



WIRING THE BUSINESS OF PROPERTY INSPECTIONS

by JENNIFER JOZITY

THE MORTGAGE INDUSTRY FACES greater risks than ever from new and proliferating regulations and requirements at all levels of government, and from public and political demand for greater accountability, scrutiny and transparency.

One of the most visible flashpoints that increases the potential for risk is vacant defaulted and foreclosed homes that raise public concerns in neighborhoods and communities across the country.

Each month, Safeguard Properties performs occupancy inspections on nearly 2 million defaulted properties nationally. These are properties for which mortgage payments are more than 45 days late.

The sole purpose of the inspection is to verify the occupancy status and condition of the property, and report that information to the servicer.

On average, Safeguard's internal records show that 15 percent to 20 percent of defaulted properties for which the company performs occupancy inspections will eventually be found vacant or abandoned by their owners.

Similarly, a June report by Irvine, California-based RealtyTrac Inc. found that approximately 20 percent of all U.S. properties in the foreclosure process had been vacated by owners prior to the foreclosure sale.

Mortgage companies are in a classic Catch-22 situation relative to vacant properties in their mortgage portfolios that have been abandoned by owners but have not gone through the foreclosure process. Failure to identify and secure abandoned properties in a timely manner can expose these properties to vandalism, damages and other events that can contribute to deterioration in condition and

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value. In many municipalities, servicers also are subject to severe fines and penalties for failure to protect vacant properties in their portfolios.

On the other hand, securing a defaulted property in error, believing it to be vacant, can expose a mortgage servicer, its field service vendor and the contractor performing services to potentially significant financial and legal liability, not to mention reputational risk.

To reduce these risks, Safeguard Properties designed and built its own INSP!® Mobile system for use by its inspectors in the field. It works with any mobile platform an inspector chooses—a tablet, iPhone®, iPad® or Android™ device.

The best way to demonstrate some of the risk-reduction benefits of Safeguard's mobile application is to follow two examples in action.

Identifying a vacancy

Our first inspector is Dave. At the start of his day, he grabs his iPhone, uploads

his work orders from Safeguard and uses the mobile application to prioritize his route based on the due dates, urgency and other factors identified in the system. He uses the GPS embedded in the system to plan the most efficient route.

Dave visits a brick ranch-style home. He has inspected it before, and it was occupied. Today he observes that the lawn isn't mowed. Newspapers are piled on the porch. The utilities are turned off. A neighbor tells Dave the owners moved out a few weeks ago.

A comprehensive script built into the system prompts Dave through the process.

When he reports the vacancy, a special alert appears on-screen. It lets Dave know that the vacancy status requires additional information and additional photo documentation to support his observation. It reminds Dave to affix a vacancy notice sticker with Safeguard point-of-contact information for code-enforcement officers, real estate agents or others who may visit the property.

Dave uses the embedded camera feature to snap the required photos and tag them with proper descriptions. He immediately transmits his report to Safeguard from the field. The work order is reviewed, the mortgage servicer is notified of the vacancy and orders are set in motion to secure the property.

Not only was this property secured two days sooner because of the immediate

property report sent from the field, but the system ensured that Dave thoroughly documented evidence of vacancy before a property preservation contractor would be sent to the property to confirm the inspector's findings and take steps to secure the property.

Change in property status

The second inspector we want to tag along with is Joe, who is midway through today's inspection route. Throughout his day, at the request of the mortgage servicing client, when Joe visits an occupied property he leaves a discreet envelope that includes a contact card from the servicer as part of its defaulted-borrower outreach. The card provides a phone number for the homeowner to call to discuss payment issues and seek assistance.

While Joe is on his route, the mortgage servicer sends Safeguard an update that the homeowner of one of the properties on Joe's inspection list has filed for bankruptcy. The bankruptcy status means the servicer can no longer attempt to make contact with the homeowner.

Through the mobile application, Joe receives an immediate status update that tells him only "no contact" inspections are to be conducted at this property. He should not leave a contact envelope. Joe is able to comply immediately with the updated requirement.

The mobile application immediately notifies an inspector of any property status update that can either change the type of inspection he performs or cancel it altogether.

In addition to a notice of bankruptcy, updates are made when a loan becomes current and the homeowner no longer is in default, when a property is conveyed or sold to a third party or when a homeowner enters into a loss-prevention program with his or her mortgage company.

Built-in quality and protection

Beyond ensuring that inspections are thorough and that inspectors proceed accordingly, depending on the most current status of the property, the INSPI Mobile system builds quality and protection into every step of the inspections process.

Because the mobile system was built by Safeguard, it is fully integrated into the company's internal system, providing access to property information for veri-

fication and accuracy, with embedded security and firewalls to protect the security of data.

This is especially important to help ensure that inspectors are at the correct property location. Especially in rural areas, property addresses are not always obvious, and it is imperative that inspectors find the right property. The mobile system helps them do that.

If an inspector, for example, reports that he is at a blue, vinyl-sided colonial, the system will immediately send an alert if the last inspections report showed that the property was a white bungalow. The inspector can use the information in real time to identify the correct property.

Safeguard's internal system stores every bit of data history on a property. It stores the color, siding material and property style, as well as the number of garages a home has and whether out-buildings such as sheds and barns are present.

It prompts inspectors to identify and report broken windows and other security breaches so that these can be remedied immediately. When clients have special requirements for photos and other documentation, the system ensures they are followed.

Beyond using data to improve the quality and accuracy of inspections, Safeguard mines the data gathered from every inspection report to identify and predict trends and deploy resources more efficiently. We also provide data to our clients to assist with their property evaluation, management and disposition strategies. For example, data may help identify a need to expand an inspections network in a particular area or to help a mortgage servicer predict where larger numbers of mortgage defaults may occur.

In an ever-growing mobile society, virtually every business is becoming an eBusiness. The mortgage field services industry is no exception.

As we continue to view ourselves that way, leveraging automation, mobile technologies and other applications will ensure that our inspectors and contractors in the field hold one of the most effective tools to minimize property risk right in the palm of their hands.

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