



Mortgage Field Services Pricing Discussion

An industry perspective and proposed solution to address pricing inequities in mortgage field services



Fair Trade Disclaimer

Neither the National Association of Mortgage Field Services (NAMFS), nor our members, are attempting to fix prices or create collusion with our discussions regarding this issue. NAMFS members work separately with their respective clients and arrive at their own pricing structure independently, without consultation or agreement with any other party for the purpose of restricting competition; and should never attempt to induce any other person or company to restrict fair and open competition.

- Oldest and largest mortgage field services trade association (established 1988)
- A leader in creating innovative solutions to industry challenges (current and future)
 - Contributed to the creation of the MBA Type 1 and 2 inspection forms
 - Shaped investor and government guidelines/direction by providing technical direction and best practices
 - Partnered in creating and implementing industry-standard vendor background checking
 - Created and hosted educational materials on defective drywall, employee misclassification, lead-based paint identification, and the NAMFS Academy certification courses
 - Created industry technology standards for photos, video, labels, tags, and reporting results
 - Created industry-standard Property Condition Report (PCR) and presented to MISMO (Mortgage Industry Standards Maintenance Organization)
 - Provided flexible guidelines and justification to increase allowable pricing for clear-boarding (attractive alternative to plywood)
 - Led effort to certify the industry as essential business during COVID 19 pandemic
 - Led effort on industry pricing which resulted in Inspection Pricing Updates in 2023

Industry Risks

- Property inspection and preservation is a vital component of risk management as home values increase (median home prices have increased ~210% from 2002-2025 (\$149,428 to \$462,206))
 - Ensures properties are maintained as safe, sound, and structurally secure
 - Maintains accurate status/condition reporting
 - Mitigates financial, legal, and reputational risks for investors
- Incorrect occupancy statuses linked to:
 - Heightened losses (degraded assets, lawsuits resulting from improper clean-outs)
 - Increased neighborhood/community blight (reduced property values, increased crime, heightened risks to public health and welfare, higher costs for municipalities)
 - Increased fines and assessments (code violations, lawsuits)
 - Degraded business reputation

Purpose

The purpose of this presentation is to bring awareness to the dire state of the mortgage field services industry including property preservation and inspections, due to a mass exodus of over 80% of the experienced vendors since 2015, due in part to:

- No adjustment in preservation pricing for over 10+ years to offset increased costs, additional requirements, and increased risks
- Labor shortages
 - Capacity issues – currently 15-20% outside completion timeframes
 - Experienced providers
 - Moving to industries with fair wages and less risk
 - Reaching retirement
 - Challenges in recruitment
 - Initial cost of entry vs. business opportunity*
 - Worker classification issues – 1099 vs W2 **

**e.g. Entry insurance policy for industry has increased 25% (from \$2500-\$3500 to \$3125-\$4375 annually) with no guarantee of work or volume*

*** Federal guidance has changed with each of the last three Administrations and independently several states have increased their enforcement efforts*

Background: Problem Statement

No meaningful changes in industry-wide pricing for Property Preservation services in over 10+ years to offset the following drivers of increased costs:

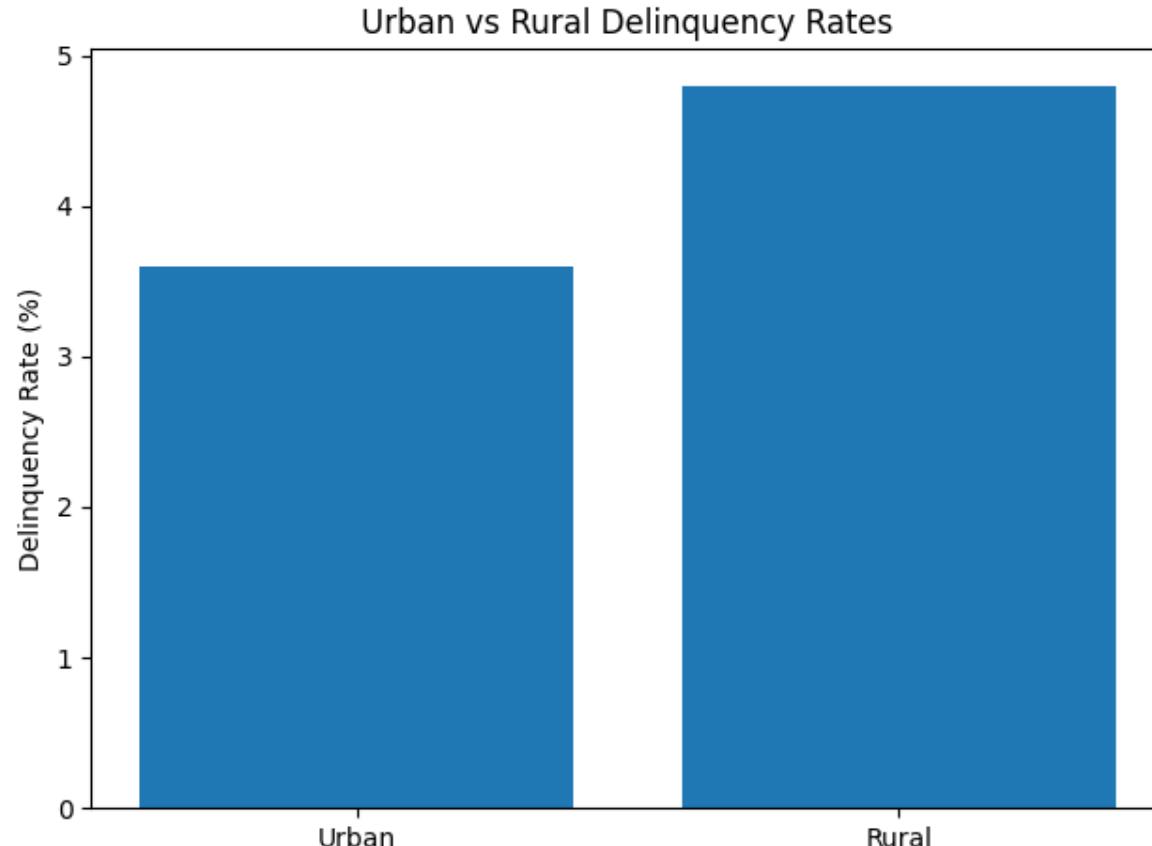
- Increases in the inspection and preservation requirements (shorter timelines, more information/photos)
- Increasingly restrictive requirements (mandatory check-in, proprietary software, demand to make contact)
- Significant and continuing increase in vendor expenses (insurance, technology, licenses, supplies, materials, gas)
- Heightened risks (charge-backs, lawsuits, claims against insurance)
- Degraded condition of properties → more difficult to meet expectations
- Fewer metropolitan/suburban concentrations = more rural/remote properties. Rural Properties have risen to ~40% of delinquent inspection volume.
- 2025 purchasing power is 45% of 2002

Results:

- Increasingly difficult to retain qualified service providers (constant turnover and recruiting)
- Risk to turn times and quality → risks to the industry

Rural vs Urban Delinquency Breakdown

- Rural areas face higher delinquency rates due to affordability challenges and economic disparities.





Property Inspection Data

Background: Inspection Expenses and Labor vs Allowable

- Costs continue to rise
- Rural inspections remain elevated at ~33%

Expenses and Labor Costs vs Allowables	RURAL INTERIOR	RURAL EXTERIOR	NON-RURAL INTERIOR	NON-RURAL EXTERIOR
2023 Total Expenses and Labor Costs (excluding equipment)	\$43.39	\$34.77	\$30.82	\$22.20
2026 Total Expenses and Labor Costs (excluding equipment)	\$51.00	\$44.43	\$37.49	\$30.92
Current Allowable (FHA):	\$45.00	\$30.00	\$45.00	\$30.00
Difference between 2023 Expenses + Labor and Current Allowable (LOSS)	(\$6.00)	(\$14.43)	\$7.51	(\$0.92)

Expenses across the entire supply chain

Property Preservation Data

Cost Estimator & NAMFS Survey Comparison

Service	Blended Cost Estimator March 2024*	Blended Cost Estimator January 2026
Lock Change	\$ 111.91	\$ 118.63
Lockbox (CE assumes additional services with install)	\$ 51.29	\$ 52.83
Padlock and Hasp	\$ 52.46	\$ 55.08
Boarding per UI (CE uses carpenter vs laborer rate)	\$ 1.31	\$ 1.39
Winterize Dry** (excludes pressure test, CEs use plumber vs laborer rate)	\$ 212.31	\$ 229.29
Winterize Wet** (excludes pressure test)	\$ 305.54	\$ 329.98
Winterize Radiant** (excludes pressure test)	\$ 496.53	\$ 536.25
Debris Removal	\$ 83.70	\$ 87.88
PCR – Initial (CE uses adjuster vs laborer rate)	\$ 95.30	\$ 102.02
PCR – Recurring (CE uses adjuster vs laborer rate)	\$ 49.74	\$ 52.72
Grass Recut (5-10K)	\$ 92.87	\$ 98.44

* Blended Cost Estimator – 4 independent CE tools with prices for each service in 8 MSAs (2 per HOC - 1 urban & 1 rural)

**High Risk service

Background: Preservation Expenses w/Labor vs Allowables

Service	2026 Blended Cost Estimator	Current FHA Allowable	Difference
Lock Change	\$ 118.63	\$ 60.00	(58.63)
Lockbox	\$ 52.83	\$ 40.00	(12.83)
Padlock and Hasp	\$ 55.08	\$ 40.00	(15.08)
Boarding per UI	\$ 1.39	\$ 0.90	(0.49)
Winterize Dry (excludes pressure test)	\$ 229.29	\$ 100.00	(119.29)
Winterize Wet (excludes pressure test)	\$ 329.98	\$ 150.00	(179.98)
Winterize Radiant (excludes pressure test)	\$ 536.25	\$ 250.00	(286.25)
Debris Removal per CY	\$ 87.88	\$ 50.00	(37.88)
PCR - Initial	\$ 102.02	\$ 35.00	(67.02)
PCR - Recurring	\$ 52.72	\$ -	(52.72)
Grass Recut (5-10K)	\$ 98.44	\$ Varies	