

Property Field Services: Will Faster Turnaround Times Affect Quality?



Managing Turnaround Times, Quality and Compensation

In any business, completing a job or project within a reasonable timeframe is expected. For default mortgage property inspectors and preservation contractors, following both regulatory and client guidelines has always required work to be completed within specific timeframes. However, when these timeframes shorten and the scope of work increases, field service providers are forced to reexamine operational efficiency to ensure both quality and compliance.

Throughout the foreclosure process field service providers are responsible for inspecting, securing and maintaining default property. Delivering quality services on default properties as soon as possible after the property is vacated is key to preserving the asset and the community. Still, field services companies must balance the importance of providing quality services with the demand to complete work in less time.

Managing Quality

As the industry navigates regulatory guidelines and proposals, adjustments to work timelines require careful consideration, especially if they threaten quality of work. Last year, the quality of work by field service inspectors was called into question when the Federal Housing Finance Agency's Office of Inspector General conducted an audit of the Enterprises controls over pre-foreclosure property inspections. The goal of complying with regulatory guidelines and related audits sparked an industry trend to request that vendors complete field services work within 48 hours.

As foreclosure starts and new delinquencies have dropped it seems reasonable that requesting quick turnaround times would not affect the quality of work. But the numbers are misleading. Even as foreclosure rates drop, RealtyTrac™, a real estate data and information company, reported that bank repossessions are rising due to lenders moving forward with the foreclosure

process on properties that had been languishing in limbo.

Field service veterans know that a request to complete a field services work order within 2 days is referred to as a "RUSH." Field service professionals receive higher compensation for performing urgent work that requires them to adjust scheduled assignments and quickly turnaround services. However, when this exception becomes the norm there is a greater chance that quality will suffer and, in the worst cases, an inability to complete services within the requested timeframe.

Arguably, the push for quicker turnaround times is a direct response to the intensity of legislative, regulatory and media pressure felt throughout the field services industry. The 2007 foreclosure crisis followed in the wake of Hurricane Katrina and the responsibility of caring for an extraordinary number of blighted properties pushed the default mortgage industry to make sweeping operational adjustments. The large inventory of default properties opened the door to new entrepreneurs and the number of field services providers grew exponentially. Not surprisingly, operational costs increased along with a deluge of legislative and compliance measures.

Adjusting Compensation

Today, the demand to quickly turnaround work is growing, while service rates remain largely unchanged. Vendors are reporting a reduction in compensation and long-standing companies have exited the industry due to an inability to keep up with the cost of doing business. Others remain competitive by streamlining operations and adding risk assessment, compliance and audit teams and investing in technology. New technology, specifically designed for the field services industry, has helped improved efficiencies by providing tools such as property location services

and processing work order results in near real-time. While technology and improved operational strategy has increased internal efficiencies, the physicality of inspecting and preserving a property remains fundamentally unchanged.

Increased Requirements

It is understood that today there are fewer properties entering foreclosure than at the peak of the crisis, but there are also fewer vendors to service default properties. To provide wider coverage, field service providers must build their vendor network and ensure contractors are qualified to perform work. Further complicating the ability to fulfill client and federal guidelines, vendors are currently reviewing a proposed inspection checklist from Fannie Mae and Freddie Mac that would require a larger skill set and increase the scope of work for pre-foreclosure inspections.

Both new and veteran field service providers are challenged to maintain successful business models that are nimble enough to address evolving municipal, federal and client requirements. Now is the time to design savvy industry solutions that align compensation, inventory volume and turnaround times to support efficient and compliant field services work of the highest quality.

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.

Learn more about NAMFS by visiting www.namfs.org or email admin@namfs.org.