

# Managing Expectations: Defining the Role of the Default Property Inspector

Proposed Inspection Checklist Would Require A New Skill Set, Increase Scope of Work

Both Fannie Mae and Freddie Mac are considering a proposed set of updated requirements for pre-foreclosure inspections that include a number of tasks not typically performed by default mortgage property inspectors. This proposed property inspection checklist would cover certain tasks ranging from identifying missing hot tub or pool equipment to acquiring the terms of lease and monthly rental amount from tenants occupying the property. Certainly this information is useful when assessing the condition of a property in default, however it is critically important that the individual reporting the information is qualified and able to accurately report these requested details.

## The Role of the Default Property Inspector

First, we must understand that the central role of a default mortgage or field services inspector is to determine whether a property is occupied or vacant. Additionally, the inspector will report if there is visible damage to the property and whether it is secured from unauthorized entry. Unlike a home inspector who is hired to inspect a property prior to purchase and typically spends a minimum of four hours in the home, default property inspectors do not assess damages in detail. Default property inspectors do not use ladders to inspect roofs or operate equipment to test electricity, appliances and plumbing. Under the proposed checklist, the default property inspector is asked to determine the condition of the roof, gutters, foundation and report on the conditions of HVAC components, septic or sewers systems as well as being responsible for identifying environmental concerns.

## What Are the Costs?

There is a major concern that some of the new reporting tasks would require general contractor certifications and performing these tasks at each inspection could negatively impact the investor/insurer required turnaround time to complete inspections. Fannie Mae requires the use of the most cost effective and efficient vendors to perform work. The additional skill set needed to complete the proposed checklist would increase the costs of performing such work for all parties.

## Yard Maintenance vs. Landscaping

Property inspectors have always reported on the length of grass and vegetation while conducting default property inspections. Additionally, all code violation notices found at a property are reported. The proposed inspection checklist includes reporting whether the lawn needs edging. While it is reasonable for an inspector to simply check yes or no, the question of landscaping versus lawn maintenance on default property inspections has long been an issue. The costs of preserving a property and restoring a property are significantly different. Landscaping, trimming hedges and edging are addressed in the proposed inspection checklist, but these tasks are not typically performed by a default property preservation contractor. However, grass cuts and debris removal have always been a part of default property yard maintenance.

## Answering the Concerns

Many of the items on the checklist can be addressed by what the industry calls a



“property condition report”. These reports are conducted by a property preservation contractor and are typically prompted by an inspection report that has determined vacancy and leads to a securing order. Property preservation contractors are skilled in determining the extent of property damage and the required services that will return the property to GSE acceptable condition. Preservation contractors are qualified to answer many of the questions on the proposed list as well as estimating costs and performing the work.

The National Association of Mortgage Field Services (NAMFS) is committed to providing education and support to professionals in the mortgage field services industry. NAMFS closely follows legislation, guidelines and proposed rules affecting the work performed by default property field services inspectors and contractors in order to identify, contribute and design industry solutions.

## 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.

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