

MANAGING A COUNTER-CYCLICAL BUSINESS

By *Tim Rath*

In 2011, during the height of the U.S. recession and housing crisis, the *Washington Post* published an article about the mortgage field services industry with the headline, “Good business for bad times: Mortgage field services.” Featuring Safeguard Properties, the article explained that when the economy is faltering and foreclosures increase, these types of companies tend to flourish.

It is the nature of the business. When the U.S. housing crisis hit in 2008, national field services companies such as Safeguard experienced a huge influx of work from their mortgage servicing clients as the volume of foreclosures elevated.

But it works both ways. In good economic times, mortgage field services companies can see declining revenue as foreclosure and vacant housing volumes decrease significantly. These periods serve as the best time to evaluate processes, be innovative, and make improvements that benefit default servicing clients.

Over the past few years, Safeguard has remained the industry leader by developing best practices and investing in innovative technology. We have taken a closer look at our business practices and identified the top five areas of default management that mortgage field services companies should evaluate when the economy is at its peak.

Streamlining Vendor Management—In any field services industry, your boots-on-the-ground network is the backbone of the business. Thousands of inspectors and contractors work diligently every day to ensure orders are completed properly and timely, and that vacant properties are protected and secured. When foreclosure volumes are high, they rely on well-tested processes established by their mortgage field services provider to ensure the highest level of quality assessment and results.

When the economy is healthy and volumes have leveled off, a comprehensive review of workflow and business processes can help identify areas needing improvement. This is beneficial to not only the property preservation company, but also to the vendor network and mortgage servicing clients. By seeking vendor

suggestions and feedback, Safeguard was able to tweak its processes to streamline the vendor’s workflow, making it easier to complete work and reduce errors. This review also helped to improve timeliness without compromising quality of our services for our clients.

Perfecting the Bidding Process—Getting bids approved to mitigate damages or other issues at a vacant or abandoned property outside of allowables in any stage of the foreclosure process can be a challenge for a property preservation vendor. Guidelines and work order-level rules that differ by mortgage servicer or investor can potentially lead to missed protocols or information. Taking time to work with investors to define best practices on avoiding denials due to missing or inaccurate information is key to getting bids approved. This gives the mortgage field services company an opportunity to set expectations and adjust internal systems to require specific information when vendors are in the field and identify damages.

Tackling the Federal Housing Administration (FHA) Process—Reconveyances are one of the biggest challenges mortgage servicers face. Coupled with changes in leadership, guidelines, HUD vendors, and the interpretations of regulations, property preservation companies and their mortgage servicing clients face some significant hurdles with completing work at properties with FHA loans. Examining new ideas that will help avoid reconveyances and exploring ways to improve the FHA post-sale process allow work to be completed timely and accurately. Utilize this period of decreased volumes to add controls and increased visibility for your mortgage servicing clients around the FHA process. This allows them to have full case management around any property issues and access to real-time reporting.

Implementing New Technology—Technology changes so rapidly and often when foreclosure volumes are at their peak, it can be difficult to make significant upgrades. However, updating and testing new technology is an important endeavor. Safeguard has implemented video and panoramic photo capabilities to our mobile platforms in recent years. We also enhanced our workflow through the new SafeView Field Services platform, including

Safeguard has remained the industry leader by developing best practices and investing in innovative technology. We have taken a closer look at our business practices and identified the top five areas of default management that mortgage field services companies should evaluate when the economy is at its peak.

developing continuous improvements to our client-integrated system to allow for greater understanding of a property/loan at a glance.

Updating Disaster Protocols—While natural disasters pose a problem for mortgage servicers’ portfolios in the affected areas, the industry has made great strides to implement plans to prepare properties in the line of a storm and manage damages once it subsides. For mortgage field services providers, ensuring their vendor networks in surrounding areas are equipped to handle the influx of work is key. This includes taking on orders for occupied properties with current loans. A critical area to review is your insurance loss inspection process. Having the ability to consistently re-evaluate this practice can be beneficial in both mitigating damages and ensuring the affected properties are being repaired properly.

While some officials suggest the U.S. may be heading for another recession, it remains clear that mortgage field services companies need to remain proactive and utilize the good economy to re-evaluate systems and processes. Take this opportunity to be innovative and make improvements to benefit your vendor networks and default servicing clients.



Tim Rath is the AVP of business development for Safeguard Properties, the mortgage field services leader. Many of these tips for improvements in good times are discussed during the annual National Property Preservation Conference. This year’s event takes place from Nov. 3-5 at The Mayflower Hotel in Washington, D.C. For more information or to register, visit NPPConf.com.