Exhibit A

Economic Impact Analysis of the Mortgage Field Services Industry

Executive Summary

The Mortgage Field Services Industry plays a critical role in the U.S. housing market by maintaining and preserving foreclosed and distressed properties. This sector, classified under NAICS codes like 236118 Residential Remodelers, 561790 (Other Services to Buildings and Dwellings) and 531311 (Residential Property Managers), services residential distressed assets, ensures the stability of neighborhoods, prevents urban blight, and protects property values during economic downturns and mortgage crises.

This analysis delves into the industry's broader economic impact, including its revenue contributions, employment footprint, inflationary challenges, labor dynamics, and regional disparities. The findings suggest that while the industry is essential, significant challenges — such as stagnant compensation and rising operational costs — threaten its sustainability.

Industry Revenue and Contributions

The Mortgage Field Services Industry generates an estimated **one and a half billion dollars annually**. Key revenue streams include:

1. **Property Preservation Services**
    - Includes lawn care, securing vacant properties, winterization, and damage repairs.
    - Accounts for approximately 50% of industry revenue.
2. **Inspections**

- Routine and specialized inspections, including occupancy verification, property condition assessments, and hazard inspections, make up around 30% of revenue.

3. **Eviction Services and Conveyance Management**
   - Legal and administrative services required to manage evictions and ensure compliance with HUD,FHA, VA, and investor requirements contribute another 20%.
4. **Disaster Recovery Inspections**
   - A growing revenue stream due to an increase in natural disasters such as hurricanes and wildfires. Most of these inspections are directly related to insurance policies which cover mortgages that may eventually go through or are in the process of foreclosure.

Employment Impact

The industry employs tens of thousands of contractors, field inspectors, and administrative personnel. There is previously settled litigation alleging that the contractors and inspectors are misclassified employees. This is as a direct result of minimal governmental oversight and an assortment of NAICS.

1. **Direct Employment**
   - Contractors: Field agents who perform inspections and maintenance tasks make up the majority.
   - Administrative Staff: Handle compliance, invoicing, and communication with clients.
2. **Indirect Employment**
   - Suppliers: Local businesses supplying equipment, materials, Software as a Service (SaaS) and outsourced administrative services benefit from increased demand.

- Logistics: Transportation companies involved in delivering materials and hauling debris also see economic benefits.

3. **Wage Challenges**
   - The average pay to inspectors ranges between **$6 and $9**, a figure that has remained largely stagnant for over 30 years, leading to labor shortages. Debris removal averages $26.50 per cubic yard performed by Field Service Technicians. By way of comparison, Prime Vendors (Management) receive upwards of $40 per inspection[1] and $60 per cubic yard of debris removed.[2]
   - Inflation-adjusted earnings for Labor have decreased by an estimated **40% since the early twenty-first century**.
   - The timing of final delivery of the work orders due from Labor has changed, as well. What used to be a minimum of 7 - 10 business days is now due in 72 hours or less.
   - Finally, Management routinely charges back Labor upon work orders for spurious reasons without the ability to have an independent review. This amount is in the millions of dollars, each year. Whereas, these funds should be repatriated to the US government, they are retained by Management as a new profit line item.[3]

Inflationary Pressures on the Industry

Inflation has amplified operational costs without a corresponding increase in compensation for field agents. Inflation has been persistent and is anticipated to continue.[4]

[1] https://www.hud.gov/sites/dfiles/OCHCO/documents/2023-20hsgml.pdf

[2] https://benefits.va.gov/WARMS/docs/admin26/m26_03/m26-3-appendixe-property-preservation-requirements-and-fees.pdf

[3] See generally, emails from National Field Representatives and HUD to Foreclosurepedia pertaining to Industry chargebacks.

[4] https://www.bloomberg.com/news/articles/2025-01-22/blackrock-s-fink-calls-elevated-inflation-world-s-biggest-risk

1. **Fuel Costs**
   - Inspectors often travel significant distances between properties, with fuel costs consuming as much as **30-45% of earnings**.
2. **Material Costs**
   - For Field Service Technicians, the cost of materials such as plywood, locks, and cleaning supplies has increased by **30-50%** over the past five years and due to anticipated tariffs under the Trump Administration, is anticipated to climb further.
3. **Technology Expenses**
   - Industry mandates for photo documentation and real-time reporting have led to increased spending on smartphones, tablets, and mandatory proprietary software. With each different firm Labor works with, there is, generally, a different software application. This is not compensated.
4. **Payment Delays**
   - Contractors report waiting up to **90 days** for payment, further exacerbating cash flow issues. Tens of millions of dollars, over the past decade alone, have been lost due to the refusal to pay contractors by the contract holders. Currently, there is no US government agency to appeal for redress and an official NAICS could change this.

Impact of Mortgage Defaults

The correlation between mortgage defaults and industry activity is direct and significant.

1. **Economic Magnitude**
   - In 2020, every 1% increase in mortgage defaults was estimated to generate **$700 million** in economic activity. Adjusted for inflation, this figure is now **$847 million**

in 2025. With the current default rate at **1.73%**, the industry's economic activity tied to defaults exceeds **$1.465 billion annually**.[5]

2. **Volume of Work**
    - Increased defaults mean a higher volume of properties requiring maintenance, inspection, and repair.
    - However, this does not always translate to increased contractor earnings due to stagnant pricing and delayed payments.

Regional Disparities

Activity and economic impact vary widely across regions due to differences in foreclosure rates and geographic factors.

1. **High-Impact States**
    - States like **California, Florida, Illinois, and New York**, which have higher foreclosure rates, see more activity in property inspections and maintenance.
2. **Rural Challenges**
    - In rural areas, contractors face longer travel times and fewer job opportunities, reducing profitability.
3. **Natural Disaster Zones**
    - States frequently hit by hurricanes, floods, or wildfires (e.g., California, Florida, Louisiana, and Texas) see increased demand for disaster-related inspections and repairs.

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

Labor Dynamics

Labor issues present a significant challenge to the industry's long-term viability.

1. **Exodus of Workers**
   - Many experienced contractors are leaving the industry for better-paying opportunities in construction, logistics, and other fields.
   - Training and onboarding new workers are costly and time-intensive. Currently, only the IAFST University[6] provides digitally accredited training for the Industry and then only to Field Service Technicians and Inspectors.
2. **Aging Workforce**
   - The average age of field service workers is increasing, with fewer younger workers entering the profession.
3. **Demand for Fair Wages**
   - There is growing advocacy for tying compensation rates to the Mortgagee Letter[7], inflation or minimum wage standards.

Opportunities and Recommendations

1. **Technological Advancements**
   - **Drone Inspections**: Reducing time spent on property assessments.
   - **AI Tools**: Streamlining photo documentation and compliance reviews.
2. **Policy Reforms**
   - Advocating for timely payments (e.g., within 15 days of service) to improve contractor cash flow.
   - Encouraging government-backed contracts to include inflation-adjusted compensation models.
3. **Service Diversification**

[6] https://university.iafst.org
[7] https://www.hud.gov/program_offices/administration/hudclips/letters/mortgagee

- Expanding into related fields such as rental property management, REO services, and environmental remediation.

4. **Partnerships**
    - Collaborating with local governments and nonprofits to address urban blight and support affordable housing initiatives.Additionally, opening opportunities for US government agencies to interactively participate upon Industry issues without the need for Agency Head approval.

Conclusion

The Mortgage Field Services Industry remains an essential pillar of the U.S. housing market, mitigating the negative impacts of foreclosures on communities. However, challenges like inflation, labor shortages, and outdated pricing models threaten its sustainability. Strategic reforms, technology adoption, and policy advocacy are crucial to ensuring the industry's continued contribution to economic stability and neighborhood preservation.

Further study and stakeholder collaboration will be critical in addressing systemic inefficiencies and unlocking the industry's full potential. A dedicated NAICS will assist in this.