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## Proposal for a Dedicated NAICS Code: Mortgage Field Services Industry

### Introduction

The Mortgage Field Services Industry plays a crucial role in managing, preserving, and maintaining foreclosed properties across the United States. Currently, businesses in this sector operate under multiple North American Industry Classification System (NAICS)<sup>1</sup> codes, including 541350 (Building Inspection Services), 561720 (Janitorial Services), 561730 (Landscaping Services), 561110 (Office Administrative Services), and 531311 (Residential Property Managers). An example of how these are tracked in our Industry is accessible on the IAFST QAO Credentials Page.<sup>2</sup> However, these codes fail to encapsulate the unique and comprehensive nature of services provided by the Mortgage Field Services Industry. We propose the establishment of a dedicated NAICS code of MORTGAGE FIELD SERVICES to accurately classify and represent this vital sector.

Proposed NAICS Code:

238360 – Mortgage Field Services

### Industry Definition & Description

The Mortgage Field Services Industry provides critical property preservation, security, and maintenance services for vacant, abandoned, and foreclosed properties. These services are required to maintain housing market stability, prevent urban blight, and ensure compliance with municipal regulations.

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<sup>1</sup> <https://www.census.gov/naics/>

<sup>2</sup> [https://credentialfinder.org/organization/3868/International\\_Association\\_of\\_Field\\_Service\\_Technicians](https://credentialfinder.org/organization/3868/International_Association_of_Field_Service_Technicians)

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Services performed under this industry include:

- Initial Occupancy & Condition Inspections – Assessing whether properties are occupied and reporting damage.
- Property Securing & Lock Changes – Installing new locks, lockboxes, and securing vacant properties.
- Winterization Services – Draining plumbing systems, applying antifreeze, and preventing freeze damage.
- Debris Removal & Trash-Outs – Cleaning out foreclosed homes of abandoned items and hazardous materials.
- Handyman Repairs & Maintenance – Performing minor property repairs, roof tarping, and plumbing fixes.
- Lawn Care & Exterior Maintenance – Mowing lawns, trimming shrubs, and snow removal.
- Municipal Code Compliance & HOA Violation Resolution – Addressing code violations and ensuring compliance with local ordinances.
- Eviction Support & Personal Property Management – Coordinating legal property removals and storage.

#### Justification for a New NAICS Code

##### The Industry Lacks Proper Classification

Mortgage field service providers are currently forced to use inaccurate classifications such as:

- 561730 -- Landscaping Services (covers lawn care but not property securing or inspections)

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- 561210 -- Facilities Support Services (intended for property management, not foreclosure services)
  - 238990 -- Other Specialty Trade Contractors (too broad, failing to distinguish foreclosure services)
  - 541350 -- Building Inspection Services
  - 561720 -- Janitorial Services
  - 561730 -- Landscaping Services
  - 561110 -- Office Administrative Services
  - 531311 -- Residential Property Managers

This results in misleading industry data, difficulty in securing appropriate business licenses, and barriers to government contracting opportunities.

#### Significant Economic Contribution

The Mortgage Field Services Industry plays a vital role in stabilizing communities by maintaining and securing distressed properties.

The industry services thousands of properties annually across the U.S., contributing to real estate recovery, tax revenue stabilization, and job creation.

Many professionals in this field are small business owners, subcontractors, and independent contractors, making an industry-specific NAICS code critical for SBA and federal program eligibility.

#### Alignment with NAICS Classification Principles

The 238XXX series covers specialty trade contractors, which accurately represents the security, preservation, and repair services performed. A distinct NAICS code would

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allow for better data collection, labor market analysis, and economic reporting specific to foreclosure-related property maintenance.

### Conclusion & Request

Given the unique functions, economic impact, and growing necessity of the Mortgage Field Services Industry, we formally request that the NAICS Review Board establish:

NAICS Code: 238360 – MORTGAGE FIELD SERVICES

We respectfully request consideration of this petition in the next NAICS revision cycle and would be happy to provide industry data, case studies, and additional supporting documentation as needed.

### Economic Activity Details

The Mortgage Field Services Industry encompasses a wide array of services essential for the upkeep and management of foreclosed properties. These services include:

- **Inspection Services:** Routine property inspections to assess occupancy, condition, and compliance with local regulations. This includes drive-by inspections, exterior and interior inspections, and specialized compliance checks.
- **Maintenance and Preservation:** Lawn care, snow removal, winterization, minor and major repairs, debris removal, and securing properties against unauthorized access. These services are vital for maintaining property values and ensuring compliance with local ordinances.
- **Handyman Services:** Addressing both major and minor damages to restore properties to marketable conditions. These services range from basic carpentry and plumbing to comprehensive renovation projects.

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- **Administrative Coordination:** Handling permits, zoning requirements, and compliance documentation. This includes detailed reporting, photo documentation, and coordination with government agencies and financial institutions.
  - **Eviction and Property Securing:** Assisting in the eviction process and ensuring properties are properly secured post-eviction to prevent vandalism or illegal occupancy.

The combination of these specialized services differentiates the Mortgage Field Services Industry from other sectors, as it requires unique expertise and tools tailored to the requirements of foreclosed assets. Existing NAICS codes do not adequately represent this hybrid functionality.

### Relation to Existing NAICS Codes

The Mortgage Field Services Industry overlaps with several existing NAICS codes but is distinct in its integrative approach:

- **236118 (Residential Remodelers):** Comprises establishments primarily responsible for the remodeling construction (including additions, alterations, reconstruction, maintenance, and repair work) of houses and other residential buildings, single-family, and multifamily.
- **541350 (Building Inspection Services):** Covers inspections but does not account for maintenance or repair work, nor does it address property preservation.
- **561720 (Janitorial Services):** Includes cleaning but excludes comprehensive property preservation, repair, and administrative tasks.
- **561730 (Landscaping Services):** Focuses on outdoor maintenance, ignoring interior repairs, administrative functions, and compliance tasks.

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- **561110 (Office Administrative Services):** Relates to administrative duties but does not encompass fieldwork or property management functions.
  - **531311 (Residential Property Managers):** Includes property management but lacks specific focus on foreclosure-related services such as securing, compliance inspections, and specialized maintenance.
  - **561790 (Other Services to Buildings and Dwellings):** Includes businesses that provide services to buildings and dwellings including exterior building cleaning, pool maintenance and cleaning, gutter cleaning and the sort.

A dedicated NAICS code will eliminate ambiguity, enhance statistical accuracy, and improve regulatory clarity for this industry.

### Industry Size and Growth

The Mortgage Field Services Industry represents a significant and growing segment of the U.S. economy. Key indicators include:

- **Market Size:** The industry is estimated to generate approximately \$1.465 billion annually, with thousands of businesses serving all 50 states and territories. Many companies specialize in servicing high-foreclosure regions, driving local economic activity.<sup>3</sup>
- **Employment:** With roughly 45,000 workers nationwide, specializing in inspections, maintenance, administrative coordination, and compliance tasks. The industry employs a diverse workforce, including skilled tradespeople, inspectors, and administrative professionals.

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<sup>3</sup> <https://foreclosurepedia.org/altisource-takes-a-shot-at-unfair-competition/> ... Adjusting the estimated \$700 million per 1% in defaults cited and then adjusting for inflation from 2020 - 2025. As of January 2025, the residential default rate is roughly 1.73%.

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- **Growth Trends:** Fluctuating housing markets, economic downturns, and increasing regulatory requirements have driven consistent demand for specialized services in this sector. Foreclosure rates and natural disasters also contribute to growth by creating a need for immediate property preservation and repair.
  - **Geographical Impact:** The industry is critical in regions with high foreclosure rates, contributing to local economies through job creation, property value stabilization, and community revitalization.<sup>4</sup>
  - **US Government Impact:** HUD's former M&M Director made a decision to solicit the FSM 3.6 contracts, several years back, using the Janitorial/Custodial NAICS, because the dollar threshold for 531311, Residential Property Management, was so low at the time. Essentially, they were graduating their successful FSMs from qualifying SBs to Large Businesses in a year or less of performance. What that meant was the good performers would be forced into a situation where they could no longer compete as a Prime for any follow-on awards. SBA eventually did an *out of cycle* review, and did raise the threshold as a result.<sup>5</sup>
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## Importance in Canada and Mexico

While the proposal primarily addresses U.S. operations, Mortgage Field Services have parallels in Canada<sup>6</sup> and Mexico<sup>7</sup>. Establishing a unified NAICS classification could

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<sup>4</sup> <https://singlefamily.fanniemae.com/servicing/pre-foreclosure-property-preservation>

<sup>5</sup>

<https://govtribe.com/opportunity/federal-contract-opportunity/management-and-marketing-mm-3-dot-6-field-service-manager-du204sb12r0001>

<sup>6</sup> <https://loanscanada.ca/debt/foreclosure-process-canada/>

<sup>7</sup>

<https://financialpost.com/personal-finance/mortgages-real-estate/mexico-the-latest-country-dealing-with-a-tidal-wave-of-foreclosures>

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facilitate trilateral collaboration and data comparability under the United States-Mexico-Canada Agreement (USMCA)<sup>8</sup>. This would support cross-border trade and enhance the ability to benchmark industry trends and practices across North America.

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### Rationale for a Dedicated NAICS Code

- Economic and Statistical Accuracy:** A dedicated code will enhance data collection, enabling accurate economic analysis, policy-making, and industry benchmarking.
  - Regulatory and Taxation Clarity:** Simplifies compliance for businesses, government agencies, and regulatory bodies by providing a clear industry classification.
  - Industry Representation:** Recognizes the unique contributions, challenges, and operational scope of the Mortgage Field Services Industry.
  - Operational Efficiency:** Streamlines classification processes for federal statistical agencies and improves the allocation of resources for data collection and analysis.
  - Alignment with Production-Oriented Principles:** The proposed code adheres to the NAICS principle of grouping industries with similar production processes, as the Mortgage Field Services Industry represents a cohesive set of activities distinct from existing classifications.
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### Supporting Data and Documentation

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<sup>8</sup> <https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement>

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To substantiate this proposal, the following supporting data and documentation will be provided:

- **Industry Size and Growth Statistics:** Foreclosure Trends: In 2023, foreclosure filings were reported on 357,062 U.S. properties, marking a 10% increase from 2022 and a 136% rise from 2021. However, this figure remains 28% below the levels seen in 2019, prior to the pandemic.<sup>9</sup> As of October 2024, there were 30,784 U.S. properties with foreclosure filings, a 4% increase from the previous month but an 11% decrease compared to October 2023. This indicates a relatively stable foreclosure environment with slight monthly fluctuations.<sup>10</sup> Without a dedicated NAICS, specific employment statistics for the foreclosure services sector are limited; however, the Industry's workforce includes a range of professionals such as property inspectors, maintenance personnel, and administrative staff. Employment levels in this sector are influenced by foreclosure rates and housing market trends.
- **Comparison with International Standards:** Analysis of similar industry classifications in Canada and Mexico highlight the need for a unified and specific NAICS code. Canada's foreclosure process differs from that of the U.S.

The Canadian system primarily employs a judicial process known as "foreclosure" and a non-judicial process called "power of sale." The prevalence of these processes varies by province. The demand for foreclosure-related services, such as property management and legal assistance, is influenced by regional real estate markets and economic conditions.

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<sup>9</sup>

<https://www.attomdata.com/news/market-trends/foreclosures/attom-2023-year-end-u-s-foreclosure-market-report/>

<sup>10</sup> <https://www.attomdata.com/news/most-recent/october-2024-foreclosure-market-report/>

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While in Mexico, the foreclosure process is generally judicial and can be protracted. The legal framework governing foreclosures is complex, and the efficiency of the process can vary significantly across different jurisdictions. The market for foreclosure services, including legal representation and property management, is less developed compared to the U.S. and Canada, partly due to differences in the financial and legal systems.

Given the variations in foreclosure processes and the associated services across the U.S., Canada, and Mexico, the current NAICS framework may not adequately capture the specific activities related to foreclosure services in each country. In the U.S., these services are often grouped under broader real estate or financial service categories, which may obscure the economic significance of foreclosure-specific activities.

Advocating for a distinct NAICS code for foreclosure services could enhance the precision of economic data collection and analysis in this sector. Such a classification would facilitate better tracking of industry trends, resource allocation, and policy development across all three countries.

In summary, while foreclosure services are an integral component of the real estate and financial sectors in North America, the differences in foreclosure processes among the U.S., Canada, and Mexico present challenges for standardized classification. Establishing a specific NAICS code for foreclosure services could improve the accuracy and utility of economic data related to this industry.

- **Economic Impact Analysis:** Assessment of the industry's contribution to local and national economies, including job creation, tax revenue, and community development. Attached as Exhibit A.

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## Conclusion

The Mortgage Field Services Industry is a vital and distinct sector deserving of its own NAICS code. A dedicated classification will provide the recognition, clarity, and support necessary to foster growth, efficiency, and innovation in this critical field. We urge the Economic Classification Policy Committee (ECPC) to consider this proposal for the 2027 NAICS revision cycle.

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## Appendices

- Appendix A: Economic Impact Analysis

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