



NAMFS examines how legislation is affecting field services

A field services perspective on passed and pending legislation

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FOR DECADES, mortgage field services have been an integral part of the default mortgage servicing process. Typically, a property is in default when no payments on the loan have been made in over 45 days. Loan servicers are responsible for ensuring the property in default remains in good condition and is compliant with municipal regulations and property maintenance codes. Field services providers begin inspecting the property on behalf of the loan servicer every 30 days, unless a more frequent inspection schedule is required. If the property remains in default and is vacated, preservation work begins. Simply put, property preservation work includes, but is not limited to, securing the property, removing debris and mowing the lawn. However, this simplified definition does not begin to scratch the surface of the broad, and often complex, range of services performed by field services providers.

Following the 2007 subprime mortgage crisis, all aspects of mortgage default servicing were under scrutiny, elevating the industry's profile. As new laws were passed and regulations changed, field services providers added or enhanced their offerings. Federal regulations and guidelines and local, county and state code enforcement have always been factored into the performance of field services. Today, providers continue to sort through the myriad of new and appended ordinances and guidelines impacting their operations. To be competitive and compliant while providing quality services, providers of mortgage field services are going beyond the already established quality control teams. Field services providers have added quality assurance, compliance and risk management teams. Additionally, providers continue to invest in new technology and the building of their internal Information Technology (IT) teams to help create new solutions for new requirements.

Currently, proposed legislation is requiring providers to redefine the industry as some federal, state and local laws require all national and regional field services providers to obtain new licenses and certifications. For instance, in April, Maine passed L.D. 1389, "An Act to Expedite the Foreclosure Process." This legislation states that certain activities undertaken by field services providers now fall within the licensing and operational requirements of the state's Fair Debt Collection Practices Act. Now, more than ever, the public and private sector must thoroughly understand what work

field services providers can and cannot perform to preserve a property as governed by municipal legislation and federal regulation.

In March 2014, the Federal Housing Finance Agency's Office of Inspector General (FHFA-OIG) released an audit report titled FHFA Oversight of Enterprise Controls Over Pre-Foreclosure Property Inspections. The purpose of the audit was to assess the quality assurance measures the FHFA has in place to mitigate risks and fraud with respect to the performance of pre-foreclosure property inspections. Understandably, great emphasis was placed on the expense caused by inaccurate results of pre-foreclosure property inspections. The audit posed questions about the quality of inspections, accuracy of inspection results, and controls in place to monitor those performing the inspections. It was clear that the mortgage field services industry needed to provide an alternate perspective on field services operations and long-time business practices not fully addressed in the OIG audit report. As the industry's premier trade association, NAMFS responded with a white paper that examined the report's findings and the audit fieldwork methodology.

The OIG audit based its analysis of quality control requirements for pre-foreclosure inspection processes on information drawn from the Enterprises' records, and on inspections from the quality control files of twelve of the top loan servicers. This provided a very small pool of inspections drawn from quality control files that typically collect questionable inspection results.

The OIG audit indicated the need for background checks, quality control measures and continued training for mortgage field service professionals. These findings further solidified the proactive efforts undertaken by NAMFS prior to the release of the report. In 2013, NAMFS defined and provided a solution for an industry standard background check, as well as, launched the NAMFS Academy. These solutions are designed to provide field service professionals with a venue for both continued education and assessment.

One of the founding principles of the Association is to foster our industry. NAMFS has introduced a new technology called ALLIANCE, which tracks and documents code and HOA violations via website or mobile app. We actively track and have solicited legal opinions on various legislation. Finally, NAMFS realizes that change is constant in our industry and has created a mechanism to proactively address these changes through our Industry Solutions Committee.