP for the industry, looks like AllyConnect is going to be the company offering a compliance solution. They are offering the system to NAMFS members free for the first year, a reduced fee of \$25 for the second year, and then \$50 ongoing.

Technology Committee update:

Matt from PPW.

Announced that WF is pushing out new form and that the form gets pushed to the local vendor. Spoke to the fact they are working with WF to get some consistency.

Challenges for technology this next year, continue to work with everyone, what is the end goal and what can we do as a committee, getting a consistent set of “core” questions.

Bid Management came up as a topic from XactPRM, where does the CE fall in this process to help substantiate that bid and the process within the vendor/client process, it seems like vendors in the field enter the bid but it almost needs to be re-created before it can be sent to a client. Is this a terminology issue in the field? XactPRM indicates they have built a mobile app to help the boots on the ground.

Suggestion for NAMS to approve what an order looks like. What are the fields/questions that should be asked/answered? Technology could then build the forms and/or the mobile applications and provide some potential solutions to the problem. Mentioned questions are often times tough to answer and create more of a “mousetrap” for a charge back.

An interesting stat that was mentioned is that 40% of the inspectors in the field still use a digital camera instead of a mobile app on their phones. Does not seem that everyone agrees but it has been mentioned that bankruptcy inspections would cause the use of a camera because the inspector cannot go onto the property. Others believe it is people that are still “old school.” Point made was that “when is a smart phone going to be as fast as a laptop?” It seems like many inspectors can do more in the field with the digital camera and a laptop.

Clear Boarding:

Went into effect last month (2/9). Group at NAMFS got together because the directive was not clear. Specifics around the directive were discussed and is there an alternative product to offer. Letter was sent to Fannie Mae re: alternative approach. Successful experiment was done with Akron, OH Fire Dept. and the video was delivered to Fannie and Freddie. Response from Fannie was open and positive and were interested in learning more. Fannie responded to letter but response was not consistent with the verbal discussions previously held. Letters have gone back to Fannie for additional clarifications. There has been discussion with Fannie that they would provide for an allowance for reglazing. If reglazing is used and a subsequent window is broken, the vendor would then start with clear boarding. A point was made that the vendor will need to know whether or not reglazing was done on the prior work order. Is that something that will be available within the technology?

Next Fannie Servicing Policy update is 4/12. They are currently reviewing allowable dollar amounts

Washington - In July 16, Jordon vs. Nationstar, Supreme Court decided it was no longer legal for a servicer to secure property pre-sale. Client directives may not comply with the ruling and

will still require securing. House Bill 2057 - prove vacant and abandoned before any activity can be undertaken.

New York – Senate Bill 8159 and 1308 both became effective 12/16. Securing properties and timeframes to secure, you must post and then 3 subsequent inspections at 3 different times of day, must occur 25-30 days apart. Seems to be some confusion around when you can secure. Servicer's compliance department will determine VPR's. Properties required to be registered 21 days of being vacant and abandoned. There can only be 1 ID issued per entity/servicer. Some servicers are taking issue back in house because of this issue.

Ohio House Bill 463 – April 6, 2017 will be effective. Polycarbonate to be used as a plywood alternative in the case in which a servicer proceeds to fast track foreclosure process.

Fannie Mae proposed allowables: (June/July timeframe)

Possibly create a reference guide in pre-foreclosure work providing more specific detail.

Considering allowing Bid After the Fact

Considering allowing year-round winterizations

Defining emergent repair

Looking at definition of vacancy

Looking at providing different allowable pricing and clarity around their specifics such as:

Covering pools, inspection pricing, consistency among inspection requirements, winterization, tarping, exterior debris, and pumping water.

Freddie Mac:

Received letter and video regarding polycarbonate

Allowed for reimbursement for lockboxes

Indications that they are looking at updating their Servicing Guide possibly by July

FHA:

No new mortgagee letter coming

Pre-conveyance inspection, starting a pilot on March 1 with 3 servicers in Atlanta and Santa Ana HOC's

If pilot is successful it will be rolled out across the board

No definitive timing around when these inspections would be required

Pilot is 15 properties per servicer so a total of 45 per month

Inspection request would be submitted via P260 and the vendor and FSM would meet at the property and would agree the property was in conveyance condition. Afterwards, servicer would convey to HUD within 5 days. Would eliminate the risk of reconveyance.

HUD is pushing CWCOT. Reduces the exposure to the servicer. Does reduce the industry's opportunity to do conveyance work. They are also trying to increase 3<sup>rd</sup> party sales at foreclosure sale.

Single Family Handbook, reference tool. HUD updates on a quarterly basis. Should be some updates to the handbook and another update by September. HECM should be added by end of year.

Reconveyances and Extensions of Claims will be added to P260.

Post-claims audits. HUD hired external companies and HUD is now taking this back in-house and will use their own SME's to conduct the audits.

HUD is seriously considering direct conveyance. Very similar to the Fannie Mae and Freddie Mac process in that when a property is foreclosed, the bid would be assigned to HUD and HUD would be responsible for all of the post-conveyance work (again, similar to Fannie and Freddie).

Streamline loss mitigation. Technology changes (supplemental claims, loss mitigation claims).

NAMFS Board approved:

AllyConnect – compliance tool

CQ Rollcall – keeps track of state regulations, new bills under consideration. In 2<sup>nd</sup> year of a 2 year contract with the incumbent provider.

Open Items:

3<sup>rd</sup> party bids. Need to get a bid, no reimbursement, does not match CE, liability.

Example: \$6K boiler repair, plumbing, replacing radiators, 3<sup>rd</sup> party contracts that are signed are geared towards occupied home. Plumbers warranty requires a physical defect be identified within 60 days of installation for the warranty to be valid. The only way to properly test it is that the regional or vendor is to incur the expense to test it which is cost prohibitive. Now upon conveyance, the unit does not work. Original plumber's warranty is void because of the delay in identification past the 60 days of initial warranty. Who is liable?

Change orders during the 3<sup>rd</sup> party process, plumber is repairing something and finds something else when he is completing the repairs that he/she did not identify at original inspection. How are these handled?

Chargebacks for incorrect posting. Wells Fargo. The preservation vendor posts the incorrect sticker on the property. The inspector getting hit with either having to remove it without proper equipment, sometimes taking up to 45 minutes to do so, or chargeback for posting at the incorrect property of \$250. The idea is that the inspector will scrape off the posting. The servicer is getting calls based on the number shown on the sticker. If they cannot remove the sticker, they are expected to at least remove the name/number.

State of Industry:

Things will continue to change! As an organization, help determine what are best practices for the industry. As a group, continue to talk with clients (e.g. servicers, GSE's, etc.). Most powerful tool for NAMFS is the data/information that can be aggregated and presented to the ultimate decision makers.

Standardization:

Creating a panel/working group of people that will be focused on an Industry Solutions Committee to work on the standardization of the services:

Initial Secure:

Full Assessment current condition w/ photos

Change lock

Work order

Wells Fargo – Discussion Topic of Securing Process

August of last year, brought issue in house. No property secured unless WF authorizes it.

Dedicated team – reviews items that would not be known in the field (either national or BOTG).

FTV posting is unique. WF has high success rate in getting borrower callbacks/contact or occupants. Helps WF not secure property if it should not be. One of the challenges WF has is that they have properties that will remain in a vacant and unsecured status for a long period of time. One of the attendees raised a question to WF regarding changing the color code of the posting. WF open to looking into the issue.

Are there better ways to handle the securing process? Does standardizing the process make sense? The timing is an area of concern. The timing issue was raised as a concern from attendee. WF looking at increasing the frequency of placing orders. Also, WF looking at improving the cancellation process.

WF does not consider the property vacant until the notice period has expired.

WF will be stopping the call-back cards? Did not capture all of the information related to this topic so I missed dates cards will stop.

Secondary securing was a topic that was discussed with both Fannie and WF.

SecureView indicated they are looking to expand their delivery ability. He indicated they can typically deliver the product within a day or two. Typically, the delivery is made to the contractor but they are looking at additional solutions on where the delivery would take place. Shipping is \$75 per up to \$4000 worth of product. SecureView has 58 distribution centers. They are in the most populated areas with the highest level of default. Most major markets are within a 2 hour range from one of their centers.

NAMFS Board discussed ways to expand the membership to BOTG. Want these guys to be able to have greater access to the NAMFS Academy. Discussed a discounted rate and with the price of membership, one or two Academy courses would be offered. Other ideas being discussed on how to expand membership but also to increase the knowledge of the BOTG. Possible way to self-govern, be compliant in the field. Discussions are still ongoing regarding the increased membership.

Attendee mentioned that the length of the training needs to be shortened and the pricing needs to be reduced for more of the BOTG.