



BLM Companies LLC, Hurricane, UT

Federal Housing Administration
Management and Marketing III Program
Field Service Manager Area 1D



To: Robert Mulderig, Associate Deputy Assistant Secretary for Single Family Housing, HU

//signed//

From: Kilah S. White, Regional Inspector General for Audit, 6AGA

Subject: BLM Companies LLC Failed To Ensure That It Protected and Preserved HUD Properties Under Its Field Service Manager Contract for Area 1D

Attached is the final report on the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) review of BLM Companies LLC, Hurricane, UT.

HUD Handbook 2000.06, REV-4, sets specific timeframes for management decisions on recommended corrective actions. For each recommendation without a management decision, please respond and provide status reports in accordance with the HUD Handbook. Please furnish us copies of any correspondence or directives issued because of the audit.

The Inspector General Act, Title 5 United States Code, section 8M, requires that OIG post its publicly available reports on the OIG website. Accordingly, this report will be posted at <http://www.hudoig.gov>.

If you have any questions or comments about this report, please do not hesitate to call me at 817-978-9309.



Audit Report Number: 2017-FW-1011

Date: August 29, 2017

BLM Companies LLC Failed To Ensure That It Protected and Preserved HUD Properties Under Its Field Service Manager Contract for Area 1D

Highlights

What We Audited and Why

We conducted an audit of BLM Companies LLC's controls and performance under its Management and Marketing III program field service manager contract with the U.S. Department of Housing and Urban Development (HUD) for area 1D. Area 1D included HUD real estate-owned and custodial properties in New Mexico, North Texas, Utah, and Colorado. During the audit period, BLM held 7 of 18 HUD field service manager contracts throughout the Nation. Our audit objective was to determine whether BLM Companies LLC provided property preservation and protection services in area 1D in accordance with its contract and HUD requirements. This audit aligns with two Office of Inspector General strategic objectives: promoting fiscal responsibility and financial accountability and protecting the integrity of housing insurance and guarantee programs.

What We Found

BLM did not comply with its HUD area 1D field service manager contract. Observations of properties assigned under the contract had a 71 percent failure rate. This condition occurred because BLM did not effectively manage the performance of vendors that provided property preservation and protection services on its behalf. In addition, it did not consistently follow up on discrepancies reported during inspections. Further, BLM focused more on meeting HUD-defined performance metrics for timeliness than on quality performance. Lastly, it created an ineffective quality control system that failed to identify and resolve performance problems. As a result, BLM did not protect and preserve HUD-held properties in accordance with the contract, increasing the risk to the Federal Housing Administration insurance fund related to health and safety hazards and reduced sales prices. HUD paid BLM approximately \$497,000 in unearned property management and inspection fees over the term of the contract.

What We Recommend

We recommend that HUD require BLM to repay more than \$8,000 in ineligible costs and support or repay approximately \$489,000 in unearned property management and inspection fees. We further recommend that HUD require BLM to implement an effective quality control system to ensure it complies with its contract, putting an estimated \$891,000 to better use. Additionally, HUD should assess BLM's performance at least quarterly, and if its performance does not improve, coordinate with the Office of the Chief Procurement Officer to determine whether BLM was in default of its contract and take appropriate action.

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Background and Objective

In 1999, the U.S. Department of Housing and Urban Development (HUD) began outsourcing the disposition of its foreclosed-upon Federal Housing Administration (FHA) inventory under the management and marketing contracting process. Management and marketing contractors manage and market single-family properties owned by or in the custody of HUD. In 2010, HUD separated the functions of maintenance and marketing of HUD real estate-owned properties into different contracts to increase the effectiveness of its asset disposition program. The key elements of the disposition structure include the following contract types:

- The mortgagee compliance manager performs a variety of services before and after property conveyance to ensure that HUD's interests are protected.
- Asset managers are responsible for the marketing and sale of real estate-owned property.
- Field service managers provide property preservation and protection services consisting of, but not limited to, inspecting the property, securing the property, performing cosmetic enhancements and repairs, and providing ongoing maintenance. Properties acquired by HUD are assigned to field service managers. HUD's four homeownership centers¹ are responsible for the oversight of the field service managers and asset managers within their respective jurisdictions.

BLM Companies LLC registered its existence in the State of Utah in May 2010. Its general purpose was to provide property management services. Its corporate office is located in Hurricane, UT. During the audit period, BLM held 7 of the 18 HUD field service manager contracts. BLM's contract for area 1D was effective September 25, 2015, and work began in February 2016. Area 1D was assigned to the Denver Homeownership Center and included properties in New Mexico, North Texas, Utah, and Colorado. As of April 2017, HUD had paid BLM \$6.6 million under the area 1D contract and \$30.9 million under all seven of its contracts.

HUD assigned properties to BLM through HUD's Asset Management and Disposition System, commonly known as P260. P260 is an internet-based system that serves as the primary system of record for all real estate-owned case management transactions. HUD assigned properties to BLM under the contract using two primary status codes: HUD vacant and custodial.

- HUD vacant properties are those for which HUD has title and plans to sell through its property disposition program. For HUD vacant properties, BLM's contract required it

¹ HUD Homeownership Centers insure single family FHA mortgages and oversee the selling of HUD real estate-owned. There are four Homeownership Centers located in Atlanta, Philadelphia, Denver, and Santa Ana.

to perform an initial inspection of the property, put it into ready-to-show condition,² and keep it in that condition until a sale closed. It was also required to perform a routine inspection of the property every 2 weeks. HUD paid BLM an initial inspection fee, an initial cleanout services fee, a monthly property management fee, and biweekly property inspection fees for these properties.

- Custodial properties are secured by a HUD Secretary-held mortgage or home equity conversion mortgage (reverse mortgage), which are in default and upon inspection by HUD's servicing contractor are determined to be vacant or abandoned. The title is not yet in HUD's name. BLM was required to perform an initial inspection of each custodial property, ensure that it was secured, maintain the exterior of the property, and remedy any health and safety hazards. It was also required to conduct a routine inspection every 2 weeks. HUD paid BLM an initial inspection fee and a monthly property management fee for these properties.

In a few cases, HUD may hold a property off market pending the resolution of a problem with the property, such as title issues, reconveyance to the mortgagee, or remediation of environmental or structural issues. BLM was not required to maintain held-off-market properties in ready-to-show condition but to the extent feasible was required to ensure that the property was secured, maintain the exterior of the property, remedy any health and safety hazards, and conduct a routine inspection every 2 weeks.

Our audit objective was to determine whether BLM Companies LLC provided property preservation and protection services in area 1D in accordance with its contract and HUD requirements. HUD's Office of Inspector General (OIG), Region 5, audited BLM's contract for area 4P, covering the State of Ohio, concurrently with this audit.

² A property is in ready-to-show condition when the interior and exterior are clean, in good repair, and free of hazards. The contract defines the term in more detail.

Results of Audit

Finding: BLM Companies LLC Failed To Ensure That It Protected and Preserved HUD Properties Under Its Field Service Manager Contract for Area 1D

BLM Companies LLC, failed to meet its responsibilities under its HUD area 1D field service manager contract. Observations of properties showed that BLM's routine inspections did not meet contractual requirements for 71 percent of the properties reviewed. This condition occurred because BLM did not effectively manage the performance of vendors that provided property preservation and protection services on its behalf. In addition, it did not consistently follow up on discrepancies reported during inspections. Further, BLM focused more on meeting HUD-defined performance metrics for timeliness than on quality performance. Lastly, it created an ineffective quality control system that failed to identify and resolve vendor performance problems. As a result, BLM did not protect and preserve HUD-held properties in accordance with the contract, increasing the risk to the FHA insurance fund related to health and safety hazards and reduced sales prices. HUD paid BLM approximately \$497,000 in ineligible and unsupported property management and inspection fees over the term of the contract.

Seventy-One Percent of Routine Inspections Failed To Meet Requirements

Observations of 80 statistically selected properties in BLM's active inventory in March 2017 showed that BLM did not comply with the contract for 71 percent of routine inspections. BLM's average inventory during this period was approximately 1,100 properties. Completing the inspection forms required in the contract for each property showed deficiencies in the conditions of 57 of the 80 properties (71 percent). The deficiencies noted included interior and exterior health and safety hazards, doors and windows not secured, and HUD vacant properties not in ready-to-show condition. Health and safety hazards included conditions such as tripping and cutting hazards and exposed electrical wires.

In discussing the high number of deficiencies on property exteriors, the BLM area 1D project manager stated that BLM's president had decided that BLM would not perform yard maintenance during the winter months unless something was really bad. BLM later stated that it would perform yard maintenance on a case-by-case basis during the winter. However, this decision disregarded contract requirements for property maintenance and negatively impacted BLM's ability to preserve and protect HUD properties. Further, regardless of whether BLM performed routine yard maintenance – such as lawn care and leaf removal – it was responsible to ensure its routine inspections identified and resolved exterior health and safety hazards, such as trip hazards, holes, rusty nails, exposed wires, and broken glass. Auditors identified exterior health and safety hazards in 48 of the 80 properties observed that should have been identified during routine inspections. BLM was preparing to restart yard maintenance at the time of the

audit observations. In March 2017, HUD paid BLM \$8,034³ in property management and inspection fees for the 57 properties with deficiencies.

Table 1 categorizes the deficiencies of the 57 properties. The other 23 properties contained deficiencies that needed correction but collectively did not warrant questioning the associated management and inspection fees.⁴

Table 1: Summary of deficiencies

Deficiency type	Number of properties with deficiency
Exterior health and safety	48
Interior health and safety	28
Doors, windows, or outbuildings not secured	27
Broken or cracked windows	11
Property not winterized	17
Yard maintenance issues	50
Not in ready-to-show condition (HUD vacant only)	33
Pests	20
Other	54

Projecting the sample results to the portion of the universe covered by the sample showed that HUD paid BLM an estimated \$1.36 million⁵ in contract payments for unearned property preservation and protection services from February 2016 through March 2017. Projecting the same results to the next 12 months, if BLM significantly improves its contract compliance, it could put to better use an estimated \$891,000 in contract costs.

BLM Did Not Effectively Manage Its Vendors

BLM did not establish effective controls to manage its vendors to ensure that it protected and preserved HUD properties. It used more than 130 vendors to perform contract work in the geographically diverse area 1D. It provided initial and ongoing training to its vendors to establish its performance expectations. However, it did not effectively identify and address poor vendor performance. For example, of the 80 properties observed during the audit, 19 had windows that were not secured. In many cases, the window locks or latches were damaged or missing, making it impossible to properly secure the windows without adding twist locks to the window frame. It was clear that the conditions of the windows were not new at the time of the audit observations, and the windows had likely been in that condition for as long as BLM had been responsible for the properties. Observations also found eight properties with entry doors

³ Includes contracted monthly management fee and one inspection fee, if applicable, for each of the 57 properties

⁴ We communicated the details of the 80 property observations to HUD and BLM under separate cover.

⁵ This estimate applies to properties in urban areas and towns, and excludes rural areas excluded from the sampling universe (see scope and methodology section). Further, it is based on observations of BLM's performance during March 2017, which HUD reported was an improvement compared with its earlier work. Therefore, this projection underestimates the value of unearned fees over the period.

open or unlocked. BLM was responsible for ensuring that all properties assigned to it were properly secured.

In addition, analysis of BLM's work order data showed that it sometimes assigned an unreasonable workload to certain vendors. The analysis showed that vendors conducted 27 percent of routine inspections on days when they inspected more than 10 properties in 1 day. This observation suggests that vendors did not spend sufficient time at each property to observe, photograph, and document its condition. BLM estimated that 20 minutes was the minimum amount of time an inspector should spend at each property. Considering travel time between properties, it was not reasonable to expect an inspector to be able to perform and document more than 10 property inspections in 1 day. Table 2 shows the number of routine inspections per inspector per day within different volume ranges.

Table 2: Ranges of inspection volume per inspector per day

Number of routine inspections in 1 day	Instances of inspection volume	Routine inspections on day with this volume	Percentage of routine inspections on day with this volume
1 – 10	9,371	29,108	72.83%
11 – 15	398	4,951	12.39%
16 – 20	143	2,525	6.32%
21 – 30	77	1,849	4.63%
31 – 40	20	694	1.74%
41 – 54	18	839	2.1%
Totals		39,966	100%

Table 3 shows the workload of individual inspectors who most frequently inspected more than 10 properties per day and the number of inspections that they performed on days when this occurred. There was no evidence to suggest that inspectors who performed fewer than 10 inspections per day spent more time at each property. While BLM measured other items quantitatively, it did not measure the amount of time that inspectors spent at each property.

Table 3: Inspectors with highest volume of inspections in 1 day

Vendor that employed inspector	Frequency of more than 10 inspections per day	Routine inspections performed on high-volume days
PKMG & Turbo Property Services	113	1,679
PKMG & A1 Group LLC	108	2,357
AAJC Services	99	2,059
PKMG & JBB Services	51	885
PKMG	48	672

BLM Did Not Consistently Follow Up on Discrepancies Reported During Inspections

BLM did not establish a system to consistently follow up on discrepancies noted during inspections. For each routine inspection, BLM's inspectors completed a property inspection form and submitted it electronically to BLM's work order system, along with photographs of the subject property. A BLM staff member ran exception reports in the work order system each day that identified deficiencies reported by the vendors on the inspection forms. The staff member reviewed the information and assigned vendors to correct the deficiencies, then entered the information from the exception reports into a spreadsheet, adding comments as needed. Inspectors and vendors were expected to address the exceptions and submit photographs and explanations in the work order system. When the exception was resolved to the satisfaction of the staff member, the staff member deleted the exception from the spreadsheet. Because it allowed its staff to delete records, BLM did not have the ability to determine what actions it took or whether these actions resolved the exceptions. This deficiency also limited BLM's ability to maintain performance history, assess vendor performance, and manage its contract performance.

Analysis of BLM's exceptions reports supported that it frequently failed to resolve the issues reported by its vendors in a timely manner. BLM's data showed that from February 2016 to January 2017, it failed to resolve issues that vendors reported on three or more consecutive inspections for 1,028 properties (25 percent of its inventory). This condition occurred because BLM did not adequately remedy the issues that appeared on the exception report or maintain documentation showing why it did not resolve the issues. Because of BLM's failure to resolve issues repeatedly reported by its inspectors, BLM did not earn at least \$488,883 in property management and inspection fees.

As an example, a sample property in Roswell, NM, had a broken window that BLM did not replace for more than 8 weeks. Further, it did not correct the health and safety hazard posed by the broken glass and exposure to the elements. BLM's inspector reported the broken window during three inspections (February 18 through March 20, 2017), and it appeared on the corresponding exception reports. According to BLM's work order history, it did not issue a work order to replace the window glass until March 11, 2017. The closed work order contained photographs, dated April 15, 2017, showing the replacement of the glass.

Audit photographs of the broken window and the glass on the windowsill on March 22, 2017



In some cases, the exception reports were not consistent with the information on the inspection forms. For example, a comparison of an exception report to the inspection form for a property in St. George, UT showed possible false positives. Specifically, the exception report contained a “Yes” response to “HasAnyHazard.” The inspection form showed that the inspector marked “Yes” in response to “Property free of debris and other hazards?” The inspector marked “No” for all of the categories of health and safety site hazards on the inspection form. The exception report made it appear as though a hazard was present when the inspector reported that the property was free of hazards. This discrepancy caused the concern that the report would not identify deficiencies that inspectors reported because of faulty report design.

In another example, BLM's employee (also a quality control field inspector) conducted the initial inspection and yard care and health and safety services on a custodial property in Denver, CO, on October 13, 2016. The employee reported that mowing the yard and weeds would not be completed because of broken lawn equipment. BLM issued a work order on October 23, 2016, to a vendor to perform yard maintenance. On November 6, 2016, instead of cutting and removing the weeds, the vendor submitted photographs showing 2- to 6-foot tall weeds in different areas of the yard.



Lawn maintenance vendor's November 6, 2016 photograph



Auditor's December 5, 2016 photograph

On November 5, 2016, BLM issued a work order to a different vendor to perform the work. On November 7, 2016, the vendor removed large amounts of leaves and cut down the overgrown grass and weeds, but deficiencies remained.⁶

OIG property observation on December 5, 2016, showed the grass and weeds after they had been partially cut down. During a return visit on December 8, 2016, the back door to the property was wide open. The lawn issues had not been resolved because there was still snow on the ground, which fell the night of December 5, 2016.

⁶ BLM conducted two quality control inspections and a routine inspection between November 6 and December 5, 2016.

BLM Focused More on Scorecard Timeliness Metrics Than Quality Performance

BLM's focus on quantitative timeliness measures did not help to ensure the quality of its performance. HUD established a scorecard of metrics to help manage performance under the contract. HUD issued monthly scorecards rating BLM on the timeliness of the following metrics with a minimum satisfactory performance level of 95 percent:

- Ready-to-show condition within 7 days of assignment
- HUD property inspection reports completed on time⁷
- Biweekly inspections completed on time
- Health and safety work order notifications completed on time

BLM dedicated a staff member to analyzing its work order data to determine whether it would meet HUD's scorecard expectations. During interviews, both managers and staff discussed the importance of meeting the scorecard metrics. However, BLM did not have similar qualitative metrics for contract performance. These circumstances showed that BLM focused more on meeting the scorecard timeliness measures than ensuring the quality performance of its contractual duties.

BLM Established an Ineffective Quality Control System

BLM's quality control activities failed to identify and correct performance issues. Its quality control plan stated that it would perform desk reviews of 100 percent of HUD property inspection reports and initial services and 10 percent of routine inspections. It further stated it would perform quality control field inspections but did not specify how many. BLM was contractually required to submit a monthly quality control report to HUD summarizing its quality control actions, findings, and corrective actions. However, BLM did not support the information it reported to HUD. In addition, the effectiveness of desk reviews was inherently limited because the reviews relied on photographs submitted by inspectors. Further, BLM's quality control field inspections failed to identify and resolve performance issues. BLM's quality control field inspections and desk reviews did not make use of available information in its exception reports, such as health and safety hazards and maintenance issues. The lack of an effective quality control system impaired BLM's ability to measure the quality of its performance and ensure the protection and preservation of HUD properties.

BLM's Quality Control Activities Failed To Identify and Correct Performance Issues

While BLM submitted its quality control reports in the form HUD required, it failed to identify and correct common performance issues. BLM focused more on reporting as HUD required than on identifying and correcting defective performance and ensuring that it adequately protected and preserved the HUD properties entrusted to its care.

⁷ The HUD property inspection report is a compressive, three-part inspection that documents the conveyance condition of the property, estimates costs to replace or repair basic components, tests systems for functionality, and identifies code violations. BLM must complete and submit parts I and II of the report within 2 days of property assignment and part III within 5 days of completing parts I and II.

BLM could not support the qualitative information it reported to HUD. For example, to support its March 2017 quality control report, BLM provided eight spreadsheets listing case numbers it had reviewed during the month. However, the spreadsheets did not contain information describing

- The type of review, such as a desk review or a field inspection.
- The nature of the work being reviewed, such as HUD property inspection report, initial services, routine inspection, or other work order.
- What the reviewer found or how he or she communicated or resolved deficiencies.

As a result, BLM could not support that it reviewed 10 percent of routine inspections or what the reviews found. In addition, it could not adequately describe its quality control activities, including

- Who did the work.
- How it selected inspections and properties for review.
- How it documented and resolved review findings.
- How it compiled its quality control reports to HUD.

BLM staff stated that the reviewers prepared email messages to convey the results of their reviews; however, none of the staff members interviewed stated that this formed the basis of the information in the reports to HUD. Similar to the exception reports, BLM did not use this information to identify common problems or vendors with high rates of deficiencies. BLM did not establish control activities to correct the deficiencies identified by reviewers. For instance, reviewers who reported deficiencies were not responsible for ensuring that they were corrected, and any staff member assigned to the contract could close a work order.

Without collecting and analyzing this kind of information, BLM did not have the means to manage its contract performance and compliance or correctly report to HUD.

Quality Control Desk Reviews Were Inherently Limited

BLM's primary quality control activity of performing desk reviews of records in its electronic work order management system had inherent limitations. Reviewers looked at inspection forms and photographs to determine whether the vendors performed the work satisfactorily. BLM required vendors to submit date-stamped photographs of all relevant areas of the property, including the exterior and yards from all angles, winterization, existence of appliances and sump pumps, all health and safety hazards, and the electrical panel and water meter. However, photographs were limited by what appeared in them, making it difficult to determine whether the vendor completed the requested work or whether additional issues were present. BLM staff agreed that this was a limitation.

For instance, BLM issued work orders to address deficiencies communicated after our sample property observations. A return visit⁸ to a sample property in Fort Worth, TX, showed that a vendor had signed the sign-in sheet that day and written that he had performed an inspection and yard maintenance. During the return visit, the back door was unlocked, one window would not lock, tree limbs were still touching the house, gates were open, and there were cut tree limbs behind a shed in the backyard that the vendor should have removed. The vendor's photographs did not disclose these deficiencies.



April 20, 2017 photograph during return visit

Quality Control Field Inspections Failed To Identify and Resolve Performance Issues

BLM's quality control field inspections lacked purpose, structure, and usefulness. Its quality control plan required field inspectors to provide photographs and use the same inspection form used for routine inspections to ensure compliance with the contract and identify

- Misrepresented or incomplete reports that could potentially identify fraud, waste, or the abuse of a HUD asset.
- A task or service that was not to the highest level of quality and may present an opportunity to correct or modify a field service process.
- The need for additional training and enforcement of field service requirements to a specific vendor or service area.

Field inspectors were also required to

- Ensure that HUD assets were being presented in a ready-to-show condition.
- Identify trends or patterns in services provided by vendors and BLM staff.
- Issue corrective work orders.

Contrary to its own requirements, BLM's quality control inspection work orders did not include inspection forms or identify discrepancies in vendor performance. To complete a quality control work order, the inspector only submitted photographs of the property, which by themselves provided little useful information about vendor performance or the condition of the property. Without completed inspection forms to accompany the photographs, the review had no purpose or value in managing vendor performance and ensuring that BLM complied with the terms of the contract.

⁸ The first property observation was on March 6, 2017. The return visit was on April 20, 2017.

For example, a sample property in Gatesville, TX, had extensive exterior health and safety hazards, excessive accumulated leaves, fallen tree limbs on the house and in the yard, and several cracked windows. In addition, the access door to the basement was unsecured, and there was no evidence that it had ever been secured. On seven occasions between February 2016 and April 2017, BLM's exception reports showed that vendors or its own inspector reported fallen tree branches and debris in the yard or on the roof. BLM's field inspector conducted a quality control field inspection of the property on November 26, 2016. The closed work order contained only four images: a map showing the property address and three photographs showing the front of the home, the area under the carport, and leaves in the backyard. To illustrate the lack of followup to the inspections, the photographs below show what the BLM employee submitted during a December 7, 2016, routine inspection and a similar photograph during the March 8, 2017, OIG observation of the sample property. The photographs were taken from opposite angles, both showing a fallen tree limb against the porch surround.



Routine inspection on December 7, 2016



OIG observation on March 8, 2017

In another example, a sample property in Albuquerque, NM, had debris and belongings scattered throughout the yards and interior during observations on March 15, 2017. The interior had a foul odor, and the rooms were impassible. BLM's vendor performed a quality control inspection in December 2016. The quality control work order contained some photographs but did not fully show the condition of the property or describe the work needed to protect the property and remedy health and safety hazards.

Despite having performed the routine inspections and quality control field inspections, BLM did not correct the deficiencies, demonstrating the lack of usefulness of the inspections. Compliance with the contract required BLM to protect and preserve the properties rather than merely perform inspections. To have an impactful quality control system, BLM needed to conduct thorough

quality control field inspections using inspection forms and document how it corrected deficiencies. It needed to maintain and analyze records, including exception reports, to allow it to identify and correct patterns of deficiencies and poor performance.

BLM Had Other Management and Compliance Issues

BLM did not perform required financial and background investigations for some of its employees and vendors. BLM did not conduct the investigations for 8 of the 20 staff members assigned to the area 1D contract, including the key positions of the quality control manager and the employee who oversaw the assignment and completion of routine inspections. BLM also did not perform the required investigations for 86 of the 113 vendor records reviewed, including Turbo Property Services, one of its most prolific vendors. In addition, BLM did not sign seven of eight vendor contracts reviewed, causing concerns about the enforceability of its contracts. BLM should ensure that it signs all of its contracts.

Conclusion

BLM failed to ensure that it adequately protected and preserved the properties that HUD assigned to it under the contract. This condition occurred because (1) BLM did not adequately manage the vendors performing the work, (2) it did not consistently follow up on exceptions noted by inspectors, (3) focused more on timeliness than quality, and (4) its quality control system failed to identify and correct performance issues. As a result, HUD paid BLM more than \$1.85 million⁹ in unearned property management and inspection fees during the audit period. In addition, because of BLM's non-performance, HUD-held properties were not adequately maintained, increasing the risk to the FHA insurance fund related to health and safety hazards and reduced sales prices. If BLM does not significantly improve its performance, HUD should determine whether BLM was in default of its contract and take appropriate action. The contract is valued at \$20.5 million over the next year.¹⁰

Recommendations

We recommend that the Associate Deputy Assistant Secretary for Single Family Housing require BLM to

- 1A. Certify and provide supporting documentation that the identified deficiencies have been corrected for the 57 properties cited in this audit report.
- 1B. Repay \$8,034 in ineligible monthly management and inspection fees for 57 sample properties with health and safety hazards or significant not-ready-to-show conditions.¹¹
- 1C. Support or repay \$488,883 in unearned property management and inspection fees for 1,028 properties with three or more consecutive unresolved discrepancies in its routine exceptions reports.

⁹ \$1.36 million + \$488,883

¹⁰ Note that BLM had a total of seven HUD field service manager contracts at the time of the audit.

¹¹ Single Family Housing should follow applicable internal procedures to implement recommendations 1B and 1C, including coordinating with other areas of the Department as needed.

- 1D. Implement an effective quality control system, including specifying how many quality control field inspections it will perform, how it will select properties for review and inspection, reviewing exception reports by case number, completing the routine inspection form during field inspections, documenting quality control findings and how it resolved them, and retaining records that allow it to identify and correct patterns of deficiencies and poor performance. This would put an estimated \$891,000 to better use in the next 12 months.
- 1E. Evaluate the structure of its exception reports to ensure that they do not omit existing hazards and other issues reported by inspectors.
- 1F. Perform required background investigations before allowing individuals and vendors to work under the contract, and prevent those who have not had background checks from performing further work under the contract until it determines that they are suitable for the duties assigned.
- 1G. Sign its contracts with vendors.

We recommend that HUD's Associate Deputy Assistant Secretary for Single Family Housing

- 1H. Assess BLM's performance under the area 1D contract at least quarterly to determine whether it has improved its performance. If its performance does not improve, coordinate with the Office of the Chief Procurement Officer to determine whether BLM was in default of its contract and take appropriate action.

Scope and Methodology

We audited BLM Companies LLC's performance under its field service manager contact for area 1D for the period February 2016 through April 2017. We performed fieldwork from November 2016 to May 2017 in BLM's corporate office in Hurricane, UT, its area 1D office in Aurora, CO, the HUD Homeownership Center in Denver, CO, and our offices in Fort Worth, TX. In addition, we conducted property observations in Texas, New Mexico, Colorado, and Utah.

To accomplish our objective, we

- Reviewed relevant Federal laws, regulations, and HUD policies, including handbooks and mortgagee letters.
- Reviewed field service manager contract DU204SA-12-D-12, dated September 25, 2015, and related contract extension task orders.
- Assessed BLM's internal controls and overall operations related to the contract. This assessment included conducting walk-throughs of key processes and procedures.
- Interviewed HUD and BLM staff.
- Accessed and analyzed a variety of data from BLM's automated work order system and HUD's Asset Management and Disposition System (P260).
- Conducted observations at 15 properties during the survey and a statistical sample of 80 properties during the audit phase. We conveyed the results of our observations to BLM in a timely manner. BLM's area 1D quality control manager accompanied OIG staff on 14 survey phase and 27 audit phase observations. We took photographs of all the properties we observed. During the audit phase, we completed the inspection forms required under the contract during property observations.
- Performed followup desk reviews of seven properties observed in the statistical sample.
- Reviewed BLM's employee and vendor background investigation records.
- Reviewed a nonstatistical sample of eight BLM contracts with vendors.
- Reviewed BLM's quality control reports and supporting documentation for March 2017.

Data Reliability Testing

We conducted a data reliability assessment of the data we used from P260 and BLM's work order system in accordance with U.S. Government Accountability Office guidelines in GAO-03-273G, Assessing the Reliability of Computer-Processed Data. We determined that the data were sufficiently reliable to meet the audit objective.

Use of Statistical Sampling

We created a statistical model to understand the behavior of properties assigned in P260 to field service manager contractors in area 1D over 5 years. Based on this model, we designed a statistical sampling plan to estimate the rate of failure in BLM's services during the term of its field service manager contract. This period was from February 2016 through March 2017.

To identify the sample for review, we used data from P260 in two selections in separate areas on February 21 and March 15, 2017. By sampling in rapid, successive stages, the audit team was able to capture the status of properties as they were at the time of selection before they had a change of status. Taken as a whole, this was treated as a single snapshot in time. This sample and resulting projection included only properties in urban areas or towns and did not include properties in rural or remote, mountainous areas. The sampling universe included 837 HUD-owned residential properties actively managed by BLM and located in the States of Colorado, Utah, New Mexico, and Texas. From the data, we statistically selected 80 properties to observe in 16 clusters. We used a statistical sample so that the results could be projected to the universe and we could estimate the amount of unearned fees associated with BLM's failure to perform during the contract term. These estimates are based on standard pricing in the contract, not actual payments.

We selected the sample using a stratified, two-stage cluster sample with subsampling of the secondary units. Our analysis found that 80 samples would be sufficient for the needs of this review. Auditors observed the 80 samples to assess whether the contracted management services were performed. The number and dollar values of the services not performed were estimated and projected to the universe as a whole. Because all randomly selected samples are subject to the "luck of the draw," we calculated a margin of error for each type of measure and made a final projection on that basis. The dollar values assigned to the sample items were \$137 for HUD-vacant properties (consisting of \$112 for the monthly management fee and \$25 for one biweekly inspection fee) and \$152 for custodial properties (the contract did not include a separate inspection fee for custodial properties, even though BLM was required to perform biweekly inspections). When a property failed to meet the contracted standard, we questioned the dollar amount relevant to its fee status.

We found that BLM failed to provide the contracted management services for 57 of the 80 properties in our statistical sample with questioned costs of \$8,034. After deducting a margin of error, we can say that BLM failed to provide contracted services worth at least \$74,300 in monthly fees during the snapshot period we looked at. These problems affected at least 529 of the 837 properties in urban areas and towns during the snapshot period. Calculations below:

$(70.91\% - 1.761 \times 4.34\%) \times N = 63.3\% \times N \approx 529$ affected properties, where 70.91% is the observed error rate, 1.761 is the t-score, and 4.34% is the standard error percent.

$(\$99.84 - 1.761 \times 6.28) \times N = \$88.78 \times N \approx \$74,300$ in unearned fees, where \$99.84 is the mean of the questioned costs, 1.761 is t-score, and 6.28 is the standard error amount.

We applied these findings to the 14 months of contract performance that had been completed at the time of the observations. Specifically, we identified the number of properties BLM managed each month from February 2016 through March 2017, as indicated in P260. We found a total of 15,360 property-months assigned to BLM's contract during this period. Extrapolating our snapshot sample results of 80 out of 837 properties to this 14-month period yielded a projection of \$1.36 million in undelivered services (unearned property management and inspection fees) for properties in urban areas and towns. Calculations below:

$(15,360/837) \times \$74,300 \approx \$1,360,000$ in unearned fees from February 2016 through March 2017

$12 \text{ months} \times \$74,300 \approx \$891,000$ in annual funds to be put to better use

We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Internal Controls

Internal control is a process adopted by those charged with governance and management, designed to provide reasonable assurance about the achievement of the organization's mission, goals, and objectives with regard to

- effectiveness and efficiency of operations,
- reliability of financial reporting, and
- compliance with applicable laws and regulations.

Internal controls comprise the plans, policies, methods, and procedures used to meet the organization's mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations as well as the systems for measuring, reporting, and monitoring program performance.

Relevant Internal Controls

We determined that the following internal controls were relevant to our audit objective:

- BLM's policies, procedures, and oversight of its field service manager contract with HUD to ensure the effectiveness and efficiency of its operations and compliance with its contract.

We assessed the relevant controls identified above.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, the reasonable opportunity to prevent, detect, or correct (1) impairments to effectiveness or efficiency of operations, (2) misstatements in financial or performance information, or (3) violations of laws and regulations on a timely basis.

Significant Deficiencies

Based on our review, we believe that the following items are significant deficiencies:

- BLM did not adequately manage the vendors performing the work (finding).
- BLM it did not consistently follow up on exceptions noted by inspectors (finding).
- BLM's quality control system failed to identify and correct performance issues (finding).

Appendixes

Appendix A

Schedule of Questioned Costs and Funds To Be Put to Better Use

Recommendation number	Ineligible 1/	Unsupported 2/	Funds to be put to better use 3/
1B	\$8,034		
1C		\$488,883	
1D			\$891,000
Totals	8,034	488,883	891,000

- 1/ Ineligible costs are costs charged to a HUD-financed or HUD-insured program or activity that the auditor believes are not allowable by law; contract; or Federal, State, or local policies or regulations.
- 2/ Unsupported costs are those costs charged to a HUD-financed or HUD-insured program or activity when we cannot determine eligibility at the time of the audit. Unsupported costs require a decision by HUD program officials. This decision, in addition to obtaining supporting documentation, might involve a legal interpretation or clarification of departmental policies and procedures.
- 3/ Recommendations that funds be put to better use are estimates of amounts that could be used more efficiently if an Office of Inspector General (OIG) recommendation is implemented. These amounts include reductions in outlays, deobligation of funds, withdrawal of interest, costs not incurred by implementing recommended improvements, avoidance of unnecessary expenditures noted in preaward reviews, and any other savings that are specifically identified. In this instance, if BLM implements improvements in its operations, specifically the effectiveness of its quality control system and routine inspections, it will put to better use the funds that HUD pays it for such services over the next year.

Appendix B

Auditee Comments and OIG's Evaluation

Ref to OIG Evaluation

Auditee Comments

Comment 1

Comment 2

Comment 3

Comment 4



BLM Companies, LLC
328 N Old Highway 91, Suite A
Hurricane, UT 84737

BLM Response to HUD OIG Audit Results

7/18/2017

OIG Audit Response – BLM Companies – 1D Contract Area

BLM Companies, LLC (BLM) respectfully provides the following information and data to support its position on the OIG audit report findings, dated June 30, 2017. Please review the information and data that BLM has provided and consider adjusting the audit conclusion based on the data, findings, and rationale provided below.

I. Introduction / Executive Summary

BLM respectfully disputes OIG's positions that BLM should: (1) reimburse HUD approximately \$8,000 in ineligible monthly management and inspection fees for property preservation services allegedly not performed by BLM at 57 properties; (2) reimburse HUD for approximately \$502,000 in property management and inspection fees allegedly not performed at 1,035 properties with three or more consecutive unresolved discrepancies; and (3) forfeit approximately \$891,000 of future fees due to BLM's purportedly deficient quality control system. BLM requests that HUD disregard OIG's recommendations because:

(1) BLM performed significant services at each of the properties cited by OIG and BLM is entitled to fair and reasonable payment for those services. OIG is apparently recommending that BLM be paid nothing for the services performed at these properties due to minor deficiencies discovered by OIG, even though BLM performed substantive services at each property and is entitled to payment for those services under its contract;

(2) OIG's recommendations are based on its limited review of a very small sample size of properties, which OIG then runs through a confusing and convoluted extrapolation process to generate the recommended financial penalties against BLM for alleged nonperformance. However, these financial penalties are not based on actual observed or inspected deficiencies in many instances. Specifically, OIG's recommendation that BLM reimburse HUD approximately \$502,000 for work allegedly not performed is based on OIG's analysis of property inspection records, and not on actual inspections conducted by OIG. Further, OIG misinterpreted these property inspection records and improperly concluded that work was not performed at multiple properties. The use of documents, not actual inspections, to determine that deficiencies exist at multiple properties is not an accurate or reliable method to use by OIG as a basis to claim that BLM should reimburse HUD over \$500,000 for services allegedly not performed; and

(3) Several OIG's alleged deficiencies cite issues that fall outside of BLM's responsibilities pursuant to the PWS. Specifically, BLM is tasked with providing reasonable inspections and correcting deficiencies which are reasonably discovered during its routine inspections, or which BLM is notified of through other means. BLM is not required to provide perfect performance on every property. That is

Ref to OIG Evaluation

Auditee Comments

Comment 2

an impossible standard which no contractor could meet. BLM is obligated to perform reasonably to discover and correct noticeable deficiencies. Many of the deficiencies cited by OIG were simply outside of BLM's ability to discover or correct.

Please understand that BLM takes OIG's allegations very seriously. While we whole-heartedly disagree with OIG's methods and findings, we strive daily to provide a high quality service to HUD on all the properties assigned to us. BLM, including its subcontractors (collectively "BLM") perform substantial work at each of the properties assigned to it by HUD from acquisition, starting with the HPIR and Initial Services through to the close of escrow/sale. Moreover, BLM provided significant services at the 57 properties where OIG alleges that BLM failed to properly perform inspections and the 1,035 properties, which OIG claims BLM failed to correct deficiencies after more than three inspections. While BLM does not dispute that some minor deficiencies did exist at some of these properties, BLM is able to certify that it performed significant services at these properties, and has corrected any actual deficiencies cited by OIG to the extent the property is still in BLM's inventory.

II. BLM Performed Significant Services at the 57 Properties Cited by OIG

OIG's recommendation that BLM reimburse HUD approximately \$8,000 for work allegedly not performed at the 57 properties is inaccurate and unjust for the many reasons summarized above and cited below:

- A. OIG claims that BLM failed to perform properly at 71 percent of its properties and apparently recommends that BLM pay back all the management and inspection fees related to these properties. However, BLM performed a great amount of services at these properties and it would be contrary to BLM's contract with HUD to deny BLM any payment for those services due to the smaller number of deficiencies found during the inspections.
- B. One item the OIG raises regarding multiple properties is yard maintenance not being performed in the winter months. However, BLM does not stop performing yard maintenance in the winter months, but performs it on an as-needed basis per property. Due to snow and other inclement weather during the off-season it is more effective to take each property on a case by case basis during this time. While some discrepancies may have been discovered by OIG during the winter months, BLM exercises reasonable efforts to discover and correct such deficiencies, which OIG failed to address in its findings.
- C. OIG alleges that BLM did not effectively manage its vendors based on the allegation that vendors conducted 27 percent of routine inspections on days when they inspected more than 10 properties in 1 day. However, OIG failed to take in to account that many vendors have crews and staff that work for them, which enables the vendor to perform comprehensive inspections at multiple properties. Further, there is no mandate that inspections should take a set amount of time, so OIG's allegation that BLM's inspections were apparently not long enough is not based on a contract requirement, but an assumption imposed by OIG.

Comments 1
and 2

Comment 5

Comment 6

Ref to OIG Evaluation

Auditee Comments

Comment 7

D. OIG alleges that BLM focused more on scorecard timeliness metrics than quality performance. This is inaccurate. OIG was given the scorecards and qualitative reports that we received from HUD each month. It shows that the 1D scorecard metrics as well as the qualitative reports both showed a steady increase from the start of the 3.8 contract. The information was given to the Auditors to review but OIG did not take in to account the clear detail in each showing consistent improvement each month. The 1D Contract Areas performance for the Q-1: Ready to Show metric has consistently improved throughout the contract period and has met the 95% minimum compliance score in 4 of the first 5 months of 2017. The one-month that did not meet metric was 0.35% below the metric minimum standard of 95%. During that timeframe, the 1D team had a total of 926 properties that were scored for this metric. Of those 926 cases, the 1D team had a total of 10 cases that were issued a Property Not ready to Show 1c work order. This equates to an overall 5-month score of 98.92% of cases that met the HUD requirements for Properties in Ready to Show condition. During this same 5-month timeframe, the 1D team had 25 cases that did not meet the timeliness part of the Ready to Show metric resulting in an overall 5-month score of 97.30%. These scores over the past 5-months indicate that the 1D team has focused on both the timeliness and quality aspects of the Q-1: Ready to Show metric with equal diligence.

Below is a chart showing the 1D performance for the Q-1: Ready to Show metric for the first 5-months of 2017. These numbers come directly from the FSM Scorecard Reports in P260 and are reflected in the official monthly Scorecard Reports provided by HUD.

Month	Overall Score	Timeliness Score	Number Cases missed timeliness	Number of PNRTS Work Orders Issued	Total Number of Cases Scored	Total Number of Cases Ready to Show
January 2017	95.38%	97.44%	5	4	195	186
February 2017	96.69%	97.79%	4	2	181	175
March 2017	94.65%	95.19%	9	1	187	177
April 2017	95.56%	96.67%	6	3	180	172
May 2017	99.45%	99.45%	1	0	183	182

Comment 8

E. Further, BLM is concerned with an apparent lack of experience exhibited by OIG's inspectors, which we believe was a key factor in OIG's excessive recommended penalties cited against BLM and the questionable methods used by OIG to calculate those penalties. We found that while walking properties with the OIG staff, it was apparent that they were not adequately trained as what to look for during field inspections. BLM's QC Manager walked many of the audited properties with the OIG staff and pointed out, on several occasions that while there may be one or two minor deficiencies discovered at a property, those deficiencies do not indicate that BLM failed to provide substantive services at those properties. The simple fact is that for every deficiency that is not corrected, BLM has discovered and corrected hundreds of other

Ref to OIG Evaluation

Auditee Comments

Comment 9

Comment 2

Comment 9

Comment 10

Comment 11

deficiencies. BLM is obligated to provide reasonable services to discover and correct deficiencies, which it clearly has done in relation to the properties cited by OIG.

II. OIG's Use of Exception Reporting Produces Inaccurate and Unreliable Results

OIG's recommendation that BLM should reimburse HUD approximately \$502,000 for work allegedly not performed is based on OIG's flawed use of exception reporting and a convoluted extrapolation process. Specifically, OIG analyzed BLM's records for 1,035 properties and allegedly found that BLM failed to correct minor deficiencies at these properties over the course of several inspections. However, this finding is not accurate or reasonable for several reasons.

First, BLM did perform significant services at each of these properties, and it would be unreasonable and unfair to require BLM to reimburse HUD for all the payments made to BLM for these properties due to some minor discrepancies. This position completely ignores the significant work performed by BLM at these properties to highlight minor deficiencies, which pale in comparison to the work correctly performed by BLM.

Second, BLM does not have a written process for, nor do we encourage the sole use of exception reporting through our system of record to be the driving force of the review of field operations and compliance. OIG assumes that the exception reporting function within BLM's System of Record is the beginning and end of the compliance review process within the 1D contract. However, this assumption is not accurate. BLM's System of Record does not provide a comprehensive picture of the significant amount of work performed by BLM at each property, and it would be unreasonable for HUD to base any reimbursement request solely on the use of this system as OIG recommends. Custodial and re-conveyance properties can cause items to be marked as deficient on the routine form based off BLM not completing the initial services on these types of properties. OIG failed to conduct actual inspections of these 1,035 properties, which should be a prerequisite for any OIG recommendation that BLM reimburse HUD for work allegedly not performed.

Third, OIG failed to provide BLM credit for the comprehensive efforts it performs daily to discover and correct deficiencies on each of its properties. Specifically, OIG discounted BLM's experienced inspectors, BLM's review team that completes desktop reviews daily, and BLM's infield QC inspectors that call issues in from site and follow up with an email to our vendor representatives.

Fourth, OIG failed to provide BLM credit for its robust quality control program addressed in more detail below. The simple fact is that BLM works extremely hard with its subcontractor team and employees to discover and correct every deficiency it discovers. While BLM constantly strives for a quality performance on each property, the fact is that deficiencies are simply unpreventable at times for no fault of BLM or its subcontractors.

III. BLM Has Corrected the "Other" Noncompliance Issues Cited by OIG

Ref to OIG Evaluation

Auditee Comments

Comment 12

OIG alleges that BLM did not perform required financial and background investigations for some of its employees and vendors. However, not all employees or vendors require such background checks. BLM is required to conduct background investigations similar to the HUD equip process. BLM had all employees complete a background investigation although not all have needed to complete the HUD equip background investigation since access to the HUD Yardi/P260 system is not needed or required for some staff to be able to complete their daily duties, nor does it make them unqualified to work for BLM in the 1D area.

Comment 11

IV. BLM's Corrective Action Protocols

Please note that BLM does not disregard the gravity of the OIG's noted deficiencies, even though we disagree with OIG's methods and findings. While BLM has had a strong quality control (QC) and corrective work protocol since the very beginning of its contract, BLM continues to improve both its QC and corrective work protocols. Specifically, BLM has implemented changes to both protocols considering OIG's findings to significantly minimize any future deficiency findings. BLM's updated QC and corrective work protocols are addressed in detail below.

The following measures constitute BLM's corrective action protocols. In response to OIG's audit report, BLM has implemented the following new measures to bolster its already dynamic corrective action plan:

- A. **Corrective Action Plan Summary** – BLM has put in place an eleven-point action plan to increase quality in the 1D contract area. The goal of the Corrective Action Plan is to increase quality regarding promoting properties to step 1c in "Ready to Show Condition" and maintaining "Ready to Show Condition" throughout the life of each property in BLM's and HUD's inventory.
- Shift in Geographical Assignments
 - Initial Service Quality Control
 - Focused Review Team Management
 - Concentrated Email Communications
 - Increased One on One Training
 - Review and Reporting of Yard Maintenance Work Orders
 - Automated Routine Exceptions Reporting
 - Routine Inspection Description and Title
 - Training Topics on Subcontractor Communication
 - Task Tracking
 - Quality Control Field Inspector

B. Detailed Corrective Action Plan

BLM has implemented and continues to put in place a variety of processes and procedures to increase quality both at time of 1c promotion and throughout the life of the property in the inventory. Since the inception of the 1D contract, quality has increased and will continue to increase due to findings provided by OIG, consistent internal Desktop QC review and in-field quality control inspections, and feedback provided by HUD. BLM constantly strives to provide a high-quality service in a timely manner to HUD.

Ref to OIG Evaluation

Auditee Comments

Comment 11

- 1) **Shift in Geographical Assignments** – BLM randomly shifts the geographical areas that subcontractors cover. This allows BLM to gain a secondary perspective on properties as well as getting further visuals on what levels of quality the subcontractors are providing to BLM and in turn HUD. In addition to giving BLM an added level of quality control on given properties, subcontractors know that at any given moment someone could be doing quality control on their work. BLM uses this process to ensure that properties are being maintained in “Ready to Show Condition” after 1c promotion.
- 2) **Initial Service Quality Control** – BLM has implemented a process that allows a measure of quality control on a property prior to 1c promotion to ensure the HUD asset is truly in “Ready to Show Condition”. BLM completes an infield quality control inspection on many properties by either a secondary subcontractor or a BLM employee. BLM reviews results of these inspections to have the initial subcontractor complete the work that would bring a property to “Ready to Show Condition” or the secondary subcontractor could bring the property to “Ready to Show”. Properties continue to go through BLM’s internal desktop review process prior to 1c as this process is not in lieu of that process.
- 3) **Focused Review Team Management** – BLM has shifted the management of the internal desktop review team from one that services all areas to the management of each contract area. Management of this team now falls under the Project Manager (PM) and Quality Control Manager (QCM). This allows for increased communication among area management and the internal desktop review team for area concerns to be addressed in a timelier manner and to be communicated in a smaller group. The internal desktop review team can reach out to specific subcontractors for feedback and provide a focused analysis of the subcontractors in the 1D area to the PM and QCM.
- 4) **Concentrated Email Communications** – Utilizing a mass email tool, BLM can communicate training topics in a focused professional manner. BLM also can track which subcontractors have read and not read the email communication. BLM can then follow up with the subcontractors who did not open the email and work with them on a case by case basis.
- 5) **Increased One on One Training** – BLM has shifted our training focus from group trainings to one on one training with our subcontractors and employees. Most of our subcontractors have been in the property preservation industry for some time. “One on One” training opportunities allow BLM to discuss and train on topics more relevant to each subcontractor’s strengths and struggles. This allows us to view the work that each subcontractor has completed and make the training full of tips and best practices needed to help each specific subcontractor be successful in areas they may be struggling.
- 6) **Review and Reporting of Yard Maintenance Work Orders** – BLM is reviewing yard maintenance and work orders to confirm work was completed correctly. If a property is found to not have had work completed correctly, then a high priority work order with a due date of the next calendar day is entered for the subcontractor to go back and complete services correctly. BLM has created a tracking report to ensure properties are addressed in a timely manner.

Comment 11

- 7) Automated Routine Exceptions Reporting – BLM has created a real time electronic review tool that generates an email when an area of the routine inspection form is filled out with a topic of concern, for example: health and safety items, property not secure etc. This allows BLM to ask questions of the subcontractor, create follow up work orders, adjust utilities, or take another action necessary to maintain the property in "Ready to Show Condition" in real time.
- 8) Routine Inspection Description and Title – BLM is changing the title of the routine inspection to a title that is less focused on the inspection and more focused on keeping the property in "Ready to Show Condition". BLM is also changing the description of the work order to bullet point and highlight the biggest issues found on routine inspections.
- 9) Training Topics on Subcontractor Communication – Each week the state representatives are given a new topic to stress to subcontractors each time they communicate. An example would be a reminder that photos of not only locks should be taken, but also the jamb and strike plate. Another example of this communication would be the proof of a sump pump and functioning status are needed on each routine inspection is applicable.
- 10) Task Tracking – Internally, BLM's 1D team is using a tracking system using work orders to make sure problem properties and activities are addressed in a timely manner. This will allow BLM to use currently successful tracking mechanisms for subcontractor work orders to help the 1D team to track internal tasks, which BLM believes will increase the quality and efficiency being delivered to HUD.
- 11) Quality Control Field Inspector – BLM works with a quality control field inspector (QCFI) in the 1D area. Their primary responsibility is to provide unbiased visuals on BLM's inventory. In the past, this inspector did a combination of both desktop and field reviews. BLM has shifted the QCFI's focus to be primarily in field reviews and the QCFI will remedy issues while onsite. BLM believes field reviews provide the best visual of what is occurring at the property. BLM also utilizes our in-house crews for quality control along with some quality secondary subcontractors.

BLM believes that although there were issues found by OIG at the time of their inspections, a great deal of work was still completed by BLM subcontractors in efforts to bring properties to "Ready to Show Condition". BLM believes that the details of the work completed should be investigated thoroughly as completing work on HUD assets should not be denoted as pass or fail. OIG's Audit Report states that BLM believes that an in-depth review of the actual work completed to bring these properties to "Ready to Show Condition" will negate the OIG reporting of properties. Below are two examples of the properties that were inspected by OIG shortly after 1c promotion.

- Items fully addressed on HPIR inspection:

Ref to OIG Evaluation

Auditee Comments

Comment 2

- Documenting the HPIR on property condition
- Placed signage in windows and counters
- Winterizing property, toilets cleaned before adding glycol
- Securing and rekeying property to HUD state key code
- Capping all open gas and water lines
- Complete systems testing, including:
 - Electrical systems testing
 - Plumping system pressure tested
 - Photo documented entire property
- Items fully addressed on Initial Service:
 - Address verified
 - Mailbox emptied and secured for vacancy
 - Main water line zip tied off
 - Secured main electrical panel
 - All curtains removed and cords zip tied
 - Cleaned all lights, fans and walls
 - Removed batteries from smoke detectors
 - Cleaned out drawers, cabinets and medicine chests
 - All vents cleaned
 - Attic doors replaced in location
 - Cleaned all appliances and behind/underneath appliances
 - Covered graffiti on wall
 - Cleaned fireplace
 - Replaced broken/ missing outlet covers
 - Vacuumed carpet
 - Swept and mopped tile flooring
 - Cleaned all tubs/showers/sinks
 - Cleaned water heater
 - Removed stickers from walls
 - Removed all brackets, nails, hooks, from walls
 - Removed damaged blinds
 - Cleaned windows, sills, thresholds
 - Wiped down shelves
 - Cleaned all faucets, knobs, handles
 - Capped exposed wires
 - Air fresheners placed in 2 locations
 - Removed all debris from site
 - Trees and bushes trimmed back for clearance
 - Mowed yard
 - Weeded flower beds

Ref to OIG Evaluation

Auditee Comments

Comment 2

- Trimmed and edged curbs, sidewalks, driveways
- All trip hazards marked or filled in
- Secured all windows and doors prior to exiting property
- Photo documented property

██████████ Vernal Utah (FHA case number 521-833637)

- Items fully addressed on HPIR inspection:
 - Documenting the HPIR on property condition
 - Placed signage in windows and counters
 - Winterizing property, toilets cleaned before adding glycol
 - Securing and rekeying property to HUD state key code
 - Capping all open gas and water lines
 - Photo documented entire property
 - Complete systems testing, including:
 - Electrical systems testing
 - Plumbing system pressure tested
- Items Addressed on Initial Services Work Order:
 - Address verified
 - Mailbox emptied and secured for vacancy
 - Main water line zip tied off
 - Secured main electrical panel
 - All broken blinds removed
 - All curtains removed
 - Cords, zip tied closed
 - Removed batteries from smoke detectors
 - Cleaned all vents including return air
 - Cleaned all lights, fans and walls
 - Cleaned out drawers, cabinets
 - Cleaned all appliances and behind/underneath
 - Swept and mopped tile flooring
 - Cleaned all tubs/showers/sinks
 - Cleaned water heater
 - Cleaned windows, sills, thresholds
 - Wiped down shelves
 - Cleaned all faucets, knobs, handles
 - Capped exposed wires
 - Air fresheners placed in 2 locations
 - Removed Christmas lights from home
 - Cleaned fireplace

**Ref to OIG
Evaluation**

Auditee Comments

Comment 13

- Removed all debris from site
- Trees and bushes trimmed back for clearance
- All trip hazards marked or filled in
- Secured all windows and doors prior to exiting property
- Photo documented property

VI. BLM Response to OIG Routine Property Observations

BLM has thoroughly reviewed the OIG inspection results of the 80 properties for Routine Property Observations. BLM contests some of the issues noted at the properties visited by OIG can be due to property condition changes as well as OIG noting issues that are not considered a contractual obligation in the Performance Work Statement (PWS). Many other entities visit these properties throughout their time in the BLM and HUD inventory including, but not limited to asset managers, local listing brokers, potential home buyers, and other real estate agents. BLM can only ensure that properties are properly maintained in ready to show condition on their routine inspection visits and when they are notified of a potential issue. The potential issues or deficiencies that occur between routine inspections can be outside of BLM's control.

BLM does recognize that there were some routine inspections that were not completed correctly and did not leave the property in ready to show condition. BLM has taken corrective action to address the situation as a result of various internal reviews and OIG audit findings. BLM will continue to work with internal staff as well as subcontractors to ensure a high quality of routine inspections.

Comment 11

BLM has put into place a variety of processes and procedures to curb quality issues at the time of routine inspections because of data gained from HUD OIG's notes and findings that can be found in BLM's Corrective Action Plan

Ref to OIG Evaluation

Auditee Comments

Comment 13

BLM Response to OIG Property Inspections:

BLM is working to address these issues and our internal controls to avoid the same issues in the future.

1 - 492-825393 [REDACTED] Fort Worth, TX

- FSM assignment date: 1/14/2017
- Current step: 1 – Acquisition
- Vendor still being used: Yes
- Status: Active
- OIG Inspection date: 3/5/2017

- Missing outlet cover with exposed wires in bedroom.
 - BLM response: Would have been covered on next routine inspection visit.
- Rusted knife sitting on top of water softener (right side of garage).
 - BLM response: Would have been removed at next routine inspection
- Extensive issues of yard maintenance and trash removal not performed, including several fallen limbs and a fallen tree in the rear corner. Trees and shrubs closer than 18 inches to house.
 - BLM response: Yard Maintenance would have been completed on next property maintenance.
- Evidence of standing water issue near side door, including water on ground and mold/mildew on brick.
 - BLM response: Water on ground from rain present. Mold/Mildew was staining, no presence of MLS.
- Mud dauber and active wasp nests near back patio.
 - BLM response: Was removed from site with won
- Active fire ant mounds in side and rear yard
 - BLM response: Small ant hills does not present a pest control issue.
- Rusting nails on fence, panels coming loose. Broken posts and missing pickets.
 - BLM response: BLM would have repaired fence and remedied rusty nails on next routine inspection
- Damaged siding on right side in backyard.
 - BLM response: BLM does not repair siding unless a securement issue.
- Several of the windows appear to be missing glass. There appear to be two sets of windows and some are missing panes.
 - BLM response: Windows were double pane and were not broken or fractured, property was secure.
- Loose outlet cover in living room. Broken outlet cover in a bedroom (no exposed wires).
 - BLM response: Would have been covered or replaced, and other cover tightened on next routine inspection visit
- Dead insects.

Ref to OIG Evaluation

Auditee Comments

Comment 13

- BLM response: Insects did not show on previous routine inspection photos. Would have been remedied on next routine inspection
- Missing fascia at roof edge on left side near rear.
 - BLM response: BLM does not make cosmetic repairs, did not pose a safety, securing or damage to property issue

2 - 492-825393 [REDACTED] Crowley, TX

- FSM assignment date: 1/13/2017
- Current step: 10 - Reconciled
- Vendor still being used: Yes
- Status: Closed
- OIG Inspection date: 3/6/2017
- Several windows, both downstairs in the living room and upstairs in the bedroom inside the house are left unlocked and unsecure. Due to jamming, we were unable to lock most of these windows.
 - BLM response: Would have had thumb locks on windows to secure on next routine inspection
- Some windows did not close properly, including one in the upstairs bedroom closet facing the street where there was a gap, which allows air into the house. It was not boarded.
 - BLM response: Boarding windows not allowed, window adjustment should have been completed. Was addressed and fixed
- The back-patio door was not locked and left unsecure. We locked the door during our visit. There is a curtain rod in the track that stops the sliding door from opening farther after about 5 inches.
 - BLM response: The door was secured with the wooden dowel as the latch was not working properly.
- The commode in the master bedroom bathroom is not winterized and has a large deposit of mildew and is unsanitary
 - BLM response: This is an HV property, many individuals are going in and out of these properties, could have soiled the toilet.
- The front door dead bolt is functional, but the door knob is inoperable and not locking.
 - BLM response: The deadbolt was keyed correctly to HUD specs; the knob lock hole was damaged. Previous inspection showed operable

Ref to OIG Evaluation

Auditee Comments

Comment 13



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- An upstairs window in one of the bedrooms is cracked.
 - BLM response: Window was reglazed and secured
- None of the bathrooms are winterized.
 - BLM response: Utilities were activated from agent for inspection.
- The interior is not swept or clean and has debris on the floor.
 - BLM response: Agents, clients and inspectors had been in this home prior to the OIG inspection.
- There is a rusted nail laying on the floor in the upstairs common area.
 - BLM response: Could have fallen from inspector on site
- The backyard fencing has a couple of separate areas where there are gaps and the pickets are missing. The neighbor's large dog can pass through easily and ensured that we did not enter the backyard.
 - BLM response: Property does not have a pool or spa, fencing is not required.
- There is some fallen debris that looks like roof shingles in the backyard and side of the house.
 - BLM response: Would have been removed on yard maintenance, items blow into yards constantly
- The backyard gate does not latch close and there is a tree trunk that is being used to keep the gate closed from the outside.
 - BLM response: Property does not have a pool or spa, fencing is not required
- The yard areas also have a few fire ant piles and wasp nests.
 - BLM response: Ant hills are not necessarily a pest infestation. Wasp nest should have been remedied. May have grown to the small size after previous routine inspection


3 - 492-757881 [REDACTED] Fort Worth, TX

- FSM assignment date: 12/8/2016
- Current step: 1 – Acquisition
- Vendor still being used: Yes
- Status: Active
- OIG Inspection date: 3/6/2017
- Several windows are boarded. However, it did not appear that the boards were fastened or fully covered to secure the area.
 - BLM response: BLM does not board up windows in 1D, would have been removed on routine inspection

Ref to OIG Evaluation

Auditee Comments

Comment 13

- There are tripping hazards in the backyard including some pipes that jut up from the ground.
 - BLM response: Would have been marked on next yard maintenance
- There is an open hole located near the bottom front area of the garage.
 - BLM response: Open hole was remedied on next inspection, was hard to see.
- The front anti-burglary door will not open completely.
 - BLM response: Door did open enough to gain entrance to the property
- The gate to the backyard was open. However, the other side of the yard does not have a full enclosure, but the fencing near it is falling.
 - BLM response: There is not a pool or spa on site, fencing is not required
- 
- The roof has a few large branches atop it.
 - BLM response: Could have fallen during wind storm prior to inspection, would have been removed at next routine inspection
- There is broken glass on the sidewalk/street area on the side of the house.
 - BLM response: Glass was not present at previous routine inspection, was likely thrown by passerby
- The yard areas also have a few fire ant piles and wasp nests.
 - BLM response: Ant hills do not pose a pest issue; wasp nest should have been remedied.
- There are power or telephone lines that run through trees next to the house in the backyard.
 - BLM response: BLM does not remove limbs of trees for power lines or telephone lines
- There are a couple of separate piles of debris near the front and side of the house. There is also an empty bottle in one of the shrubs.
 - BLM response: Would have been removed on next yard maintenance. Bottles are constantly thrown on properties needing removal
- There are a couple of damaged roof shingles.
 - BLM response: BLM doesn't feel the damaged shingles pose a threat for possible water leak
- The kitchen range is missing.
 - BLM response: BLM does not replace appliances, it is noted on the HPIR
- There is some broken tile inside the house.
 - BLM response: BLM does not replace broken tile

4 - 492-724426 [REDACTED] Fort Worth, TX

- FSM assignment date: 6/29/2016
- Current step: 1 - Acquisition

Ref to OIG Evaluation

Auditee Comments

Comment 13


- Vendor still being used: Yes
- Status: Active
- OIG Inspection Date: 3/5/2017
- Garage doors unsecure. The one on the left is completely unsecure. The one on the right is padlocked but questionable.
 - BLM response: Would have been secured on one garage door on next routine inspection. Another door was satisfactory
- The belongings in the garage are stored haphazardly – trip hazard.
 - BLM response: This is a CS property, personal property belongs in garage secured, as it was.
- The door leading from the garage to the interior of the home was open. We closed and locked it.
 - BLM response: Many bodies are in and out of these homes, may have been accidentally left unlocked
- Windows in the front room to the left of the front door (if facing the house from outside) – one was unlocked. We locked it. This room also has loose tile that shifts under foot – trip/slip/fall hazard.
 - BLM response: Many people are in and out on these homes, shows secured at time of initial services
- Window in the front room/living room to the right of the front door had windows that we could not secure.
 - BLM response: Would have had thumb lock for securing installed at next routine inspection. Shows secure on initial service
- Window in dining area could not be locked.
 - BLM response: Would have had thumb lock for securing installed at next routine inspection.
- Cabana in backyard – rusted nails protruding through the top. Exposed wires on one of the posts.
 - BLM response: Nails were 8' high, no threat apparent. Wiring was exposed but no exposed ends needed capped.
- Exposed wires on fence line on right-side fence in backyard.
 - BLM response: No exposed ends on wiring, did not pose a safety issue
- Exposed wiring on pool pump.
 - BLM response: Low voltage wires do not get capped
- Numerous trip hazards in back yard, including tree trunk.
 - BLM response: Should have been marked as trip hazards
- Standing water/fluid in bathroom sink.
 - BLM response: Property was winterized, unknown must have turned on water for inspection
- Exposed wires in rear bedroom closet (appears to be part of alarm system).
 - BLM response: BLM does not cap low voltage wires, does not pose a safety issue

Ref to OIG Evaluation

Auditee Comments

Comment 13

5 - 491-769932 [REDACTED] Irving, TX

- FSM assignment date: 1/28/2017
- Current step: 10 - Reconciled
- Vendor still being used: Yes
- Status: Closed
- OIG Inspection Date: 3/6/2017
- The back door to the living area was open. I do not mean just unlocked, the door was not pulled to and anyone could have access the property.
 - BLM response: This is an HV property, many agents, clients, inspectors, etc. enter this property.
- The downstairs bathroom was winterized but the toilet contained mold.
 - BLM response: MLS Would have been addressed on next routine inspection, toilet was clean on 3/2/2017 routine inspection
- 
- The utilities are shared but the downstairs bedroom fan was running and neither the auditors nor Quality Control Manager could figure out how to turn off the fan.
 - BLM response: Utilities on are not an issue.

6 - 491-905656 [REDACTED] Irving, TX

- FSM assignment date: 2/3/2017
- Current step: 10 - Reconciled
- Vendor still being used: Yes
- Status: Closed
- OIG Inspection Date: 3/6/2017
- Rat feces in kitchen and upper back bedroom where the attic ladder was down.
 - BLM response: Would have been cleaned and traps set on next routine inspection

Ref to OIG Evaluation

Auditee Comments

Comment 13

- Open window in the same upstairs back bedroom.
 - BLM response: This is an HV property, many agents, clients, inspectors, etc. enter this property.
- Toilet not winterized in downstairs bathroom.
 - BLM response: This is an HV property, many agents, clients, inspectors, etc. enter this property. Could have soiled the toilet after winterization
- The property was not in broom swept condition. There is a space between the back door and the floor where leaves blow in. But there were also the rat feces in the kitchen and upper back bedroom.
 - BLM response: Would have cleaned up on next routine inspection.
- The back yard was covered in leaves. Although the HOA performs the yard work the sign in sheet showed that BLM was paying for yard work also.
 - BLM response: HOA should have been maintaining property.

7 - 491-882768 [REDACTED] Rockwall, TX

- FSM assignment date: 2/6/2017
- Current step: 10 - Reconciled
- Vendor still being used: Yes
- Status: Closed
- OIG Inspection Date: 3/8/2017
- Several trip hazards not marked in the front and back yards. The front yard has a utility/sewer pipe protruding from the ground close to the street and for sale sign. At the side of the house the palm tree has a gulley around it that is not marked. On the left side yard, there are tiles piled by the house. In the back yard, there are several holes by the end of the patio to the left and to the right side of the patio. Also, further out in the yard there is a deep hole which looks like it also contains concrete.
 - BLM response: Trip hazards would have been marked on next routine inspection. Sewer pipe was a water meter cover.
- The second story vent on the left side of the house closer to the front is not covered.
 - BLM response: Cover looked to be damages as three other covers were intact, looked to have screen inside.
- The trees are within 18" to the house and there is something growing up right outside the back door between the house and the patio.
 - BLM response: The trees were not touching the structure. Could not cut Palms back any farther without damaging tree

Ref to OIG Evaluation

Auditee Comments

Comment 13



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- There are some nails protruding from the fence, including some rusty nails, but the location of the nails would make the nails hard to get to and or a person to get harmed.
 - BLM response: Would have been cut off on next routine inspection, was hard to see the issue
- The property is not in broom swept condition.
 - This is an HV property, may agents, clients, inspectors, etc. enter this property possibly making the home not ready to show.
- The property contains dirty baseboards.
 - BLM response: Would have been remedied on routine inspection, baseboards do get dirty from home sitting collecting dust
- The front porch light is broken and hanging loose.
 - BLM response: Would have been removed or repaired on next inspection

8 - 491-822636 [REDACTED] Terrell, TX

- FSM assignment date: 10/21/2016
- Current step: 1b – cleanout complete
- Vendor still being used: Yes
- Status: Active
- OIG Inspection Date: 3/8/2017
- The front yard contains multiple gopher/mole/prairie dog holes in the front yard.
 - BLM response: BLM would have addressed holes in yard on next yard maintenance
- The front yard contains pinecones and pine needles.
 - BLM response: Would have been addressed on next yard maintenance
- The grass is high all over but higher on the right side of the house.
 - BLM response: Would have been addressed on next yard maintenance
- The rose bush on the left side and tree trunk at the right side of the patio are closer than 18" to the house.
 - BLM response: Bushes would have been cut back on next yard maintenance, some bushes are planted closer than 18", so are cut shallower to the home
- There are multiple piles of brush in the front and back yard.
 - BLM response: Would have been addressed on next yard maintenance
- Although both bathroom toilets were winterized the glycol has evaporated.

Ref to OIG Evaluation

Auditee Comments

Comment 13

- BLM response: Would have been addressed and added on next routine inspection.
- There is a blue tarp on the roof and what appears to be past water damage in the hallway to the back bedroom.
 - BLM response: Tarp was addressed and remedied, no active roof leak was present
- There is a green sign on the front screen door that is not BLM's but from 5 Brothers. This was pointed out to the Quality Control Manager.
 - BLM response: Sign was posted after last routine inspection. Was removed
- The back window to the porch was open. We closed and locked it.
 - BLM response: Porch was enclosed and secured. No unsecured windows were present.
- The garage door was raised but not in very good condition. We did not try to close the garage door. However, all the doors leading to the house were bolted from the inside.
 - BLM response: Garage door looked to be functional and not a safety issue
- There is a wasp nest in the storage closet in the garage and a bird's nest on the garage door railing.
 - BLM response: Would have been removed on next routine inspection

9 - 511-129563 [REDACTED] Ennis, TX

- FSM assignment date: 10/8/2016
- Current step: 10 - Reconciled
- Vendor still being used: Yes
- Status: Closed
- OIG Inspection Date: 3/7/2017
- Trip hazards from numerous small fallen branches in the yard.
 - BLM response: Would have been removed on next yard maintenance, branches could have fallen after last routine inspection, did not show on photos
- Debris along back property line – large concrete pipe and plastic bin
 - BLM response: Would have been removed on next yard maintenance
- Numerous active fire ant piles
 - BLM response: Would have been remedied on routine inspection visit
- Floors need to be swept and vacuumed. Hallway carpet has material that may be small pieces of broken glass.
 - BLM response: Would have been swept on next routine inspection visit to property
- Dank odor in laundry room
 - BLM response: There was not MLS present. Property did have air fresheners present
- Broken window in side/rear bedroom that has mailing tape over the crack
 - BLM response: Small corner crack was secure with clear tape on both sides of window
- Front bathroom tub dirty – visible dirty boot prints
 - BLM response: Would have been cleaned on next routine inspection

Ref to OIG Evaluation

Auditee Comments

Comment 13

- Small fallen branches on roof
 - BLM response: Could have fallen prior to OIG visit, would have been removed on next yard maintenance
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- 10 - 492-878204 [REDACTED] Killeen, TX
 - FSM assignment date: 11/17/2016
 - Current step: 10 - Reconciled
 - Vendor still being used: Yes
 - Status: Closed
 - OIG Inspection Date: 3/10/2017
- Active fire ants in front yard beside walk
 - BLM response: Small ant hill did not pose a safety or pest control issue
- Dripping water heater (water is off but had been on recently as there was still water in the line when auditor turned on spicket in backyard). The Quality Control Manager was notified via text message while on site.
 - BLM response: Utilities could have been activated for inspection. Should have been rewinterized
- Sidewalk trip hazard
 - BLM response: Normal sidewalks, steps, etc. does not pose trip hazards.
- Glass in driveway
 - BLM response: Was not present on last routine inspection. Should have been picked up on next routine inspection and/or yard maintenance
- Holes in backyard
 - BLM response: Would have been filled in on next yard maintenance, difficult to see
- Unmarked tripping hazards in backyard
 - BLM response: Would have been marked on next yard maintenance
- Floors need sweeping and vacuuming
 - This is an HV property, agents, clients, inspectors etc. are in these properties and could bring in foreign material.
- Strong pet odor in living room
 - BLM response: Unless urine stained, pet smells are ordinary. Air fresheners are placed
- Damaged and stained carpet
 - BLM response: BLM does not remove stained carpets unless urine stained
- Front bath toilet not clean
 - BLM response: Agents, clients, inspectors, etc. are in these homes and can soil the toilets. Front toilet was clean on previous routine inspection dated 2/27/2017

Ref to OIG Evaluation

Auditee Comments

Comment 13



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- Pink and brown growths in front bathtub caulk
 - BLM response: Would have been remedied on next routine inspection visit
- Master bedroom dirty windowsills and evidence of past water damage
 - BLM response: Would have been cleaned on next routine inspection
- Master bath mildew in shower – walls and floor
 - BLM response: Would have been cleaned on next routine inspection as a spruce up clean
- Mildew on exterior brick near patio
 - BLM response: Weather related staining on brick did not pose an issue
- Door from bedroom to garage through closet may be code violation. It also uses a door that does not lock.
 - BLM response: Interior knobs are not securing issues
- Cracks in ceiling in hallway and around some of the windows. Kitchen ceiling damaged – appears cabinets or other overhead fixture was removed and not patched.
 - BLM response: BLM does not repair cracks in walls or ceilings.

11 - 492-672033 [REDACTED] Killeen, TX

- FSM assignment date: 8/15/2016
- Current step: 10 - Reconciled
- Vendor still being used: Yes
- Status: Closed
- OIG Inspection Date: 3/10/2017
- Active fire ants in front and back yards
 - BLM response: Ant hills doesn't necessarily pose a pest issue
- Tripping hazard debris in yard – branch in right side gate opening.
 - BLM response: Would have been remedied on next yard maintenance, may have fallen after last routine inspection. Did not show up in photos
- Broken glass in left side yard
 - BLM response: Would have been removed on next yard maintenance work order. Glass gets thrown from time to time on vacant properties
- Wasp nests in rear eaves on second story. We could not see from the ground if they were active.
 - BLM response: Wasp nest did not pose a problem of active nest
- Mildew on front of house along the bottom edge of the garage conversion

Ref to OIG Evaluation

Auditee Comments

Comment 13

- BLM response: Exterior staining from weather did not pose an issue
- Debris/trash in yard
 - BLM response: Would have addressed on next yard maintenance
- Two-foot tall weeds on right side fence line
 - BLM response: Would have performed yard maintenance on next visit to the property
- Nail pops on exterior siding and trim
 - BLM response: Would have drove nails back in on next routine inspection, did not show on last routine inspection photos, may have happened after visit
- Damaged exterior paint
 - BLM response: BLM does not address damaged paint
- Holes in siding on back of house with insulation showing. Other damaged and loose siding.
 - BLM response: Would have address holes in siding on next routine inspection
- Water damage on back of house
 - BLM response: Exterior water damage from weather, not posing an issue
- Damaged rear fence (chain link)
 - BLM response: No pool or spa present, no health & safety risk present
- Leaves in yard that appear to have been for some time
 - BLM response: Leaves blow all year long in that area. Was addressed on previous yard maintenance dated 2/26/2017



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- Dirty floors throughout
 - BLM response: Would have cleaned floors on next routine inspection
- Master toilet not winterized – has water in tank and bowl
 - BLM response: This property is an HV, many agents, clients, inspectors, etc. in this home could have soiled the toilet.

12 - 492-702718 [REDACTED] Copperas Cove, TX

- FSM assignment date: 12/17/2016
- Current step: 10 - Reconciled
- Vendor still being used: Yes
- Status: Closed
- OIG Inspection Date: 3/10/2017

Ref to OIG Evaluation

Auditee Comments

Comment 13

- Most of the windows are not secure. The locking mechanisms are broken and there are missing panes in some of the double windows. The Quality Control Manager was Informed via text message while on site.
 - BLM response: Would have installed thumb screw locks on windows on next routine inspection visit
- We were able to secure the rear sliding door, but it is precariously on the track.
 - BLM response: Property was secure and not posing a securing problem
- Unmarked falling hazard at top end of carport between lattice and structure. Temporary fencing may be the solution.
 - BLM response: Would have been addressed and remedied on sight on next visit to property
- Dryer vent cover fallen off in backyard – hole not secure from pests and elements
 - BLM response: Would have remounted cover for securement on next routine inspection
- Bathroom window was unlocked
 - BLM response: Property is an HV, agent's clients, inspectors etc. are in these homes and can unsecure doors and windows at anytime
- Carport ceiling access hatch is ajar and it appears to be belonging inside.
 - BLM response: Would investigate possible debris and re-secured door on next routine inspection
- Carport ceiling panel is coming off /hanging down
 - BLM response: BLM does not make cosmetic repairs, but would have secured on next routine inspection
- Peeling paint on rear eaves above sunroom
 - BLM response: BLM does not replace peeling paint
- Damaged window front room adjacent to carport
 - BLM response: Property was secure not posing an issue
- Fallen limbs and leaves in side yard
 - BLM response: Would address on yard maintenance
- Backyard has grass more than 6 inches in height
 - BLM response: Yard maintenance was performed on next visit addressing the issue
- Bathroom window has peeling paint
 - BLM response: BLM does not address peeling paint
- Bathroom ceiling mildew
 - BLM response: Would have addressed possible MLS on next routine inspection, mls can be remedied by spraying bleach on the site. Was not reported on HPIR
- Deteriorated/rotting floor in bathroom
 - BLM response: Routine inspectors never called out any issues with floor, material may just be stained instead of rotting. Would have to have water supply to rot.

13 - 492-747851 [REDACTED] Gatesville, TX

- FSM assignment date: 2/4/2016

Ref to OIG Evaluation

Auditee Comments

Comment 13

- Current step: 1 - Acquisition
- Vendor still being used: No
- Status: Active
- OIG Inspection Date: 3/10/2017
- One of the front door glass panels has been replaced with plastic that is not very secure and could easily be pushed out.
 - BLM response: Would have been addressed on next routine inspection
- Tripping hazards and extensive debris in yard
 - BLM response: Debris would have been removed. Trip hazards marked on next yard maintenance
- Active fire ants
 - BLM response: Ant hills do not pose a pest control issue
- Access hatch to basement is not secured. There is no evidence that a hasp and padlock have even been affixed to it. The basement does not provide access to the rest of the structure, but there are belongings in it.
 - BLM response: Access door was unlocked by unknown, would have been locked on next routine inspection
- Hand rail leading into basement is partially detached.
 - BLM response: Handrail would have been addressed on next routine inspection
- Shed has an open window – has allowed an excess of leaves to accumulate inside so has apparently been that way for some time.
 - BLM response: Window open was out of BLM's control, would have been shut and secured on routine inspection
- A few wasps inside house
 - BLM response: Does not pose a pest issue
- Rear bedroom debris tripping hazard and damaged carpet unmarked trip hazard
 - BLM response: Would have marked trip hazards on next yard maintenance
- Extensive debris, old leaves, and fallen limbs in yard. Some of the limbs are on or leaning on the rear porch roof.
 - BLM response: Would have been addressed and removed on next yard maintenance work order
- Four places had missing stone or shutters that could allow birds, bats, insects, and the elements into the structure. We were unable to locate attic access to check for resulting problems.
 - BLM response: Stones and shutters are cosmetic, does not look to allow anything into attic, though hard to see closeup
- The front walk is deteriorated and could pose trip hazard
 - BLM response: Front walk did not pose a trip hazard
- The tree in the left side yard had a lot of bees around it and loud buzzing, but we were unable to locate a hive.
 - BLM response: No active pest issue present

Ref to OIG Evaluation

Auditee Comments

Comment 13

- Many windows cracked and broken. Living room front/side window has piece of glass broken out of corner.
 - BLM response: Would have addressed and reglazed on next routine inspection
- Wasp nest near front door
 - BLM response: Out of BLM's control of when it appeared, would have removed any potential nest on next routine inspection
- Bird nest front porch wall with droppings below
 - BLM response: Would have addressed removing bird nest on next routine inspection
- Most window A/C units have gaps between the unit and the window, potentially allowing elements to pass through
 - BLM response: Would have addressed potential sealing issue on next routine inspection
- Living room ceiling cracked
 - BLM response: BLM doesn't repair cracks in walls and ceilings
- Peeling paint in kitchen
 - BLM response: BLM doesn't replace peeling paint
- Debris on the top of the range under the hood vent – looks like fallen debris from a nest or something in the vent.
 - BLM response: BLM Would have addressed issue on next routine inspection
- Rear door does not sit in strike plate properly, though locked
 - BLM response: Property is secured
- Hall bath not winterized
 - BLM response: Out of BLM's control when it was compromised, would have rewinterized if soiled on next routine inspection
- Peeling paint front bedroom closet
 - BLM response: BLM doesn't replace peeling paint
- Front door knob was loose – we tightened it
 - BLM response: Routine Inspector would have tightened it on next routine inspection

14 - 492-656264 [REDACTED] Oglesby, TX

- FSM assignment date: 1/23/2017
 - Current step: 10 - Reconciled
 - Vendor still being used: Yes, has been put on warning
 - Status: Closed
 - OIG Inspection Date: 3/10/2017
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- Severely deteriorated wood on front deck beside stairs that appeared unstable.
 - BLM response: Inspections did not call out an issue with deck, deck was stable

Ref to OIG Evaluation

Auditee Comments

Comment 13



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- Rear deck has no railing
 - BLM response: Would have addressed railing on next routine inspection
- Active Extensive damage to skirting, missing skirting
 - BLM response: Would have addressed issue on next routine inspection
- Debris in mailbox
 - BLM response: Mail was removed on previous inspection. This is out of BLM's control
- Cracks in exterior around many windows
 - BLM response: BLM does not address cosmetics
- Windows have vines and debris between the panes
 - BLM response: Would have addressed on next yard maintenance
- Debris in front and rear yard – swing in tree, extensive leaves, unkept vegetation, branches, four 55-gallon drums in rear yard
 - BLM response: Would have addressed on next yard maintenance work order
- Fallen rear fence
 - BLM response: Would have reinstalled or placed in garage/shed on next routine inspection
- Water meter cover was off presenting a trip hazard. We replaced it.
 - BLM response: Property is an HV, could have been city/inspector
- Missing trim on eaves above front door
 - BLM response: BLM does not address cosmetics
- Kitchen floor un-swept
 - BLM response: Out of BLM's control when floor was dirty, would have addressed on next routine inspection
- Missing kitchen cabinet doors
 - BLM response: BLM does not replace cabinet doors
- Dead wasp dining room window
 - BLM response: Out of BLM's control when wasp died, would have cleaned up on next routine inspection
- Laundry room cabinet base falling off
 - BLM response: Would have been addressed or removed on next routine inspection
- Rear sliding door was not locked. We locked it.
 - BLM response: This property is an HV, agents, clients, inspectors etc. are in and out of these homes. Could have left it unlocked.
- The seam between the two halves of the home is exposed along much of the ceiling.
 - BLM response: BLM does not address cosmetics

Ref to OIG Evaluation

Comment 13

Auditee Comments

- Master bath water damage around toilet
 - BLM response: BLM does not address cosmetics
- Master bath toilet dirty and not winterized. There is glycol residue in the bottom of the tank.
 - BLM response: This property is an HV, agents, clients, inspectors etc. are in and out of these homes.
- Tub in master bath not clean
 - BLM response: Would have been addressed on next routine inspection
- Jack and Jill bath – toilet not winterized
 - This property is an HV, agents, clients, inspectors etc. are in and out of these homes.
- Front corner bedroom has lady bug infestation around window and water damage stain on ceiling
 - BLM response: Would have been addressed on next routine inspection
- Hall bath has possible mildew in tub
 - BLM response: Would have been addressed on next routine inspection

15 - 491-890573 [REDACTED] Gilmer, TX

- FSM assignment date: 1/25/2017
 - Current step: 10 - Reconciled
 - Vendor still being used: Yes
 - Status: Closed
 - OIG Inspection Date: 3/9/2017
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- Rusty nails in the fence on the left side fence close to the street.
 - BLM response: Would have addressed cutting off nails on next routine inspection
 - A metal pipe like object not marked as a tripping hazard close to the left side back fence close to the corner of the property line on the street side.
 - BLM response: May have not been on HUD property, would have been addressed on next yard maintenance
 - Some concrete not marked as a tripping hazard close to the back fence close the pipe-like thing above at the left side fence on the side yard close to the street.
 - BLM response: Would have marked trip hazard on next yard maintenance
 - A live wasp nest in the shed. However, the Quality Control Manager knocked it down and stepped on it. The Quality Control Manager does not believe it was an active nest but a wasp was flying around an auditor's head I believe it was active. This has been address by the Quality Control Manager knocking the nest down and stepping on it.
 - BLM response: Was not an active nest
 - Holes in the back yard.
 - BLM response: Would have marked trip hazard on next yard maintenance
 - Post at corner of yard propping up back fence not marked as a trip hazard.
 - BLM response: Would have marked trip hazard on next yard maintenance

Ref to OIG Evaluation

Auditee Comments

Comment 13

16 - 511-058255 [REDACTED] Gilmer, TX

- FSM assignment date: 1/13/2017
 - Current step: 10 - Reconciled
 - Vendor still being used: Yes
 - Status: Closed
 - OIG Inspection Date: 3/9/2017
- The toilets appear to be comprised. The water was on at the property and dripping in the kitchen and bathroom to the left of the house. Quality Control Manager turned the faucets handles to stop the dripping.
 - BLM response: Property was listed, utilities were on from agent. Toilet was clean and glycol present previous routine inspection



- - A realtor posted a sign on the front door. Quality Control Manager removed the sign.
 - BLM response: Realtor posted sign was removed, out of BLM control
 - Holes and trenches in the back yard not marked a trip hazards.
 - BLM response: Property was very uneven. Entire yard would to have been marked
 - Debris in back yard by back fence. (grill grate and broken broom)
 - BLM response: Would have marked trip hazard on next yard maintenance
 - The house is not broom swept condition. Two dead wasps in the first front bedroom on the floor. Baseboards not clean.
 - BLM response: Would have been cleaned on next routine inspection
- 17 - 511-072792 [REDACTED] [REDACTED], Gilmer, TX
- FSM assignment date: 9/22/2016
 - Current step: 10 - Reconciled
 - Vendor still being used: Yes
 - Status: Closed
 - OIG Inspection Date: 3/9/2017
- The back fence contains new and rusty nails. Although the nails appear to be from the neighbor behind the property a small boy plays back there and sticks his hands around the fence pickets. See the attached picture.
 - BLM response: Would have been addressed on next routine inspection

Ref to OIG Evaluation

Auditee Comments

Comment 13

- A pipe protruding from the ground close to the outside building back corner is not marked as a trip hazard.
 - BLM response: Would have been marked on next yard maintenance
- There is a wasp nest in the back bedroom to the right of the house that is between the window and screen. It does not appear to be an active nest.
 - BLM response: Was not an active nest, should have been removed

18 - 361-262951 [REDACTED] Las Cruces, NM

- FSM assignment date: 12/16/2016
 - Current step: 10 - Reconciled
 - Vendor still being used: Yes
 - Status: Closed
 - OIG Inspection Date: 3/14/2017
-
- Broken glass in right side yard, back yard, left side yard.
 - BLM response: Would have been removed on next yard maintenance, out of BLM's control when glass was thrown
 - Glass by side door.
 - BLM response: Would have been removed on next yard maintenance, out of BLM's control when glass was thrown
 - Protruding nails in ceiling of covered storage structure.
 - BLM response: Did not pose a safety issue
 - Loose siding on left side that allows water intrusion.
 - BLM response: House has vapor barrier; loose siding does not pose a preservation issue. Would have been secured on next routine inspection
 - Door to water heater/furnace area has an open area where a window once was.
 - BLM response: Although not entrance into home, needed boarded to prevent water intrusion
 - Left side window in bedroom - glass broken around window A/C unit. Boarded on inside but has broken glass exposed outside.
 - BLM response: Was boarded for AC unit, but glass would have been removed on next yard maintenance
 - Dirty floors/not broom swept or vacuumed.
 - BLM response: Would have been cleaned on next routine inspection
 - Ant pile in front yard.
 - BLM response: Ant hill did not pose a pest control issue
 - Misc. yard debris in yards from trees.
 - BLM response: Would have been addressed on next yard maintenance work order
 - Various and scattered debris in yards, under covered storage area, inside front planter. Brick, broken plastic, trash.

Ref to OIG Evaluation

Auditee Comments

Comment 13

- BLM response: Yard maintenance would have been completed on next visit
- Protruding metal around back window and gap between panes.
 - BLM response: Did not pose a H&S issue
- Old A/C unit and dishwasher sitting in back room.
 - BLM response: Appliances were still in good condition, went with the home
- Hall shower/tub mildew and dead roach.
 - BLM response: Would have addressed possible MLS on next routine inspection
- Rear bathroom shower mildew.
 - BLM response: Would have addressed possible MLS on next routine inspection
- Stickers on front/right bedroom closet mirrored door.
 - BLM response: Would have removed stickers on next routine inspection
- Damaged paint on eaves.
 - BLM response: BLM does not replace paint
- Front bathroom missing shower tiles.
 - BLM response: BLM does not resolve cosmetic issues
- Hall bath shower missing fixtures.
 - BLM response: BLM reported missing on HPIR inspection, does not replace fixtures



19 - 361-319877 [REDACTED] Las Cruces, NM

- FSM assignment date: 1/20/2017
- Current step: 10 - Reconciled
- Vendor still being used: Yes
- Status: Closed
- OIG Inspection Date: 3/14/2017
- Unlocked windows upstairs in two rear bedrooms. We locked them.
 - BLM response: Unlocked windows was out of BLM's control, as they were locked at last routine inspection
- Broken upstairs window – inner pane has sharp edges, outer pane is cracked
 - BLM response: Would have removed chards and reglazed broken window on next routine inspection
- Exposed wires at water pump.
 - BLM response: Wires were low voltage, BLM does not cap low voltage wires
- Holes and cracks in stucco that will admit water into walls. Right rear corner and rear above window near patio.

Ref to OIG Evaluation

Auditee Comments

Comment 13

- BLM response: Cracks in stucco do not allow water into home. Stucco walls have vapor barrier underneath to protect from moisture
- Broken glass/mirror in left side yard.
 - BLM response: Out of BLM's control when glass was thrown on property, would have been addressed on next yard maintenance
- Cracked window upstairs bathroom.
 - BLM response: Would have reglazed window on next routine inspection report
- Various debris in yards, both trash and yard debris.
 - BLM response: Should have removed debris, no yard present, desert landscaping
- Ant piles.
 - BLM response: No pest control issue present
- Dirty floors, needs sweeping, mopping, and vacuuming.
 - BLM response: Home was listed, floors were only dirty at door openings
- Cobweb in front of rear sliding door.
 - BLM response: Should addressed issue
- Cobweb corner of upstairs balcony near master bedroom.
 - BLM response: Could have been new since last routine inspection, would have been addressed on next routine
- Debris on flat roof.
 - BLM response: Out of BLM's control when limbs fall, would have been addressed on next yard maintenance

20 - 361-336265 [REDACTED], Las Cruces, NM

- FSM assignment date: 2/24/2017
- Current step: 10 - Reconciled
- Vendor still being used: Yes
- Status: Closed
- OIG Inspection date: 3/14/2017
- Laundry room window does not latch.
 - BLM response: Would have installed thumb screw lock on next routine inspection
- Unmarked tripping hazards in backyard.
 - BLM response: Would have marked trip hazards on next yard maintenance
- Extensive overgrown weeds and grass.
 - BLM response: Yard maintenance needed completed on next visit
- Extensive debris and tripping hazards/holes in back and side yards.
 - BLM response: Would have marked trip hazards and removed any debris on next yard maintenance

Ref to OIG Evaluation

Auditee Comments

Comment 13

- Bird droppings in driveway.
 - BLM response: Bird droppings were not at last routine inspection, would have been addressed on next yard maintenance
- Wiring on the ground on back patio.
 - BLM response: Out of BLM's control, was removed
- Several roofing shingles on the ground that could indicate roof problem.
 - BLM response: No active roof leak present, should have been removed
- Damaged eaves near front door.
 - BLM response: Eaves were cosmetic
- Dirty floors.
 - BLM response: This property is an HV, agents, clients, inspectors are in and out of these homes. Would be addressed on next routine inspection
- Cracks in interior and exterior walls that appear to be stress fractures, also broken tiles.
 - BLM response: Cracks looked like normal settling cracks, BLM does not replace tile
- Mildew in hall bath tub
 - BLM response: Possible MLS would have been addressed on next routine inspection, was not present on 3/2/2017 inspection



21 - 361-305726 [REDACTED], Deming, NM

- FSM assignment date: 12/1/2016
- Current step: 10 - Reconciled
- Vendor still being used: Yes
- Status: Closed
- OIG Inspection Date: 3/14/2017
- Outbuilding door was not closed properly. Quality Control Manager secured the door. There were birds inside but it seemed they could get in and out under the edge of the structure wall.
 - BLM response: Property is an HV and listed, agent, clients, inspectors etc. had been into outbuilding and properly securing the doors.
- Dirty floors.
 - BLM response: Would have addressed issue on next routine inspection
- Brush piles in front and rear of house.
 - BLM response: Would have removed pile on next yard maintenance
- Branches, debris in yard.
 - BLM response: Would have removed debris on next yard maintenance

Ref to OIG Evaluation

Auditee Comments

Comment 13

- Left side door did not close properly but was secured with hasp and padlock.
 - BLM response: Property was secured.

22 - 361-370529 [REDACTED] Deming, NM

- FSM assignment date: 11/11/2016
- Current step: 1 - Acquisition
- Vendor still being used: Yes
- Status: Active
- OIG Inspection Date: 3/14/2017
- Garage door not secure. Quality Control Manager was unable to secure it.
 - BLM response: Would have been addressed and secured properly on next routine inspection
- Water well or septic access hatch in left rear side yard is damaged – trip/fall hazard posed by hole.
 - BLM response: Door would have been secured on next routine inspection
- Courtyard water pump hole not covered.
 - BLM response: Would have covered hole on next routine inspection
- Fallen branch trip hazard side yard near gazebo-type structure.
 - BLM response: Out of BLM's control when limbs fall, would have been removed on next yard maintenance
- Various trash and branches and other yard debris in front, rear, and side yards and front courtyard.
 - BLM response: Yard care needed completed at next visit
- RV garage bath not winterized –water or other non-glycol liquid in bowl.
 - BLM response: Glycol would have been added, winterized on next routine inspection
- Debris near greenhouse.
 - BLM response: Would have been removed on next yard maintenance
- Large ant colony left side yard.
 - BLM response: Ant hill did not pose pest control issue
- Tumbleweed in rear courtyard.
 - BLM response: Out of BLM's control, would have been removed on next routine inspection

23 - 494-359696 [REDACTED] El Paso, TX

- FSM assignment date: 1/13/2017
- Current step: 10 - Reconciled
- Vendor still being used: Yes
- Status: Closed

Ref to OIG Evaluation

Auditee Comments

Comment 13

- OIG Inspection Date: 3/14/2017

- Front door was unlocked. We locked it.
 - BLM response: property was listed, agents, clients, inspectors etc. are in and out of these homes who could have left it unlocked.
- Rear sliding door was unlocked. We locked it.
 - BLM response: property was listed, agents, clients, inspectors etc. are in and out of these homes who could have left it unlocked
- There were weeds in the yard that had been partially taken down with line trimmer. The yard vendor arrived while we were there and said they had been there before we saw them at the last house. They said they sprayed the weeds with weed killer.
 - BLM response: Weeds are acceptable if they are mowed down. Vendor was on site to do yard maintenance



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- There was evidence of a prior water leak in the downstairs bathroom above the tub, probably from the upstairs bathroom. There was no evidence of mildew.
 - BLM response: Leak was from previous issue, was not found on HPIR

24 - 494-360452 [REDACTED], El Paso, TX

- FSM assignment date: 2/4/2016
- Current step: 1 – Acquisition
- Vendor still being used: Yes
- Status: Active
- OIG Inspection Date: 3/14/2017
- Unmarked tripping hazards in front yard
 - BLM response: Would have marked trip hazards on next yard maintenance
- Damaged/missing shingles on roof
 - BLM response: No active roof leaks present
- Dangling cable on front/right of house is hazard
 - BLM response: Would have coiled cable on next routine inspection
- Yard needed mowing. Vendor showed up to now while we were there.
 - BLM response: Vendor completed YM

Ref to OIG Evaluation

Auditee Comments

Comment 13



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- Decorative side gate was detached and leaning against wall. Yard vendor was moving it to garage.
 - BLM response: Vendor completed on sight while OIG was there
- Rear storage shed not secure. Has padlock but door is damaged/missing
 - BLM response: Would address issue on next routine inspection

25 - 494-270905 [REDACTED], El Paso, TX

- FSM assignment date: 4/20/2016
- Current step: 1 – Acquisition
- Vendor still being used: Yes
- Status: Active
- OIG Inspection Date: 3/14/2017
- Many windows that do not latch and are not secure. Bedrooms and bathrooms. QC Manager secured the one in the front room beside the entry door while on site.
 - BLM response: Would have had thumb locks on windows for securing on next routine inspection
- Tree stumps in front yard trip hazard
 - BLM response: Would have marked as trip hazards on next yard maintenance
- Cracked window in kitchen/dining area
 - BLM response: Crack was remedied with clear tape
- Broken lattice segments on back patio overhang at eye level – risk of injury
 - BLM response: Would have been reattached on next routine inspection

26 - 494-399936 [REDACTED] El Paso, TX

- FSM assignment date: 2/27/2017
- Current step: 10 - Reconciled
- Vendor still being used: Yes
- Status: Closed
- OIG Inspection Date: 3/14/2017
- Windows are unsecure in front living room and two bedrooms.

Ref to OIG Evaluation

Auditee Comments

Comment 13

- BLM response: Out of BLM's control when they were unlocked, would have been secured at routine inspection



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- Broken glass in backyard near patio
 - BLM response: Out of BLM's control when glass was thrown on property, would have been removed from site on next yard maintenance
- Bird feces on patio and ceiling fan
 - BLM response: Should have been cleaned, although did not see at previous routine inspection photos
- Broken glass in window frame in window to the right of the patio door (viewed from inside)
 - BLM response: Would have removed shards from frame on next routine inspection
- Various scattered debris throughout yards
 - BLM response: Would have removed debris from site on next yard maintenance
- Mildew in the master shower
 - BLM response: Would have addressed possible MLS on next routine inspection
- No range
 - BLM response: BLM does not replace appliances

27 - 361-299560 [REDACTED] Albuquerque, NM

- FSM assignment date: 3/1/2017
- Current step: 10 - Reconciled
- Vendor still being used: Yes
- Status: Closed
- OIG Inspection Date: 3/17/2017
- Yard weeds need mowing/removal.
 - BLM response: Yard maintenance should have been completed at next visit
- There is some debris in the front yard.
 - BLM response: Would have been removed from site on next yard maintenance
- The window sills outside have holes, possibly from the burglar bars
 - BLM response: Holes in window sills did not pose any securing or possible damage to property
- The kitchen has missing cabinets.
 - BLM response: BLM does not replace missing cabinets
- There is a safety pin on the floor in the living area near the entrance.

Ref to OIG Evaluation

Auditee Comments

Comment 13

- BLM response: This is an HV property, many agents, clients and inspectors are in and out of the properties, could have been dropped
 - Parts of the interior paint is peeling/cracking near a front window.
 - BLM response: BLM does not replace peeling paint
 - The back window is closed but not latched/secured.
 - BLM response: This is an HV property, many agents, clients and inspectors are in and out of the properties
 - The interior floors need to be cleaned/vacuumed.
 - BLM response: This is an HV property, many agents, clients and inspectors are in and out of the properties, tracking in dirt and debris happens frequently with agents.
- 28 - 361-278780 [REDACTED] Albuquerque, NM
- FSM assignment date: 12/29/2016
 - Current step: 10 - Reconciled
 - Vendor still being used: Yes
 - Status: Closed
 - OIG Inspection Date: 3/17/2017
 - Yard weeds need mowing/removal.
 - BLM response: Yard maintenance would have been completed at next visit
 - There are scattered debris such as branches and trash on the grounds that may be a tripping hazard.
 - BLM response: Yard maintenance would have been completed at next visit
 - The back storage contains debris.
 - BLM response: Would have been removed as debris on next routine inspection
 - The outside of the house has some peeling paint.
 - BLM response: BLM does not replace peeling paint
 - One of the doors, while functional and generally secure has some damage
 - BLM response: Door was secure
 - There is a large crack near the front exterior of the house.
 - BLM response: crack in home did not pose any weather-related problems for caring for the property
 - Another door when accessed from the inside was wobbly but secure
 - BLM response: Door was secure
 - Floors are dirty, and there is debris on the floor.
 - BLM response: Would have been addressed on routine inspection
 - The toilet needs cleaning and is not winterized. There is standing water.
 - BLM response: This is an HV property, many agents, clients and inspectors are in and out of the properties
 - The shower/tub/ceiling are dirty and has mold.
 - BLM response: Would have been addressed on next routine inspection
 - We observed a live spider and cobwebs.

Ref to OIG Evaluation

Auditee Comments

Comment 13

- BLM response: Spiders will occasionally pop up in any home, cobwebs would have been addressed on next routine inspection

29 - 361-262774 [REDACTED] Albuquerque, NM

- FSM assignment date: 6/28/2016
- Current step: 1 - Acquisition
- Vendor still being used: Yes
- Status: Active
- OIG Inspection Date: 3/17/2017
- There is broken glass in the street and driveway.
 - BLM response: Out of BLM's control when glass was thrown, would have been removed on next yard maintenance
- There is extensive debris in the front and backyards, including trash, stones, large branches, screens, broken glass, and other items.
 - BLM response: Would have been removed from site on next yard maintenance
- There is a wood post protruding from the ground in the front yard (tripping hazard).
 - BLM response: Would have been marked as trip hazard on next yard maintenance
- The backyard has a broken tree stump (tripping hazard).
 - BLM response: Would have been marked on next yard maintenance
- Tree branches in the backyard need to be trimmed (the branches stick out in the walking path and could potentially injure someone).
 - BLM response: Would have been addressed on next yard maintenance
- There is a large hole in the ground that needs to be either covered or filled.
 - BLM response: Would have been filled in on next yard maintenance
- The sign in sheet shows that routine inspections have occurred, but the property is not easily accessible inside due to furniture and other items blocking walkways. The interior has multiple tripping hazards.
 - BLM response: This is a CS property and is a hoarder home with 5 to 6 high piles of personal property. Would not be possible to move into any area in any room for easy access
- There is a foul smell inside.
 - BLM response: Smell was from old furniture, clothing, smoking in home
- There is profane graffiti on the interior walls.
 - BLM response: Would have been addressed at time of initial services
- The toilets are not winterized.
 - BLM response: Would have been addressed on next routine inspection

30 - 492-768520 [REDACTED] San Angelo, TX

- FSM assignment date: 11/21/2016
- Current step: 10 - Reconciled

Ref to OIG Evaluation

Auditee Comments

Comment 13

- Vendor still being used: Yes
- Status: Closed
- OIG Inspection Date: 3/23/2017

- Trip hazards not marked in front, side and back yard include: sidewalk, roots, holes edging, limbs stumps, a piece of concrete at the right corner of the house, front step.
 - BLM response: Trip hazards would have been addressed on next yard maintenance
- The back gate was propped closed by a downed picket. As you open the gate there are exposed nails/screws and a hook.
 - BLM response: Would have been removed on next yard maintenance
- The toilet is not winterized. However, the water had been turned on.
 - BLM response: This is an HV property, many agents, clients and inspectors are in and out of the properties, toilets were winterized on last routine dated 3/17/2017



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- Picket out of fence and gate missing picket.
 - BLM response: The is not a pool or spa at this property, securing fence picket not needed
- Debris in left enclosed part of yard close to alley.
 - BLM response: Would have been removed as debris on next yard maintenance
- Leaves in corner behind out building.
 - BLM response: Yard maintenance would have been completed at next visit
- Spring rod in yard.
 - BLM response: Would have been removed on next yard maintenance
- Blinds down in right front bedroom.
 - BLM response: Could have been lowered by agent, not an issue
- Writing on downstairs gray bathroom.
 - BLM response: This was not graffiti
- Light switch in downstairs half bathroom (gray) missing.
 - BLM response: Would have been addressed on next routine inspection
- Baby swing in garage storage.
 - BLM response: Would have been removed as debris on next routine inspection

31 - 492-876406 [REDACTED] San Angelo, TX

- FSM assignment date: 11/26/2016
- Current step: 10 - Reconciled
- Vendor still being used: Yes

Ref to OIG Evaluation

Auditee Comments

Comment 13

- Status: Closed
- OIG Inspection Dated: 3/23/2017

- The following items were not marked in the front yard as tripping hazards: step on the left side of front porch, stumps in yard, front porch steps, both set of steps in the carport, flower bed edging.
 - BLM response: Would have been marked on next yard maintenance
- The following items were not marked in the back yard as tripping hazards: stumps, raised concrete patio, raised flower bed concrete edging, bricks and debris to the right side of the middle storage building, trench by patio.
 - BLM response: Would have been marked on next yard maintenance
- The back gate to the alley contained a pad lock but there was no way to secure the gate and the fencing beside it was down. (It looked like it was knocked down.)
 - BLM response: Would have been addressed on next yard maintenance
- Crawl space in front of house the cover was in the flower bed.
 - BLM response: Would have been replaced on crawl space on next routine inspection
- Rusty nails on the back patio.
 - BLM response: Would have been removed or cut off on next routine inspection
- Branch by left back yard fence.
 - BLM response: Yard maintenance should have been completed at next visit
- Front window in living room was not locked. We locked it.
 - BLM response: Should have been secured. This is an HV property, many agents, clients and inspectors are in and out of the properties
- Welcome friends sign hanging in carport.
 - BLM response: Would have been removed on next routine inspection
- Birds nest in a box (possibly an old telephone box) close to the electric box on back of house.
 - BLM response: Would have been removed from site on next yard maintenance
- Mud dauber nest in middle shed, but it did not appear to be active.
 - BLM response: Would have been removed on next yard maintenance
- Hole in bedroom closet and bathroom wall.
 - BLM response: Did not pose a securing issue as it was an interior wall
- Bugs in the tub but exterminator had just been there.
 - BLM response: Would have been cleaned up on next routine inspection to clean up after exterminator
- Toilets not winterized because water had been turned on.
 - BLM response: Inspector was on property prior to OIG inspection causing water to be turned on, was winterized 3/21/2017



Ref to OIG Evaluation

Auditee Comments

Comment 13

32 - 492-917987 [REDACTED] San Angelo, TX

- FSM assignment date: 11/14/2016
- Current step: 10 - Reconciled
- Vendor still being used: Yes
- Status: Closed
- OIG Inspection Date: 3/23/2017
- No tripping hazards were marked in the front, back or side yards. These tripping hazards include: large rocks, sprinkler system holes, extensive bedding edging, steps up to the second level in back yard, holes in the back yard, water meter, limbs and rusted rod on side yard by driveway, bush with thorns, cactus in corner of upper yard, erosion of left side yard, trench, and stakes in back yard. Inside the house the wooden stairs up to the attic not marked nor was the step down in the garage.
 - BLM response: Would have been marked on next yard maintenance
- Political sign fallen over in front yard.
 - BLM response: Did not show in previous routine inspection photos
- Some trash.
 - BLM response: Would have been removed on next yard maintenance
- Cat dish at right side of corner of house.
 - BLM response: Would have been removed on next yard maintenance
- Flower pot in front by driveway.
 - BLM response: Would have been removed as debris on next yard maintenance
- Garage window sills dirty and contain cobwebs and dead bugs.
 - BLM response: Would have been cleaned on routine inspection
- Holes in the living room from where the speakers were.
 - BLM response: Interior walls do not pose a securing issue.
- High weeds along back fence line upper back yard.
 - BLM response: Yard maintenance would have been completed at next visit
- Dirt dauber nest on front porch. It did not appear to be active.
 - BLM response: Would have been removed on next yard maintenance


33 - 492-941930 [REDACTED] San Angelo, TX

- FSM assignment date: 11/17/2016
- Current step: 3a – Disposition Pending
- Vendor still being used: Yes
- Status: Deleted
- OIG Inspection Date: 3/23/2017
- Live ant bed in front yard.

Ref to OIG Evaluation

Auditee Comments

Comment 13

- BLM response: Small ant hills do not pose a pest control issue
- Front yard tripping hazards not marked: right side of front porch, sidewalk, flower bed edging.
 - BLM response: Would have been marked on next yard maintenance
- PVC close to the front porch had been marked but the red tape is now down the PVC pipe.
 - BLM response: Trip hazard had been addressed
- Right gate open, we closed.
 - BLM response: Was not a pool or spa on sight, was not a safety issue
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- Left gate open we could not secure.
 - BLM response: Was not a pool or spa on sight, was not a safety issue
- Back yard tripping hazards not marked: back steps, hole next to air conditioner.
 - BLM response: Trip hazard would have been marked, hole filled in on next yard maintenance
- Cobwebs in right back bedroom.
 - BLM response: Would have been addressed on next routine inspection
- Not broom swept condition.
 - BLM response: This is an HV property, many agents, clients and inspectors are in and out of the properties
- Holes in walls.
 - BLM response: Interior holes do not pose a securing issue with home.
- High weeds next to shed that was on the left side of the yard.
 - BLM response: Yard maintenance would have been completed at next visit
- Missing soffit between house and carport.
 - BLM response: BLM would not replace soffit if not posing a securing issue with attic
- Leaves against fence on left side and some trash
 - BLM response: Yard maintenance would have been completed at next visit


34 - 494-418915 [REDACTED] Levelland, TX

- FSM assignment date: 3/8/2017
- Current step: 10 - Reconciled
- Vendor still being used: Yes
- Status: Closed
- OIG inspection Date: 3/24/2017
- Tripping hazards not marked: cement scalloped edging of left side of house, tree roots, sewer pipe (PVC) in back yard, holes in back yard, trench in back yard, stumps on right side of house.
 - BLM response: Would have been marked as trip hazards on next yard maintenance

Ref to OIG Evaluation

Auditee Comments

Comment 13

- Left gate open. We were unable to close it.
 - BLM response: Was not a pool or spa present, did not pose a safety issue
- Back gate to alley open. We closed it.
 - BLM response: Would have been addressed on next yard maintenance
- Horrible smell inside the house.
 - BLM response: Air fresheners were on sight
- 
- Few bugs on the floor.
 - BLM response: Would have been addressed on next routine inspection
- Satellite on the house.
 - BLM response: Would have been removed as debris on next routine inspection

35 - 494-287873

36 [REDACTED] Lubbock, TX

- FSM assignment date: 7/21/2016
- Current step: 1 - Acquisition
- Vendor still being used: Yes
- Status: Active
- OIG Inspection Date: 3/24/2017
- Tripping hazards not marked including: hole in front yard and trench in back yard.
 - BLM response: Would have been marked as trip hazards on next yard maintenance
- Board with rusty nail protruding on right side of yard by gate.
 - BLM response: Would have been removed or cut off on next yard maintenance
- Middle left living room window not locked. We locked it.
 - BLM response: Would have been secured on next routine inspection
- We could not secure the gate at the left side of the yard or the gate to the back alley.
 - BLM response: Was not a pool or spa on property, did not pose a safety issue
- All the belongings are exactly as the homeowner left them. Beds made, pictures and Knick knacks still out.
 - BLM response: BLM does not remove personal property on a CS property
- Trash and leaves on both sides of the house.
 - BLM response: Out of BLM's control, blowing trash and leaves would have been addressed on yard maintenance, was completed on 3/16/2017

Ref to OIG Evaluation

Auditee Comments

Comment 13



37 - 494-413034 [REDACTED] Lubbock, TX

- FSM assignment date: 2/3/2017
 - Current step: 10 - Reconciled
 - Vendor still being used: Yes
 - Status: Closed
 - OIG Inspection Date: 3/24/2017
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- Tripping hazards not marked: something with a ball-like or knob into the front patio area, water fountain pipe in front courtyard, limbs and bricks in back yard.
 - BLM response: Trip hazards would have been marked, limbs removed on yard maintenance
 - Window in back left bathroom was open. We shut and locked it.
 - BLM response: Anyone could have opened it, would have been secured on next routine inspection
 - Neither of the toilets were winterized. The water was on. It appears that the front bathroom toilet had been used.
 - BLM response: This is an HV property, many agents, clients and inspectors are in and out of the properties
 - Items still with the house. Pool equipment along fence by pool and tomato cages in a flower bed by the pool.
 - BLM response: Pool equipment stays with property, would have been in garage or shed.
 - Bushes within 18" of the house by the pool.
 - BLM response: Would have been addressed on next yard maintenance

38 - 494-432943 [REDACTED] Plainview, TX

- FSM assignment date: 2/17/2017
- Current step: 10 - Reconciled
- Vendor still being used: Yes
- Status: Closed
- OIG Inspection Date: 3/24/2017

Ref to OIG Evaluation

Auditee Comments

Comment 13

- Tripping hazards not marked: Front yard large rocks, back yard holes including a large hole by the fence and close to house on the right side.
 - BLM response: Would have been marked on next yard maintenance
- Picket down with rusty nails protruding on left side of front of house
 - BLM response: Nails would have been removed or cut off on next yard maintenance
- Pointy screws through the shed when the new pad lock installed.
 - BLM response: Screws would have been addressed as safety issues on next yard maintenance
- Glass and sharp metal in back yard. Because this was a shot gun house and there was no way to secure the back yard and there was a large commercial trash bin in the alley we threw the glass and sharp metal object away.
 - BLM response: Would have been removed as debris on next yard maintenance
- The property does not contain a stove or refrigerator but does have a microwave.
 - BLM response: BLM does not replace appliances, was noted on HPIR
- Debris and trash by the back fence on the right side of the house.
 - BLM response: Yard maintenance needed to be completed at next visit

39 - 361-376460 [REDACTED] Roswell, NM

- FSM assignment date: 10/29/2016
 - Current step: 10 - Reconciled
 - Vendor still being used: No
 - Status: Closed
 - OIG Inspection Date: 3/24/2017
-
- The following tripping hazards were not marked: holes in closest back yard, scalloped edging border, three sprinkler system items, water pipe sticking out of ground, stump, and PVC pipe.
 - BLM response: Trip hazards would have been marked on next yard maintenance
 - There is a piece of broken glass on the right side of the house by the brick wall.
 - BLM response: Glass would have been removed on next yard maintenance
 - Air conditioner is approximately 2' away from the house with wires that should be marked as tripping hazards.
 - BLM response: Wires could have been marked as a possible trip hazard
 - Right front fence missing picket and exposed nails.
 - BLM response: Picket did not pose a securing issue, nails should have been removed or cut off
 - Large amount of tree beans in the side yard.
 - BLM response: Yard maintenance was completed on 3/19/2017, wind storm probably caused more to drop

Ref to OIG Evaluation

Auditee Comments

Comment 13



- Tree beans and trash in the 1st back yard.
 - BLM response: Yard maintenance needed to be completed at next visit
- In the second back yard, the yard was overgrown to at least waist high and debris.
 - BLM response: Yard maintenance needed to be completed at next visit
- In the second back yard storage shed the electric outlet and light switch missing.
 - BLM response: Would have been addressed by vendor on next yard maintenance
- Back fence between first and second back yards missing a picket.
 - BLM response: Did not pose a securing issue
- Satellite still on house.
 - BLM response: Would have been removed as debris on next yard maintenance
- Two chimies on patio.
 - BLM response: Would have been removed as debris on next yard maintenance
- Spring rod closure to glass door on front porch.
 - BLM response: Should have been replaced on door or removed as debris. May have fallen off after routine inspector was on sight. It is an HV property, many other people in and out of these homes may have forgot to latch and was damaged
- Hole in master bedroom wall.
 - BLM response: Did not pose any securing problem, BLM does not repair interior wall holes
- Crack in living room wall.
 - BLM response: BLM does not make cosmetic improvements with addressing cracks in drywall

40 - 361-382084 [REDACTED] Roswell, NM

- FSM assignment date: 1/25/2017
 - Current step: 8 – Sales Offer
 - Vendor still being used: Yes
 - Status: Active
 - OIG Inspection Date: 3/24/2017
-
- The following tripping hazards were not marked: front yard: stumps, large rocks, sidewalk drop off, PVC pipe, flower bedding edging, and left side steps to the front porch. Side yard: stones, bricks, cinderblocks and rail way ties. Back yard: flower bed edging, screws in concrete pad, and concrete, cinderblock, and brick pieces throughout the back yard.

Ref to OIG Evaluation

Auditee Comments

Comment 13

- BLM response: Trip hazards would have been marked, debris removed from site on next yard maintenance
- Broken glass in back yard.
 - BLM response: Would have been addressed and removed on next yard maintenance
- Wood with nails protruding in back yard.
 - BLM response: Would have been removed on next yard maintenance
- Trash in front and back yards.
 - BLM response: Would have been addressed and removed as debris on next yard maintenance
- Pile of leaves, branches and other debris including concrete, bricks and shingles.
 - BLM response: Would have been removed as debris on yard maintenance
- Trees within 18" on the right side of the house back yard.
 - BLM response: Would have been trimmed back from home on next yard maintenance

41 - 361-358888 [REDACTED] Roswell, NM

- FSM assignment date: 12/5/2016
- Current step: 10 - Reconciled
- Vendor still being used: Yes
- Status: Closed
- OIG Date Inspection: 3/24/2017
- Pad lock to fence going to back alley is pulled out of the fencing. The pad lock is still locked and the hasp with screws sticking out of it is still on half of the fence.
 - BLM response: Would have been addressed on next routine inspection
- The decorative glass window on the left side of the house is broken and glass is still on the window sill. On the sign in sheet this was noted as of March 6, 2017.
 - BLM response: Should have been reglazed quicker
- The following trip hazards were not marked: sidewalk, roots, water meter and brush in the front yard. In the back yard, there is a pile of bricks not marked as a tripping hazard.
 - BLM response: Trip hazards would have been marked on next yard maintenance
- Limbs and trash in pile on right side of front yard.
 - BLM response: Yard maintenance needed to be completed at next visit
- Soffit on back of house has water damage.
 - BLM response: BLM does not repair for cosmetic issues
- Satellite on house.
 - BLM response: Would have been removed as debris on next yard maintenance
- Not in broom swept condition.
 - BLM response: This is an HV property, many agents, clients and inspectors are in and out of the properties
- Holes in walls.

Ref to OIG Evaluation

Auditee Comments

Comment 13

- BLM response: BLM does not repair interior holes in walls, was not posing a securing issue
 - Missing electric outlet plates.
 - BLM response: Would have been addressed and repaired on next routine inspection
- 42 - 361-367049 [REDACTED] Roswell, NM
- FSM assignment date: 10/8/2016
 - Current step: 10 - Reconciled
 - Vendor still being used: Yes
 - Status: Closed
 - OIG Inspection Date: 3/24/2017
- Live ant bed in the back yard.
 - BLM response: Ant hill does not pose a pest infestation
 - Back gate to the alley was open. There was no way to secure it.
 - BLM response: Would have addressed and installed hasp and lock on next yard maintenance
 - Tripping hazards not marked: Front yard drop off from sidewalk and driveway, water meter, cinderblock, water hydrant. Back yard: holes, concrete pad and rock pile in left corner. Side yard a hole under the air conditioner.
 - BLM response: Trip hazards would have been marked on next yard maintenance
 - Broken glass in small pieces in middle of back yard.
 - BLM response: Glass would have been removed on yard maintenance
 - Back gate from front yard open. We closed it.
 - BLM response: Was not a pool or spa on property, did not pose a safety issue
 - Back door unlocked. We locked it when we left.
 - BLM response: This is an HV property, many agents, clients and inspectors are in and out of the properties
 - Hole in fascia on right upper side of house by eaves.
 - BLM response: BLM does not make cosmetic repairs
 - Mold in the master bathroom toilet. There was very little glycol.
 - BLM response: Would have been addressed on next routine inspection
 - Hole in ceiling in entry.
 - BLM response: Would have been repaired or boarded over on next routine inspection
 - Not broom swept condition.
 - BLM response: This is an HV property, many agents, clients and inspectors are in and out of the properties
 - High weeds on right side yard and back yard.
 - BLM response: Yard maintenance needed to be completed at next visit
 - A bush within 18" of the house.

Ref to OIG Evaluation

Auditee Comments

Comment 13

- BLM response: Yard maintenance needed to be completed
- A piece of gutter in the front yard.
 - BLM response: Needed to be replaced if from home or removed as debris if damaged
- Trash in the back yard.
 - BLM response: Would have been removed at yard maintenance
- Stain on floor under hole in ceiling in entry. We could not determine if it was mold or burn marks.
 - BLM response: BLM does not make cosmetic repairs for stains on floors
- Dead roaches in most of the rooms.
 - BLM response: Would have been addressed on next routine inspection

43 - 521-563346 [REDACTED] Murray, UT

- FSM assignment date: 12/23/2016
 - Current step: 1 – Acquisition
 - Vendor still being used: No
 - Status: Active
 - OIG Inspection Date: 3/28/2017
-
- The following items were not marked as tripping hazards: sprinkler system heads, step down into garage, step up into garage from driveway, cinder blocks.
 - BLM response: Trip hazards would have been marked on next yard maintenance
 - Railing loose on handicap entrance screws sticking out.
 - BLM response: Would have been addressed on next routine inspection
 - Basement window not in the frame right side of house.
 - BLM response: Would have been addressed at time of routine inspection

44 - 521-907040 [REDACTED] Murray, UT

- FSM assignment date: 1/20/2017
 - Current step: 10 - Reconciled
 - Vendor still being used: No
 - Status: Closed
 - OIG Inspection Date: 3/28/2017
-
- Tripping hazards: rocks in the front, cinder blocks and rocks in the backyard, holes. Threshold in basement not marked.
 - BLM response: Trip hazards would have been marked on next yard maintenance
 - Water has been turned on toilets not winterized. Upper toilet has mold and lower toilet is full of water.
 - BLM response: Water was on for inspection

Ref to OIG Evaluation

Auditee Comments

Comment 13



- - Windows open in basement. We were able to lock one. We could not lock the one on the left side basement bedroom.
 - BLM response: Would have secured windows on next routine inspection
 - Large hole in wall in downstairs kitchen.
 - BLM response: BLM does not make cosmetic repairs
 - Not broom swept
 - BLM response: This is an HV property, many agents, clients and inspectors are in and out of the properties
 - Debris, pine needles, leaves and trash in side and back yards.
 - BLM response: Yard maintenance needed to be completed at next visit
 - Plant container pot in driveway
 - BLM response: Would have been removed as debris on next yard maintenance
 - Garage door broken but padlocked.
 - BLM response: Door was secure
 - Clock on wall.
 - BLM response: Would have been removed as debris on next routine inspecting
 - Holes in closet door.
 - BLM response: BLM does not remove or replace interior doors for holes
- 45 - 521-888840 [REDACTED] Vernal, UT
- FSM assignment date: 1/20/2017
 - Current step: 10 - Reconciled
 - Vendor still being used: No
 - Status: Closed
 - OIG Inspection Date: 3/28/2017
-
- Tripping hazards: rocks in front and side yards, holes in back yard and behind the shed, stairs for the front porch and to the garage from the front, sidewalk and concrete wall next to the house, stump in front yard, rocks in front and side yards, rain gutter extensions in front and back yards, step up from backyard to concrete to door to garage, garage steps to house, and from concrete in backyard into garage, and window well in front left yard.
 - BLM response: Trip hazards would have been marked on next yard maintenance. Steps are not marked as trip hazards.

Ref to OIG Evaluation

Auditee Comments

Comment 13

- High weeds and limbs in back portion of back yard that was fenced possibly a garden area.
 - BLM response: Yard maintenance needed to be completed at next visit
 - Trash
 - BLM response: Would have been completed on next routine inspection
 - Satellite dish on house.
 - BLM response: Would have been removed as debris on next routine inspection
 - Living room and garage windows open we locked.
 - BLM response: Would have secured windows on next routine, this is an HV property, many agents, clients and inspectors are in and out of the properties
 - Signs from 5 Brothers on front door and front window.
 - BLM response: Sign not on last routine inspection photo, was placed after that, was removed
 - Not broom swept.
 - BLM response: This is an HV property, many agents, clients and inspectors are in and out of the properties
 - Holes in basement and bedroom walls.
 - BLM response: BLM does not make cosmetic repairs
 - Front porch light top lying on front porch steps.
 - BLM response: Winds may have caused the top to be blown off light
 -
- 46 - 521-833637 [REDACTED] Vernal, UT
- FSM assignment date: 2/20/2017
 - Current step: 10 - Reconciled
 - Vendor still being used: No
 - Status: Closed
 - OIG Inspection Date: 3/28/2017
- The following items were not marked as tripping hazards: rocks on side of house, stumps, including a recently cut tree stump, step up into garage window well at back of house,
 - BLM response: Trip hazards would have been marked on next yard maintenance
 - Chicken coop gate open there was no way to secure.
 - BLM response: Was not a pool or spa on property, did not pose a safety issue.
 - Trash in front, side and back yards.
 - BLM response: Yard maintenance needed to be completed on property at next visit
 - Leaves in backyard.
 - BLM response: Yard maintenance needed to be completed on property at next visit
 - Broken window pane in back garage window.

Ref to OIG Evaluation

Auditee Comments

Comment 13


- BLM response: Was not broken at time of HPIR, would have been addressed on next routine inspection
- Holes in walls in basement.
 - BLM response: BLM does not make cosmetic repairs regarding interior walls
- 47 - 521-886606 [REDACTED] Vernal, UT
 - FSM assignment date: 12/21/2016
 - Current step: 10 - Reconciled
 - Vendor still being used: No
 - Status: Closed
 - OIG Inspection Date: 3/28/2017
 - Tripping hazards: front sidewalk drop off, holes in front and back yard and around right fence posts in back yard, front and side steps, trench in front yard, drive way drop off, mound of dirt by back patio, and back patio drop off.
 - BLM response: Trip hazards would have been marked on next yard maintenance
 - Screws coming out of patio. I stepped on them and they hurt. Four sets of four.
 - BLM response: Would have been addressed and removed on next yard maintenance
 - Picket from back fence laying in yard with nails protruding.
 - BLM response: Would have been replaced or removed as debris on next yard maintenance
 - Broken glass on back patio.
 - BLM response: Would have been removed from site on next yard maintenance
 - No address number on property.
 - BLM response: Would have wrote address on front door if not address available on next routine inspection
 - Not broom swept.
 - BLM response: This is an HV property, many agents, clients and inspectors are in and out of the properties
 - Hole in door for dog.
 - BLM response: Doggy door would have been boarded for securing purposes on next routine inspection
 - Missing light switches in master bedroom and dining room.
 - BLM response: Would have been addressed on next routine inspection
 - Toilet missing in bathroom on left side of house.
 - BLM response: BLM does not replace missing fixtures

Ref to OIG Evaluation

Auditee Comments

Comment 13

48 - 521-618485 [REDACTED], Vernal, UT

- FSM assignment date: 2/16/2017
- Current step: 8 – Sales Offer
- Vendor still being used: No
- Status: Active
- OIG Inspection Date:
- Tripping hazards: front flower bed, rocks in the backyard, back patio, stump, holes, front porch to the right of the house, concert square by left back corner of house, and step down from sliding glass door to patio.
 - BLM response: Trip hazards would have been marked on property on next yard maintenance
- Toilet on right side of house not winterized and contains water
 - BLM response: Utilities had been turned on for inspection, this is an HV property
- 
- Limbs in back yard.
 - BLM response: Yard maintenance needed to be completed at next visit
- Window open in studio we were unable to lock.
 - BLM response: Would have addressed unsecured window with thumb lock on next routine inspection
- Overgrown yard.
 - BLM response: Yard maintenance needed to be completed at next visit
- Debris in yard.
 - BLM response: Yard maintenance needed to be completed at next visit

Both back gates open we closed.

- BLM response: Was not a pool or spa on property, did not pose a safety issue

Ref to OIG Evaluation

Auditee Comments

Comment 13



- Hole in wall above toilet.
 - BLM response: BLM does not make cosmetic repairs to property
 - Neighbor complained that realtors were throwing cigarette butts in her yard.
 - BLM response: BLM notifies the AM on any cases such as this
- 49 - 052-713984 [REDACTED] Grand Junction
- FSM assignment date: 2/4/2017
 - Current step: 10 - Reconciled
 - Vendor still being used: No
 - Status: Closed
 - OIG Inspection Date: 3/30/2017
-
- Unmarked trench trip hazard through back yard – appears to be tire ruts
 - BLM response: Rut would have been marked as trip hazard on next yard maintenance
 - Unmarked trip hazard – step down from left edge of back patio
 - BLM response: Steps are not trip hazards
 - Fence on right side was falling with exposed nails on front most post
 - BLM response: Fence issue would have been addressed and repaired or removed and stored on next yard maintenance
 - Weeds in the yards
 - BLM response: Yard maintenance needed to be completed at next visit
 - Bits of trash scattered through yards, especially side yards. Tennis ball in right side of backyard
 - BLM response: Yard maintenance needed to be completed at next visit
 - Trash stuffed in dryer vent on right side
 - BLM response: Would have been removed as debris on next routine inspection
 - Fire hydrant has overgrown tree obstructing access
 - BLM response: Would have been addressed on yard maintenance
 - Gas is turned on. Related notice on front door dated 3/14
 - BLM response: Gas was turned on for inspection
 - Vertical vent pipe in front yard – cover is broken and there is trash down inside it
 - BLM response: Cleanout needed a cover installed on next yard maintenance
 - Wheel barrow and garden tool in backyard under the shed overhang
 - BLM response: Would have been removed as debris on next yard maintenance
 - Various twigs and branches in side and back yards (there is also wood mulch present, which is not what we are noting here)
 - BLM response: Yard maintenance needed to be completed at next visit

Ref to OIG Evaluation

Auditee Comments

Comment 13

- Trash stuffed in back fence
 - BLM response: Yard maintenance needed to be completed at next visit
- Cobwebs on exterior by rear door
 - BLM response: Would have been completed on next routine inspection
- Left rear corner – downspout has come loose from gutter
 - BLM response: Would have been completed on next routine inspection
- Hole cut in siding on left side of garage is covered from inside but is large enough to allow elements and pests to get inside the wall
 - BLM response: Would have been covered from outside on next routine inspection
- Hole cut in eaves above garage door has wasp nest inside
 - BLM response: Pest issue would have been remedied on next yard maintenance
- Cobwebs around outside of garage door
 - BLM response: Would have been addressed on next routine inspection
- Upstairs tub is dirty and MLS in caulk
 - BLM response: Would have been cleaned on next routine inspection
- Carbon dioxide detector plugged into half-wall beside kitchen is dirty
 - BLM response: BLM would not remove detector for health reasons
- Light bulb on kitchen counter
 - BLM response: Would have removed as debris on next routine, was not present on last routine inspection photos
- Door going into garage is dirty
 - BLM response: Would have addressed cleaning on next routine inspection
- Items in garage rafters – pieces of siding, wood, flooring, molding
 - BLM response: Would have removed as debris on next inspection
- Papers and real estate agent cards on kitchen island
 - BLM response: Should have been removed on next routine inspection
- Upstairs attach hatch open
 - BLM response: Could have been from real estate agents showing property, would have been closed on next routine inspection. Does not how open on previous routine inspection photos
- Air intake in upstairs hallway is dirty
 - BLM response: Would have addressed and cleaned on next routine inspection, was not dirty on 3/21/2017 routine inspection photos



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- Ceiling damage upstairs hallway
 - BLM response: BLM does not make cosmetic repairs

Ref to OIG Evaluation

Auditee Comments

Comment 13

- Upstairs rear right bedroom has bracket on wall and mirror on wall
 - BLM response: Would have been removed as debris on next routine inspection

50 - 052-757965 [REDACTED] Grand Junction, CO

- FSM assignment date: 1/9/2017
- Current step: 10 - Reconciled
- Vendor still being used: No
- Status: Closed
- OIG Inspection Date: 3/30/2017
- Trip hazard – back yard near bay window – sprinkler hose lying on ground for about 6 feet not secured or marked
 - BLM response: Would have marked trip hazards on next yard maintenance
- Yard needs a lot of maintenance. Extensive tall weeds 6 inches in both side yards, tall grass (8-10 inches in back yard), large amount of fallen fruit under tree on right side of front yard, weeds in pavestone patio, dead vines on the siding and window or left rear near patio, grass encroaching front garden by 2-3 feet
 - BLM response: Yard maintenance needed to be completed at next visit
- Back patio needs sweeping and remove small decorative painted rock
 - BLM response: Would have completed on next routine inspection
- Gas is on
 - BLM response: Utilities are turned on for inspections, this is an HV property for sale
- Front door has a partial sticker that needs to be removed
 - BLM response: Would have completely removed sticker from door on next routine inspection
- Both bathrooms have dirty toilets – black growth, though glycol is present
 - BLM response: Would have been addressed on next routine inspection
- Front bedroom and living room have outlet plug covers on the floor
 - BLM response: Would have removed as debris on next routine inspection
- Kitchen/dining area need to be swept
 - BLM response: Would have addressed cleaning on next routine inspection
- Kitchen counter dirty – generally hazy and has glycol spills to left of sink
 - BLM response: 3/25/2017 Routine inspection photos show clean counter



Ref to OIG Evaluation

Auditee Comments

Comment 13

- Top of stove and microwave door need cleaning
 - BLM response: Would have addressed on next routine inspection
 - Dining room windows need cleaning on the outside between the glass and the screens – handprints
 - BLM response: Would have addressed on next routine inspection
- 51 - 052-546920 [REDACTED] Grand Junction, CO
- FSM assignment date: 12/31/2016
 - Current step: 1 - Acquisition
 - Vendor still being used: No
 - Status: Active
 - OIG Inspection Date: 3/30/2017
- Windows in master bedroom were not locked. We were able to lock them but they should be double checked next visit to ensure they are securely locked.
 - BLM response: Would have secured windows on routine inspection. This is a CS property
 - Exposed wires in sprinkler controller by rear gate and electric meter
 - BLM response: BLM does not cap low voltage wires
 - Glass in driveway near garage doors
 - BLM response: Would have removed glass as debris on next yard maintenance
 - Metal bracket in driveway near the wall between the two garage doors. Old newspaper in front of RV garage
 - BLM response: Would have removed items on next routine inspection
 - Wasp nest above left garage door and garage window (on front of house)
 - BLM response: Would have remedied wasp nest as safety issue on next yard maintenance
 - Gutter falling off of left side of RV garage
 - BLM response: Would have addressed and repaired gutter on next routine inspection
 - Weeds in front yard, several tumbleweeds throughout front garden and on either side of the front door
 - BLM response: Yard maintenance needed to be completed at next visit
 - There is an extended yard beyond the fenced portion that is generally wild and not maintained. It has some large weeds, burs, and debris: large branch, long 2x4, pallet
 - BLM response: Yard maintenance needed to be completed at next visit
 - Trash in the trashcan in enclosed backyard behind shed
 - BLM response: Trash can to be emptied as debris and placed upside down in rear of home or in garage at next routine inspection
 - Left side of house – pile of lawn clippings that may have a burrow in it (near the left rear corner of the house at the fence line)
 - BLM response: Yard maintenance needed to be completed at next visit

Ref to OIG Evaluation

Auditee Comments

Comment 13

- Wasp nest in vertical downspout extension on left rear corner of house
 - BLM response: Would have remedied on sight on next routine inspection
- Gas is on
 - BLM response: This is an HV property, for sale. Utilities are turned on for inspectors.
- Window screen and misc. belonging on back porch should be moved to secure space (garage or shed)
 - BLM response: Screens would have been placed in garage or secured shed on next routine inspection
- All appliances have been removed from the kitchen
 - BLM response: BLM does not replace missing appliances

52 - 052-687752 [REDACTED] Canon City, CO

- FSM assignment date: 1/31/2017
 - Current step: 10 - Reconciled
 - Vendor still being used: No
 - Status: Closed
 - OIG Inspection Date: 3/27/2017
-
- Branches/debris on the ground in the backyard – trip hazards
 - BLM response: Trip hazards needed to be marked on next yard maintenance
 - Dryer vent not capped/covered could allow insects inside
 - BLM response: Dryer vent would have been covered on next routine inspection
 - Loose railing upstairs around stair opening
 - BLM response: Would have secured railing on routine inspection
 - No for sale sign. Is at step 8.
 - BLM response: BLM does not list or sell HUD homes
 - Weeds in front + yard/parkway/driveway
 - BLM response: Yard maintenance needed to be completed at next visit
 - Cigarette butts throughout front yard near sidewalk
 - BLM response: BLM cannot control the public throwing cigarettes on property, would have addressed on yard maintenance
 - Gas meter is turned on
 - BLM response: This is an HV, utilities are turned on for inspectors
 - Leaf piles in side yard between garage and property line
 - BLM response: Yard maintenance needed to be completed at next visit
 - Floors need sweeping and mopping and vacuuming (there is carpet upstairs). Dirty, debris, dead bug, papers, dust bunnies
 - BLM response: Should have addressed cleaning issues on routine inspection
 - Broken door beside garage does not close properly – is ajar but has hasp and padlock
 - BLM response: Door is secure

Ref to OIG Evaluation

Comment 13

Auditee Comments

- Signs of structural damage on right side of house – cracked stone and window casing on side of mudroom beside driveway. Gap between window and wall allows for water intrusion
 - BLM response: Does not appear to have any water intrusion
- Adhesive film on outside of front living room window
 - BLM response: Film is not causing any safety issue
- Windows and sills dirty
 - BLM response: Would have addressed issue on next routine inspection
- Damaged vinyl floor in kitchen
 - BLM response: BLM does not replace flooring because of damage to vinyl. If the vinyl was damaged, it would have been removed



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- No range
 - BLM response: BLM does not replace missing appliances
- Leaves and debris around water heater in garage
 - BLM response: Would have addressed on next routine inspection
- Peeling exterior paint
 - BLM response: BLM does not replace peeling paint



53 - 052-360824 [REDACTED] Canon City, CO

- FSM assignment date: 2/10/2017
 - Current step: 10 - Reconciled
 - Vendor still being used: No
 - Status: Closed
 - OIG Inspection Date: 3/28/2017
-
- Trip hazards from debris throughout yards – trash, bricks, yard debris
 - BLM response: Would have marked trip hazards on next yard maintenance
 - Detached garage – wide open window on alley side. We were unable to secure. Both entry doors to the garage (not the overhead door) were padlocked but the doors were damaged with holes that would allow access. Loose siding on garage.
 - BLM response: Would have addressed issues for securing on routine inspection
 - Exposed wires in kitchen ceiling (fixture missing)
 - BLM response: Would have capped wired for safety on next routine inspection
 - Possible water/glycol leak around toilet in upstairs bathroom
 - BLM response: Possible glycol spill from adding to toilet
 - Outside door to basement – bottom hinge is pulled out of the wall

Ref to OIG Evaluation

Auditee Comments

Comment 13

- BLM response: Door is secure, should have repaired hinge
 - Extensive leaves, debris, overgrown underbrush, cut limbs, fallen limbs throughout yards
 - BLM response: Yard maintenance needed to be completed at next visit
 - Debris on roof
 - BLM response: Would have removed debris from roof on next routine inspection
 - Trees within 18 inches of roof
 - BLM response: Trees were not touching home, needed to be cut back on next yard maintenance
- 
- - Indoor odors
 - BLM response: Air fresheners would have been replaced on next routine inspection
 - Phone wire runs through tree branches
 - BLM response: BLM does not cut tree limbs for power lines, would be utility company
 - No gas meter
 - BLM response: BLM does not install gas meters
 - Breaker labeled "Kitchen" is in on position. Unable to tell if meter is on – it is not tagged out. The doorbell worked, but could not tell if it was powered.
 - BLM response: Utilities are turned on for inspection purposes, did not pose any issue
 - Floors dirty throughout. The floors are old and worn and stained, but there is loose debris on the wood floors, such as dirt, leaves, a dead bug. Upstairs bathroom floor is dirty and has boot prints.
 - BLM response: Would have addressed on next routine inspection
 - Dirty windows throughout, debris between panes in rear downstairs room.
 - BLM response: Interior window would have been cleaned on next routine inspection, debris between panes is out of BLM's control. Window photos dated 3/27/2017 show clean windows with some fogging between panes from broke seal
- 
- - Cobwebs in windows in laundry room, bathrooms. Cobwebs on stair risers.
 - BLM response: Would have been addressed on next routine inspection
 - Filthy walls and doors and casings throughout
 - BLM response: Would have been addressed on next routine inspection

Ref to OIG Evaluation

Auditee Comments

Comment 13

- Ash in fireplace in front room
 - BLM response: Would have been removed on next routine inspection
- Fence looks rather new but is poorly constructed. Gate latches don't line up, gates don't swing well, pickets not nailed in. (If HUD paid for this fence it would be a problem.)
 - BLM response: BLM does not make cosmetic repairs, was not a pool or spa on sight, no safety issues present
- Personal property/decoration in eaves on front porch
 - BLM response: Would have removed as debris on next yard maintenance
- Damaged front porch ceiling
 - BLM response: BLM does not make cosmetic repairs
- No range
 - BLM response: BLM does not replace missing appliances
- Missing and broken kitchen cabinets
 - BLM response: BLM does not replace missing or damaged cabinets
- Has washer/dryer in laundry room
 - BLM response: Washer and dryers are allowed on HUD properties
- Front door screen filthy
 - BLM response: Weather elements can pose an issue, would have remedied on next routine inspection
- Front upstairs bedroom – debris in window sill, including dead bee
 - BLM response: Would have addressed issues on next routine inspection
- All floors are sloped, uneven, creaky, and give underfoot
 - BLM response: Uneven floors are not an issue to sell the home

54 – [REDACTED] Canon City, CO

- FSM assignment date: 11/30/2016
 - Current step: 10 - Reconciled
 - Vendor still being used: No
 - Status: Closed
 - OIG Inspection Date: 3/27/2017
-
- Trip hazards throughout backyard from cut-down dead or dormant hard-stalk vegetation and other debris
 - BLM response: Trip hazards would have been marked on next yard maintenance
 - Crawlspace hatch in backyard not secure. Has hasp and padlock that are not attached to anything. Both hinges on hatch are broken and loose. Door lifts open easily.
 - BLM response: Would have addressed securing crawl space on next routine inspection
 - Rusty nails in fallen fence picket lying on ground point-up beside crawlspace hatch
 - BLM response: Would have been removed as debris on next yard maintenance
 - Dirty floors throughout. The carpet is removed but there is debris on the floor. Dirty entryway tile, dirty kitchen floor.

Ref to OIG Evaluation

Auditee Comments

Comment 13

- BLM response: Would have been remedied on the next routine inspection
- Dirty windows and sills
 - BLM response: Would have been addressed on the next routine inspection
- Weeds and debris in yard, including various fence/gate hardware, towel bar bracket, bricks
 - BLM response: Yard maintenance needed to be completed at next visit
- Fence on right side is falling
 - BLM response: Would have been repaired and addressed on sight on next yard maintenance
- Leaf piles in corners of backyard
 - BLM response: Yard maintenance needed to be completed at next visit
- Cobwebs/debris in corner of kitchen wall near garage entry
 - BLM response: Would have been remedied on next routine inspection
- Broken light switch in front bedroom
 - BLM response: Did not pose as a safety issue
- Cracked mirrored closet doors in rear bedroom
 - BLM response: Would have been removed as debris on next routine inspection

55 - 051-956760 [REDACTED] Canon City, CO

- FSM assignment date: 2/4/2016
- Current step: 1 – Acquisition
- Vendor still being used: No
- Status: Active
- OIG Inspection Date: 3/27/2017
- Hole/trip hazard in front yard near road – the hollow of an old tree stump approx. 2 feet in diameter
 - BLM response: Trip hazards would have been marked on next yard maintenance
- Tripping hazard on lifted section front walkway
 - BLM response: Trip hazards would have been marked on next yard maintenance
- Hole in right side yard
 - BLM response: Would have been filled in with dirt on next yard maintenance
- Crawlspace opening in back near BBQ grill not secure – has some bricks stacked loosely in the opening that do not fill the space.
 - BLM response: Would have been covered and secured on next yard maintenance
- Winterization signs on interior say Sigma, not BLM. Emergency sign posted on front window says BLM.
 - BLM response: Winterization signs should have been changed out to BLM, was still posted
- Downspout on the ground in the left side yard
 - BLM response: Would have been reattached on next yard maintenance

Ref to OIG Evaluation

Auditee Comments

Comment 13

- Cracks in both stained-glass windows on the front porch.
 - BLM response: Small cracks are acceptable with clear tape across them
- No gas meter.
 - BLM response: BLM does not replace gas meters
- Peeling paint on porch, columns, and foundation trim
 - BLM response: BLM does not replace peeling paint

56 - 052-374448 [REDACTED] Pueblo West, CO

- FSM assignment date: 9/22/2016
 - Current step: 1 – Acquisition
 - Vendor still being used: No
 - Status: Active
 - OIG Inspection Date: 3/27/2017
-
- There was broken glass on the floor of the detached garage (note there is also an attached garage). There was also a strong odor in the detached garage.
 - BLM response: Would have been removed as debris on next routine inspection
 - Broken posts on back porch railing, which are on the ground in the backyard.
 - BLM response: Would have repaired or removed as debris on next yard maintenance
 - Debris in the yards: quite a lot of fallen branches, broken drywall, shingles, debris pile behind shed.
 - BLM response: Yard maintenance needed to be completed at next visit
 - Limb on the roof above the attached garage.
 - BLM response: Would have been removed on next routine inspection
 - Deteriorated paint on trim and back porch.
 - BLM response: BLM does not replace deteriorated paint

57 - 052-364935 [REDACTED] Englewood, CO

- FSM assignment date: 1/19/2017
 - Current step: 1 - Acquisition
 - Vendor still being used: No
 - Status: Active
 - OIG Inspection Date: 3/28/2017
-
- Exposed wire in front porch fixture
 - BLM response: Would have capped exposed wire on next routine inspection
 - Basement bathroom is not winterized – water in toilet bowl and tank
 - BLM response: Someone compromised the toilet, would have rewinterized property on next routine inspection, was shown winterized on 3/16/2017

Ref to OIG Evaluation

Auditee Comments

Comment 13



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- Master bath toilet glycol is evaporating
 - BLM response: Would have added glycol on next routine inspection, was cleaned and refreshed on 3/16/2017



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- Undated notice regarding turning on electricity
 - BLM response: This is a CS property with common walls, power should have been on
- Electricity and gas are on. Furnace is on.
 - BLM response: This is a CS property with common walls, power should have been on so heat is set



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58 - 051-856689 [REDACTED] Thornton, CO

- FSM assignment date: 6/29/2016
- Current step: 10 - Reconciled
- Vendor still being used: No
- Status: Closed
- OIG Inspection Date: 3/28/2017
- Cracked window in front bedroom – it has clear tape over the crack
 - BLM response: Small cracks are acceptable with clear tape
- Debris in backyard – downspout on the ground in the corner, broken Plexiglas near back patio, wire mesh on ground near right side fence, bricks. Wind chimes and bird feeder in yard.
 - BLM response: Would have been removed as debris on next yard maintenance
- Weeds, leaves, yard waste, feces in backyard
 - BLM response: Yard maintenance needed to be completed at next visit
- Old leaves collected around the bases of the shrubs

Ref to OIG Evaluation

Auditee Comments

Comment 13

- BLM response: Yard maintenance needed to be completed at next visit
- Rotting wood trim on chimney
 - BLM response: BLM does not make cosmetic repairs
- Cobwebs and leaves around front door
 - BLM response: Would have addressed on next routine inspection
- Tree limbs are near roof. Could not get close enough to measure if less than 18 inches
 - BLM response: Tree limbs did not pose an issue on roof
- Gas and electricity are on. Furnace is on, set to 65.
 - BLM response: Utilities are on for inspections
- Shelving and various workshop benches and paraphernalia in basement – not built in
 - BLM response: Would have been removed as debris on next routine inspection
- Dirty windows in kitchen – suction cup marks
 - BLM response: Would have been addressed at next routine inspection

VIII. Conclusion

BLM has thoroughly reviewed all the documentation, information, and supporting photos provided by OIG. While there may have been some instances where minor discrepancies were noted, these discrepancies, many of which were out of BLM's control, pale in comparison to the thousands of issues that BLM discovers and corrects at its assigned properties daily. Many times, there are changes to condition that occur from visit to visit of the FSM services. As a reminder, properties are sold in "as is condition", as well as there are many other entities/parties that enter HUD properties on a regular basis, weather instances occur, and so forth that are outside of the immediate control of the FSM. To claim that HUD should withhold all payments from BLM for properties where deficiencies may be discovered, regardless of the amount of work performed by BLM at these properties, is outside of the contractual agreement or obligations between the two parties. As stated above, BLM's contract does not permit such a speculative or unreasonable method for calculating payments to be withheld from, or reimbursed by BLM. BLM respectfully requests that HUD omit OIG's recommendation that BLM reimburse HUD for work allegedly not performed.

BLM continuously strives to improve the services provided to HUD in the 1D area. As was shown throughout this response, BLM has worked closely with OIG during this audit, has taken the claims and findings very seriously, as it always does when similar conversations take place with HUD themselves. BLM will continue to communicate, further train, and boost its own internal controls. BLM looks forward to working with HUD to ensure adequate property preservation services are being performed in the 1D area in the future.

Comments 2,
10, and 13

Comment 1

OIG Evaluation of Auditee Comments

- Comment 1 BLM disagreed that it should repay approximately \$500,000 in questioned costs and approximately \$890,000 in what we describe as funds to be put to better use and asked that HUD disregard the recommendations.

Appendix A of the report describes the terms ineligible, unsupported, and funds to be put to better use. We continue to recommend that BLM repay approximately \$8,000 in ineligible costs for the monthly management fee and one inspection fee, if applicable, for the properties observed with significant contract noncompliance. We also continue to recommend that BLM support or repay approximately \$500,000 in unsupported costs associated with repeated unresolved discrepancies on its exception reports. As part of the audit resolution process, HUD will make a determination about whether BLM should repay those funds based on review of supporting documentation.

As additional clarification, funds to be put to better use are not funds that BLM needs to repay or forfeit in the future. The information is intended to demonstrate the amount of HUD payments for BLM services over the next year that should be spent with better assurance of compliance with HUD requirements if BLM implements the corrective recommendations in the audit report. Further, we recognize that BLM implemented some corrective actions during the audit and indicated a willingness to improve its contractual compliance.

- Comment 2 BLM wrote that it performed significant work at the properties, was entitled to payment for those services, and should not be required to repay questioned costs. BLM provided examples of work it did to bring properties to ready-to-show condition and wrote that the work it had completed for that purpose would negate our findings.

We acknowledged in the report that BLM performed work at the properties as required by its contract. BLM records showed that it performed initial inspections, initial services, routine inspections, and routine yard maintenance. However, the observed conditions of the 80 properties with a 71 percent failure rate and review of records in BLM's work order system showed that BLM's performance failed to fully comply with the contract. As a result, BLM did not earn its property management fees for those properties identified through observation and analysis. BLM assigned unreasonable amounts of work to vendors, failed to resolve discrepancies repeatedly reported by its inspectors at 25 percent of its properties, and had an ineffective quality control system. The quantity of contractual work BLM performed did not excuse the unacceptable quality of that work or neglect of its property management requirements. We did not recommend that BLM repay all of the fees it earned under the contract, only fees associated with properties not maintained according to its contract.

Comment 3 BLM questioned our statistical sampling methodology as a very small sample size and referred to it as a confusing and convoluted extrapolation. It also stated that we questioned fees related to the analysis of property inspection records, and not actual inspections.

We used common statistical sampling models to identify a representative sample of the properties in BLM's inventory at the time of the observations and common projection formulas to estimate the error rate in the sampled population. Further, BLM incorrectly contended that "financial penalties" in the report were not based on actual observed deficiencies. The only recommendation for BLM to repay funds associated with the statistical sample was \$8,034 in property management and inspections fees for the 57 properties with questioned costs based on our actual observations (recommendation 1B). We included a statistical estimate of \$1.36 million in unearned fees over the life of the contract for demonstration purposes, but did not recommend that BLM repay this amount. As further clarification, the statistical sample was not related to or used for the \$488,883 questioned in recommendation 1C (initially estimated at \$500,000).

Comment 4 BLM considered OIG observations as minor, claimed changes in condition occurred over time, or observed deficiencies were not its fault or its responsibility. See also comment 12.

As explained in the finding and to BLM staff during the audit, we completed the two inspection forms attached to the contract to guide and document our property observations. Attachment 7, FSM Property Inspection Form, was the inspection checklist that the contract required BLM to use for all routine inspections. Attachment 8, Property Maintenance Inspection Form, contained additional questions related to the condition of the property. The inspection forms allowed for consistent documentation of each property's condition, including conditions that were not BLM's responsibility. For example, attachment 8 contained questions about missing and broken cabinet doors and missing appliances. We communicated all observations to BLM with the acknowledgment of this. We did not question costs or project costs for properties that had only minor issues, conditions that were not BLM's responsibility, or conditions that could easily have appeared since the last routine inspection, such as soiled bathrooms or minor debris on floors. All of the properties with questioned costs had health and safety hazards, were unsecured, or were HUD vacant and in significant not-ready-to-show condition. As explained in the finding, many of the conditions we questioned appeared to have been in existence for a long period of time.

Comment 5 BLM addressed our observations about yard maintenance not being performed in the winter months, writing that it performed yard maintenance on a case-by-case basis during the winter.

We added a sentence to the finding concerning the case-by-case nature of BLM's yard maintenance during winter. In addition to performing yard maintenance (such as lawn care and leaf removal), BLM was responsible for ensuring that its

routine inspections identified and resolved exterior health and safety hazards, such as trip hazards, holes, rusty nails, and broken glass. We identified exterior health and safety hazards in 48 of the 80 properties observed. This occurred because BLM's vendors did not adequately inspect and document the conditions of the properties, and when they did, BLM did not always follow up on reported deficiencies to remedy them.

Comment 6 With respect to high volumes of inspections by certain vendors, BLM wrote that many vendors had crews and staff that work for them, enabling them to perform work at multiple properties. BLM further wrote that there was no mandate that inspections should take a set amount of time.

During the audit, we explained to BLM that because some vendors had multiple inspectors working for them we summarized the work order data by inspector name, not by vendor name. For reporting purposes, we identified only the vendor name, but we provided the names of the individual inspectors to BLM during the audit. We agree that there is no mandate that inspections should take a set amount of time. However, it is unreasonable to expect that an individual inspector can adequately observe, photograph, document, and report the conditions of more than ten properties per day on a regular basis. BLM and HUD agreed that 20 minutes was a reasonable estimate for the minimum amount of time an inspector should spend at each property. While BLM does not have to establish a minimum time, it needs to have some expectation that vendors spend sufficient amounts of time at the property to adequately perform and document the property inspections. Our observations that 71 percent of the routine inspections failed to identify and correct noncompliance showed that BLM did not adequately perform and document the routine inspections.

Comment 7 BLM wrote that it was inaccurate that BLM focused more on scorecard timeliness metrics than quality performance. It cited its scores from recent scorecard reports showing it met the HUD requirements for properties being in ready to show condition when the asset manager inspected them after BLM completed initial services.

During the audit, nearly every manager and staff member we interviewed discussed the importance of meeting the metrics, which were primarily measures of timeliness. This was so important to BLM that it had a staff member who monitored its data for all seven HUD contracts to determine whether it would meet the scorecard metrics each month and to dispute any HUD findings that it fell below the acceptable performance level. BLM's president stated the scorecard metrics were important because BLM had to meet the metrics to keep the contract.

BLM cited its performance on a metric that was not relevant to the audit objective, as we did not review initial services or the quality of the asset manager's inspections. As explained in the finding, we documented the conditions of properties at the time we observed them, regardless of how long

they had been in inventory. Further, 23 of the 80 properties that we observed (29 percent) were custodial properties that were not part of the scorecard metric that BLM cited. We found health and safety hazards in 15 (65 percent) of the custodial properties observed, 10 of which had unsecured windows, doors, or outbuildings. The timeliness of the inspections did not excuse the conditions of the properties.

Comment 8 BLM wrote that we appeared to lack experience in inspecting properties and were not adequately trained in what to look for when inspecting properties.

We used the inspection forms incorporated into the contract to guide BLM's inspections as the guidance for our review. Completing the inspection forms was an effective guide to ensure that the properties were adequately and consistently observed and also documented the property conditions. When BLM's quality control manager was present, we asked for his input on certain observations to gain an understanding of his perspective on the property conditions. We also consulted with BLM's quality control manager on items that should be considered health and safety hazards. Although BLM completed inspections and other work, it did not ensure that some properties were maintained in accordance with its contract.

Comment 9 BLM questioned our analysis of its exception report data and objected to the use of its data to form conclusions about its performance, claiming it had no written procedures for the use of this report. BLM also asserted that its system of record did not provide a comprehensive picture of the work performed at each property and that it was unreasonable for us to base our recommended repayments solely on this data system.

During the audit, we gained an understanding of the procedures the BLM area 1D team used to manage the contract. This included but was not limited to the use of the exception reports as described in the finding. Area 1D staff used the reports daily as the primary tool to identify discrepancies reported on inspection reports. Analysis of exceptions report demonstrated that the staff failed to resolve the reported discrepancies in a timely manner for 25 percent of its properties. As explained to BLM during the audit, we excluded minor discrepancies and items that were not BLM's responsibility from the analysis. We also took the fee status of the property into consideration and did not hold custodial and held-off-market properties to the ready-to-show standard. We categorized the questioned costs resulting from the analysis as unsupported, meaning that further review of supporting documentation is required to make a determination of the eligibility of the costs for these properties. HUD will make that determination during the audit resolution process.

Comment 10 BLM wrote that we disregarded the comprehensive efforts it performs daily to discover and correct deficiencies at its properties.

We gained a thorough understanding of BLM's operations under the area 1D contract, including performing walk-throughs of key processes; interviewing management and staff in BLM's headquarters, area 1D office, and quality control team; and reviewing supporting documents. We acknowledge BLM's efforts to manage its contract; however, as explained in the report, those efforts were not always successful in ensuring its compliance.

Comment 11 BLM wrote that it always had a strong, robust quality control program and corrective work protocol and that it has improved them based on our findings. BLM described its plans to improve its performance and contract compliance. It outlined an 11-point action plan to increase quality in the 1D contract area.

BLM's 71 percent failure rate of its routine inspections support that BLM's quality control system that was in place at the time of the audit was ineffective. We encourage BLM to continue to make the improvements it cited in its comments.

Comment 12 BLM wrote that, contrary to our findings, not all employees and vendors required background investigations. It wrote that it was required to conduct background investigations for employees who accessed HUD information systems, but not others.

We disagree. BLM was required to conduct background investigations for all staff working on the area 1D contract, not just those with access to HUD information systems. According to contract section C.4.6, Employee Security Standards,

The Contractor, at their own expense, shall perform financial and criminal background investigations of all employees, to include any subcontractors, performing services or work in accordance to this [performance work statement] as it is determined by HUD.

Comment 13 In pages 11-64 of its written comments, BLM provided an itemized response to the property conditions cited for the 57 properties with questioned costs. We reviewed the response to each property, but will not respond to these comments individually in the report. BLM did not provide individual supporting documentation for its assertions. BLM will need to provide any such documentation to HUD and work with HUD to address the findings and recommendations. In general, BLM frequently wrote that a questioned property's condition was not its responsibility, likely occurred since its last routine inspection, or that the next routine inspection would have identified and resolved the conditions. In some cases, it agreed that the condition was a problem that should have been identified and resolved. As stated previously, we did not question costs for properties with minor issues or conditions that were not BLM's

responsibility or could have occurred since its last routine inspection. We disagree with BLM's statement that the next routine inspection would have identified and resolved the conditions because the conditions appeared to have been in existence since BLM performed the initial services. At four properties, the sign-in sheet showed that BLM's inspector had been there the same day, which contradicts BLM's assertion that the conditions would have been resolved on the next routine inspection or had occurred since the last routine inspection. BLM's inspectors failed to identify and resolve those conditions on previous routine inspections or identified and reported them, but BLM did not follow up to ensure they were resolved. For these reasons, we recommend that HUD hold BLM accountable for not meeting the contract requirements and require BLM to repay the property management and inspection fees associated with the unacceptable work at the time of the audit observations and as identified in our data analysis.