



NAMFS Industry Pricing Initiative 1st Year Recap

Initiative

A sustainable and healthy field services industry must have fair and accurate pricing schedules and guidelines.

Pricing has remained largely unchanged since the publication of HUD Mortgagee Letter 2016-02, which provided several new allowables and some modest increases. It has been over 20 years since the fee schedules have been updated to account for the additional costs in materials, labor and equipment required to protect at risk communities.

To address this critical issue NAMFS has explored engagement with a highly accomplished firm that specializes in raising awareness and bringing this concern to the forefront of the agencies that can effect change.

This initiative will address:

- Current Property Preservation & Inspection Allowables across all investors/insurers
- Cost of Living/Living Wage Consideration
- Frequency of Periodic Reviews
- Potential “New” Allowables
- Possible Extensions to Completion & Conveyance Timeframes

Accomplishments To Date

August 2021 - Agreement with Gate House signed and NAMFS creates fundraising campaign.

September 2021 – Initial strategic meetings held with Gate House. A decision is made to survey entire industry to determine cost across supply chain is formulated. Survey is sent to the membership with a request for data by end of September.

October 2021 – Survey reminders for data capture is sent. An initial discussion deck is created and shared with Board and then Gate House. Several revisions with placeholders for pending data are reviewed.

November 2021 – Compile results of the survey and populate the results in discussion deck. This information is shared with Board and Gate House. Several meetings with Gate House to revise discussion deck and formulate strategy to present the information to investors/insurers. In conjunction, NAMFS also reaches out to MBA HUD Working Group Chairs to discuss the initiative.

December 2021 – Refine the deck with additional survey information and Gate House helps to identify key contacts at the investors/insurers for presentations.

January 2022 – Reach out to investor/insurers to discuss in-person meetings at MBA Servicing in February. NAMFS & Gate House explore opportunity to host a meeting at MBA Servicing but ultimately decide there needs to be more servicer engagement. Engage with Housing Policy Council participants and share our initiative.

February 2022 – Discussion deck finalized and approved by the Board. NAMFS and Gate House attend MBA Servicing and have several in person conversations regarding the initiative. Continue to have discussions with Housing Policy Council participants and Gate House reaches out to their leadership regarding more formal relationship.

March 2022 – Present discussion deck to Fannie Mae. Fannie appreciates the information and indicates this is the first time they had received such detail information on pricing and cost detail. **Fannie Mae commits to a more detailed review of the collateral and advised that this will take 6-8 weeks. The ultimate result was a temporary increase to interior and exterior inspection allowables within 60 days and a survey from Fannie Mae to their vendors which asks for information to allow further evaluate of pricing.** Presentation to Freddie delayed as indications are they want servicers to express pricing concerns. Continue discussion with Housing Policy Council and MBA to gain additional servicers engagement.

April 2022 – Delay in presentation to Freddie results in a pivot to engage HUD. Present discussion deck to HUD. HUD advises they will review in detail but that pricing adjustments take significant amount of time due to the process/procedure that must be followed. HUD also requests NAMFS to provide information regarding challenges with current FHA policies.

May 2022 – NAMFS Conference held with a dedicated session on the Industry Pricing Initiative well received and attendees energized by progress shared. **Fannie Mae announces in their monthly update that they will temporarily increase their inspection pricing to \$20 for exterior and \$25 for interior.**

June 2022 – Additional information shared with Housing Policy Council including Fannie Mae’s decision. **Freddie Mac announces in their monthly update that they will follow Fannie Mae’s temporary increase in inspection pricing.**

July 2022 – Discussion with NAMFS Board regarding Gate House engagement which expires at the end of August. It is decided that while pricing concerns related to inspections has been addressed, Property Preservation has not. Gate House also recognizes, and it is decided that NAMFS needs to identify services of concern and follow a similar blueprint to inspections. Additional initiatives under consideration include NAMFS standard Inspection and Property Condition Forms.

August 2022 – Initial Gate House agreement expired at the end of the month. Industry Solutions Committee is identified as best opportunity to obtain information specific to the property preservation pricing initiative.

September 2022 – NAMFS Leadership Summit and five servicers present with post event conversations indicating support for pricing initiative including direct participation. Attend Five Star Conference and NAMFS is approached by multiple parties regarding the Industry Pricing Initiative. The Industry Solution Committee identifies the Property Preservation services. Work starts to detail the specifics of each service in order to obtain a reflective cost estimator in a MSA of each of the four (4) HOC regions. Discussion with MBA regarding NAMFS progress with pricing and standard forms. MBA advises they will determine level of interest in possibility of participating.

October 2022 – NAMFS is invited to be a panelist on a pricing panel at NPPC. Continue to gather data related to Property Preservation pricing discussion deck. Multiple conversations with Fannie Mae regarding pricing, NAMFS Inspection Form, and NAMFS Property Condition Form. NAMFS provides feedback to Housing Policy Council as move forward with their initiative.

November 2022 – **Fannie Mae confirms updates to inspection and preservation pricing will be announced no later than Q1 2023 at NPPC.** Fannie commits to review of the proposed NAMFS Standard Inspection Form, which is a blend of Form 30, Form 1013, and MBA Type I & II.

Phase II – NAMFS and Gate House Initiative

The NAMFS Board looks to continue the engagement with Gate House with a start date of January 2023. NAMFS will use this period to fundraise in support of this engagement.,

The focus of this next phase will be to complete the pricing related to Property Preservation AND mechanism to evaluate all pricing going forward. We are working to define the following services, Lock Change, Winterizations, Boarding, Carpet Removal, Tarping/Roof Repair, Gutter

Replacement, and Debris Removal. We are also addressing Service Reimbursables, PCRs, Second Bids/Professional Bids, and Evictions.

NAMFS will look to continue to build relationships and trust in the information we provide with the goal of participating and representing the entire industry in discussions. Additional items that have been identified is the adoption of the Board approved NAMFS Standard Forms, Inspection and Property Condition Report. Other items under consideration include the W-2 vs 1099 issue.