



NAMFS Industry Pricing Initiative: Inspections & Property Preservation

An Industry Perspective and Proposed Solution to Address Pricing Inequities in Mortgage Field Services

Executive Summary

Mortgage field services, which include property inspections, preservation, and related risk-mitigation services—are a foundational component of default mortgage servicing and investor asset protection. These services ensure properties remain safe, sound, and structurally secure while supporting accurate occupancy and condition reporting. As home values have increased significantly over time, the consequences of delayed or under-resourced field service response have intensified, elevating financial, legal, and reputational risk exposure for investors and communities.

Despite the growing importance and complexity of the work, the industry faces a critical sustainability challenge: **costs and operational risk have increased materially while most preservation allowables have seen no meaningful adjustment for more than 10 years**. This misalignment has contributed to severe capacity erosion, including **a reported exodus of over 80% of experienced vendors since 2015**, widespread labor shortages, and increasing completion delays—reported at **15–20% outside required completion timeframes**, especially those in rural areas.

To address these conditions, the **NAMFS Industry Pricing Initiative** was established in 2022. Its primary focus was to provide objective, data-driven analysis of actual cost drivers and identify actionable reforms to stabilize the market. This report draws on longitudinal **NAMFS Industry Survey data from 2021, 2023, and 2025**, and incorporates an independent benchmarking model using **four cost estimator systems** across **eight metropolitan statistical areas (MSAs)** within the **four Homeownership Centers**, structured as **four urban and four rural benchmark cities**. These benchmark inputs are **updated quarterly**, ensuring pricing analysis remains current and reflective of market movement.

Together, the findings indicate that current allowable structures increasingly fail to support the actual cost of the supply chain—particularly in rural markets, creating growing risk to service quality, compliance outcomes, and long-term industry stability.

Background and Objectives

Mortgage field service providers play a vital role in risk management and community protection. Proper inspection and preservation activity reduces losses by addressing property deterioration early, ensuring accurate property status reporting, and preventing neighborhood blight and municipal burden.

The industry's pricing model, however, has not kept pace with:

- Increased preservation and inspection requirements (more photos, more reporting detail, shorter turnaround expectations)
- More restrictive operational mandates (mandatory check-ins, proprietary platforms, required contact attempts)
- Rising vendor expenses (insurance, technology, licensing, materials, supplies, and fuel)
- Heightened liability exposure (chargebacks, lawsuits, and increased claims activity)
- Workforce instability tied to labor shortages, recruitment barriers, and worker classification uncertainty (1099 vs. W2)

At the same time, geographic challenges have expanded: fewer metro/suburban concentrations and greater distribution into remote service areas. **Rural properties have risen to approximately 40% of delinquent inspection volume**, increasing travel time and service complexity.

Objective

The NAMFS Industry Pricing Initiative intends to establish a defensible, data-supported pricing framework aligned to real-world cost conditions, with the goal of sustaining service quality, stabilizing vendor participation, and ensuring compliance reliability at scale.

Methodology

This analysis combines two primary data sources:

1) NAMFS Longitudinal Industry Surveys (2021, 2023, 2025)

NAMFS member survey data provides insight into expense trends across inspection and preservation workflows, including labor structure, overhead cost movement, and regional impacts.

2) Cost Estimator Benchmarking Model (Quarterly Updated)

To validate and compare reported costs against independent market pricing assumptions, NAMFS uses a blended benchmark model incorporating:

- **Four independent cost estimator systems**
- **Eight MSAs**, representing **two benchmark cities per Homeownership Center**
- A balanced geographic sample of **four urban and four rural cities**
- Preservation line-item pricing comparisons across common and high-risk service categories

This benchmark dataset is **updated quarterly**, ensuring that NAMFS cost analysis reflects current market movement rather than lagging annual refresh cycles.

Key Findings

1. Inspection Costs vs. Allowables

Inspection delivery costs continue to rise across the full supply chain. NAMFS findings indicate that rural inspections carry disproportionate cost exposure and are structurally more difficult to fulfill sustainably under current allowable conditions.

Key observations:

- Rural inspections remain elevated at approximately **33% higher** cost relative to non-rural markets
- Rural delinquent volume has increased, reaching **~40% of delinquent inspection volume**, amplifying the cost burden across the market
- Sustained pricing misalignment contributes to vendor strain, reduced coverage, and performance risk for geographically dispersed work assignments.

2. Preservation Expenses: Market Variability and Structural Underpayment

Property preservation tasks demonstrate sharp cost variability across labor markets, driven by differences in skill-level requirements, insurance, and liability exposure, and increasing documentation standards.

Findings indicate:

- Preservation line items are frequently mismatched against labor expectations when allowables assume general laborer substitution for services that require skilled trades (carpentry, plumbing, specialized work)
- Vendor operating costs (insurance, technology, compliance overhead, materials, fuel) continue rising while preservation allowables remain static.
- The combined impact has contributed to broad workforce erosion and reduced long-term provider participation.

3. Cost Estimator Validation (4 Tools / 8 Markets Across 4 HOCs)

The NAMFS benchmark model confirms sustained and measurable pricing differentials across preservation categories, validating vendor-reported cost strain with independently derived cost estimator comparisons.

Notably, the cost estimator benchmarking demonstrates that **current allowables do not support the cost of the supply chain**, with the most significant misalignment observed in high-differential items such as:

- Key winterization line items
- Lockbox installation and lock change tasks
- Property Condition Reports (PCRs)

Because this benchmark system is **updated quarterly**, NAMFS can continuously track cost shifts and identify pricing lag before it becomes operationally destabilizing.

Implications for the Industry

1) Operational Instability and Workforce Breakdown

The sustained pricing imbalance has contributed to severe market contraction, including:

- **Over 80% vendor attrition since 2015**
- Increased recruitment difficulty due to high entry costs and uncertain volumes
- Growing service delays and performance inconsistency, including **15–20% outside required completion timeframes, especially in rural areas**.

2) Rural Underservice Risk

As rural delinquency share increases and rural service delivery remains materially more expensive, underserved properties become more likely—creating heightened property deterioration and compliance risk.

3) Elevated Investor and Community Exposure

Insufficient inspection and preservation capacity increases risk of:

- Degraded assets and higher loss severity
- Lawsuits linked to improper clean-outs or incorrect occupancy assessments.
- Neighborhood blight and municipal burdens (crime, public health, and safety exposure)
- Increased fines and code enforcement actions

Recommendations

1. Recalibrate Allowables Using Verified Cost Inputs

Modernize pricing models using both NAMFS survey findings and the quarterly benchmarking model (4 cost estimator tools / 8 MSAs).

2. Build Rural Pricing Protections

Reflect travel, routing inefficiency, and geographic dispersion through rural cost multipliers or rural-specific fee schedules.

3. Recognize Risk-Weighted Services

Update allowable determinations to reflect insurance and liability realities tied to specialized and high-risk preservation tasks.

4. Differentiate Skilled Trade vs. Laborer Pricing

Align compensation structures with the actual labor requirement of the service performed.

5. Institutionalize Quarterly Benchmark Reporting

Use quarterly benchmark updates to reduce multi-year pricing stagnation and proactively address market movement.

Conclusion

The NAMFS Industry Pricing Initiative confirms a widening gap between the actual cost of mortgage field service delivery and current allowable structures. Rising requirements, escalating expenses, labor shortages, and rural volume growth have created measurable supply chain instability and long-term capacity risk.

By combining longitudinal NAMFS survey data with a **quarterly updated benchmark model based on four independent cost estimator systems across eight markets**, NAMFS has established an objective foundation for pricing modernization. Without reform, continued misalignment will accelerate workforce contraction, degrade service quality, and increase risk exposure to investors and communities nationwide.

PowerPoint Access

[**NAMFS Industry Pricing Initiative – Inspections and Property Preservation \(January 2026\)**](#)