



Issue Date	September 23, 2009
------------	--------------------

Audit Report Number	2009-AO-1003
---------------------	--------------

TO: Nelson Bregon, General Deputy Assistant Secretary, D

Sonya D. Lucas

FROM: Sonya D. Lucas, Acting Regional Inspector General for Audit, GAH

SUBJECT: Louisiana Land Trust, As the State of Louisiana's Subrecipient, Did Not Always Ensure That Properties Were Properly Maintained

HIGHLIGHTS

What We Audited and Why

We audited the Louisiana Land Trust (LLT), a \$29 million Community Development Block Grant (CDBG) disaster recovery subrecipient of the State of Louisiana, Office of Community Development (State). We initiated the audit as part of the Office of Inspector General (OIG) Gulf Coast Region's audit plan and examination of relief efforts provided by the federal government in the aftermath of Hurricanes Katrina and Rita. Our audit objective was to determine whether LLT, as the State's subrecipient, properly maintained properties received from the State.

What We Found

Although LLT ensured that its maintenance contractor generally maintained the lawns of properties, it did not always ensure that the properties were properly maintained overall. Of 67 properties visited, 23 (34 percent) had maintenance deficiencies, mostly related to security and cleanliness, which violated contract

requirements. This condition occurred because (1) the State did not clearly convey its expectations to LLT regarding property maintenance, (2) LLT did not ensure that its maintenance contractor complied with the terms of its contract, (3) the contract between LLT and its maintenance contractor did not specifically detail the responsibilities of the maintenance contractor, and (4) LLT's inspectors did not have written policies and procedures to follow during their inspections. Further, LLT did not take action on some properties, properly coordinate with other entities when making decisions, or document its decisions in its system. As a result, there were services that were not satisfactorily performed, and some properties presented safety risks to the general public, which could potentially cause LLT to incur financial liabilities.

What We Recommend

We recommend that HUD's General Deputy Assistant Secretary for Community Planning and Development require the State to (1) specify its expectations of LLT as related to property maintenance, in its cooperative endeavor agreement; (2) continuously monitor LLT to ensure that its maintenance contractor complies with the terms of its contract; (3) ensure that LLT clearly conveys and documents the maintenance contractor's expectations; (4) ensure that LLT develops written policies and procedures for its inspectors to follow; (5) correct deficiencies identified at the 23 properties; and (6) ensure that LLT coordinates with the State when making decisions, document decisions made in its system, and create a written policy for prioritizing properties for demolition.

For each recommendation without a management decision, please respond and provide status reports in accordance with HUD Handbook 2000.06, REV-3. Please furnish us copies of any correspondence or directives issued because of the audit.

Auditee's Response

During the audit, we provided the results of our review to the State's management staff and HUD. We conducted an exit conference with the State and HUD on August 20, 2009.

We asked the State to provide comments on our draft audit report by August 28, 2009, and it provided written comments on that day. The State generally disagreed with our results, but agreed with our recommendations. The complete text of the auditee's written response, along with our evaluation of the response, can be found in appendix A of this report.

TABLE OF CONTENTS

Background and Objective	4
Results of Audit	
Finding 1: LLT, As the State’s Subrecipient, Did Not Always Ensure That Properties Were Properly Maintained	5
Scope and Methodology	12
Internal Controls	13
Appendixes	
A. Auditee Comments and OIG’s Evaluation	15
B. Schedule of Property Deficiencies	19
C. LLT Maintenance Cut Schedule	20
D. LLT Property Inspector Routine	21

BACKGROUND AND OBJECTIVE

The Road Home Corporation, now doing business as Louisiana Land Trust (LLT), is a nonprofit organization governed by a seven-member board of directors. LLT was formed in 2006 by the Louisiana State Legislature to manage the properties purchased by the State of Louisiana, Office of Community Development (State), under the current Road Home program as part of the ongoing hurricane recovery efforts. LLT's mission is to "finance, own, lease, sell, exchange, donate or otherwise hold or transfer a property interest in housing stock damaged by Hurricane Katrina or Hurricane Rita."

Funding for LLT is provided solely through Community Development Block Grant (CDBG) disaster recovery funds administered by the State. The State and LLT entered into a loan and regulatory agreement, effective March 1, 2007. The purpose of the loan was to provide LLT with the funds necessary to operate and administer its program responsibilities under the Road Home program. The State initially agreed to lend LLT an amount not to exceed \$2.5 million on a line of credit basis. However, the first amendment increased the amount to not exceed \$32.5 million, and the second amendment increased the amount again to not exceed approximately \$61.7 million.

The State also executed a cooperative endeavor agreement (agreement) with LLT, effective November 1, 2007. Under this agreement, LLT agreed to receive, maintain, and dispose of properties transferred to it, as directed by the State, at the closing of Road Home grants when the grant recipient chose to transfer property ownership. Additionally, LLT agreed that it would be treated as a subrecipient of CDBG disaster recovery funds and would comply with the CDBG disaster recovery program and compliance requirements.

According to LLT's property listing, as of December 31, 2008, LLT had a total of 9,307 properties in 27 parishes throughout the State. The properties were primarily located in Orleans and Saint Bernard parishes. LLT hired a maintenance contractor, effective August 16, 2007, to carry out its property maintenance responsibilities. The contract required certain services to be provided by the contractor for each property received by LLT. Those services included but were not limited to, (1) conducting initial and interim written assessments of existing property conditions and recommendations for maintenance; (2) establishing a written or electronic maintenance schedule and a tracking system; (3) securing each site (removing debris, boarding windows, securing doors, etc.); (4) removing and disposing of litter; (5) performing grass cutting, grass edging, curb sweeping, and removal of clippings; (6) performing light property maintenance as needed; and (7) coordinating with other contractors or resources as necessary for purposes related to the property that are otherwise beyond the scope of the contract.

As of December 31, 2008, LLT had received more than \$29 million from the State to carry out its duties under the agreement. Of this amount, approximately \$22 million was paid to its maintenance contractor. Our audit objective was to determine whether LLT, as the State's subrecipient, properly maintained properties received from the State.

RESULTS OF AUDIT

Finding 1: LLT, As the State's Subrecipient, Did Not Always Ensure That Properties Were Properly Maintained

Although LLT ensured that its maintenance contractor generally maintained the lawns of properties, it did not always ensure that the properties were properly maintained overall. Of 67 properties visited, 23 (34 percent) were not maintained in accordance with contract requirements. This condition occurred because (1) the State did not clearly convey its expectations to LLT regarding property maintenance, (2) LLT did not ensure that its maintenance contractor complied with the terms of its contract, (3) the contract between LLT and its maintenance contractor did not specifically detail the responsibilities of the maintenance contractor, and (4) LLT's inspectors did not have written policies and procedures to follow during their inspections. Further, LLT did not take action on some LLT properties; properly coordinate with other entities, such as the State and respective parishes, when making decisions not to take action; or document its decisions in its system. As a result, there were services that were not satisfactorily performed, and some properties presented safety risks to the general public, which could potentially cause LLT to incur financial liabilities.

Property Maintenance Requirements

As HUD's grantee, the State is responsible for administering and monitoring its CDBG disaster-related programs. To aid in its efforts, the State executed a cooperative endeavor agreement (agreement) with LLT, which required LLT to receive, maintain, and dispose of properties transferred to it from the State through the Road Home program. As a result, LLT executed a contract with a maintenance contractor in an effort to ensure that it maintained the properties in accordance with that agreement.

The contract between LLT and its maintenance contractor required that each property be maintained so that it complied with ordinances related to the presence and condition of weeds, grass, vegetation, debris, trash, junk, and/or refuse. It further required that properties be secured to prevent or discourage unauthorized entry or use of the premises for unauthorized purposes. Specifically, Section 1.1 (Concise Description of Services) of the contract required the maintenance contractor to

- Conduct initial and interim written assessments of existing property conditions and recommendations for maintenance;
- Establish a written or electronic maintenance schedule and a tracking system;

- Secure each site (remove debris, board windows, secure doors, etc.);
- Remove and dispose of litter;
- Perform grass cutting, grass edging, curb sweeping, and removal of clippings;
- Perform light property maintenance as needed; and
- Coordinate with other contractors or resources as necessary for purposes related to the property that were otherwise beyond the scope of the contract.

Lawns Generally Cut and Edged

Site visits to 67 properties and reviews of the contractor’s system determined that 63 of the lawns were maintained in accordance with contract requirements. The remaining four¹ (6 percent) properties had minor deficiencies associated with the condition of the lawn. Specifically, one property needed edging only, one property had a number of tree limbs and overgrown vegetation in the yard, one property had excessive tree limbs in the yard and needed edging, and the final property’s curb was not swept. Although four properties had minor deficiencies associated with the condition of the lawn, the maintenance contractor generally ensured that the lawns were properly maintained.

Properties Not Properly Secured and/or Cleaned

Although the lawns of the 67 properties were generally maintained, 21² (31 percent) were not properly secured to prevent or discourage unauthorized entry or use of the premises for unauthorized purposes and/or not cleaned in accordance with the contract requirements. Of the 21 properties,

- Ten were not secured;
- Six had various amounts of debris and/or trash on the lawns or in detached structures on the property; and
- Five had both security and debris deficiencies.

¹ Two of these properties also had debris issues and are discussed in the next section.

² Two of the 21 properties were among the four properties that had lawn maintenance deficiencies (discussed in the section above, titled *Lawns Were Generally Cut and Edged*). There were nineteen additional properties without lawn maintenance deficiencies that when added to the four total 23 properties with deficiencies.

For example, the front door and windows on the house pictured below were open and/or broken.



Property ID number: 06HH113903

Additionally, the bricks on the side of the house (pictured below left) were caved in. Therefore, the property was not properly secured to prevent unauthorized entry. This issue was noted in the contractor's system approximately six months before our review but was not corrected at the time of our site visit. Further, there was a large hole in the house (pictured below right) that could also allow unauthorized entry into the house. This issue was also noted in the contractor's system approximately three months before our review but was not corrected at the time of our site visit.



Property ID number: 06HH122338



Property ID number: 06HH084610

The properties pictured below had unsecured sheds in the backyard that were full of debris and litter. For the property in the picture on the left, comments had been noted in the contractor’s system regarding this issue approximately 14 months before our review but were not corrected at the time of our site visit.



Property ID number: 06HH086799



Property ID number: 06HH069514

See the schedule in appendix B for a complete listing of all property maintenance deficiencies noted.

State’s Expectations Not Specific

The State’s agreement with LLT did not specifically define the expectations and/or requirements as related to the maintenance of properties. As a result, LLT lacked clarity on how to maintain the properties. Therefore, the State must amend its agreement to ensure that it clearly conveys its expectations to LLT regarding property maintenance.

Policies Not Adequate and/or Developed

Properties were not secured and/or cleaned because LLT’s property inspectors did not have written property maintenance policies and procedures in place. Additionally, LLT did not ensure that its maintenance contractor used a maintenance plan as required in its contract and had adequate property maintenance policies and procedures.

LLT property inspectors used a document³ that generally explained the property inspector routine. The document explained the types of deficiencies that the inspectors should look for while inspecting a property. However, it was not a comprehensive policy since it did not address other procedures such as the inspectors' reporting procedures for deficiencies that were identified and a follow-up procedure to ensure that deficiencies were addressed and/or corrected. LLT must develop written policies and procedures for its inspectors to follow during inspections, including written reporting and follow-up procedures for deficiencies that are identified.

Further, according to LLT management, the maintenance contractor did not use a written maintenance plan because the contract outlined its intentions. In addition, the maintenance contractor indicated that the maintenance cut schedule,⁴ which described the annual number of grass cuts for each property, was the written maintenance plan. However, the maintenance cut schedule was not a comprehensive maintenance plan because it only addressed the number of lawn cuts per month and not the security and cleanliness of the properties. Therefore, LLT must ensure that its maintenance contractor develops a maintenance plan as required by the contract and policies and procedures related to property maintenance. Lastly, LLT must clearly convey and document the maintenance contractor's responsibilities related to property maintenance.

Action Not Taken or Properly Coordinated and Decisions Not Documented

LLT indicated that it did not take action on properties, such as those pictured above, because it planned to demolish them. Although demolition efforts began in March 2009, a review of LLT's demolition schedule showed that only 2 of the 23 properties with maintenance deficiencies were demolished and/or scheduled for demolition since our site visits. As a result, the unsafe conditions at the properties remained. In addition, according to documentation provided by LLT, it did not coordinate with other entities, such as the State and respective parishes, when making decisions not to take action on properties with potential safety hazards. However, those entities could be held liable if someone incurred injuries on one of the properties.

Further, LLT's system did not contain management decisions or directions to its contractor to address actions taken on some properties. According to LLT's management, in some cases, it instructed the maintenance contractor not to correct noted deficiencies, and those decisions were documented in the contractor's system. However, upon reviewing the contractor's system, decisions

³ See appendix D for the document used by LLT inspectors.

⁴ See appendix C for the maintenance cut schedule.

were not documented for the 23 properties identified with maintenance deficiencies.

LLT must ensure that it coordinates with other entities and documents decisions made in its system so that these deficiencies are properly corrected to reduce safety risks to the general public and potential financial liabilities.

Conclusion

Although LLT generally ensured that lawns were maintained, it did not always ensure that other property maintenance duties were performed. Of 67 properties reviewed, 23 (34 percent) were not maintained in accordance with contract requirements.

This condition occurred because the State did not clearly convey its expectations to LLT regarding property maintenance. Additionally, LLT did not ensure that its maintenance contractor complied with the terms of its contract and had sufficient controls related to property maintenance. Specifically, the contractor did not use a maintenance plan as required by its contract and as a result, it did not perform all services required. Also, the contract between LLT and its maintenance contractor did not specifically detail the responsibilities of the maintenance contractor. Additionally, LLT inspectors did not have written inspection policies and procedures, nor did LLT ensure that its maintenance contractor had adequate property maintenance policies and procedures. Further, LLT did not take action on some LLT properties, properly coordinate with other entities when making decisions not to take action, or document its decisions in its system. As a result, there were services that were not satisfactorily performed, and some properties presented safety risks to the general public, which could potentially cause LLT to incur financial liabilities.

Recommendations

We recommend that HUD's General Deputy Assistant Secretary for Community Planning and Development require the State to

- 1A. Specify its expectations of LLT regarding property maintenance in its cooperative endeavor agreement.
- 1B. Ensure that LLT's maintenance contractor (a) complies with the terms of its contract, (b) develops a maintenance plan for each property as required in the contract, and (c) develops policies and procedures with regard to property maintenance.

- 1C. Ensure that LLT clearly conveys and documents the maintenance contractor's expectations with regard to property maintenance.
- 1D. Ensure that LLT develops written policies and procedures for its inspectors to follow during inspections, including written reporting and follow-up procedures for deficiencies identified.
- 1E. Ensure that the deficiencies identified at the 21 properties with security and cleanliness issues and the two properties with lawn issues are corrected.
- 1F. Ensure that LLT coordinates with the State when making decisions for hazardous properties, document decisions made within the system, and create a written policy for prioritizing properties for demolition.

SCOPE AND METHODOLOGY

We conducted our audit at LLT's office in Baton Rouge, Louisiana, and the HUD Office of Inspector General (OIG) office in New Orleans, Louisiana. We performed our audit work between January and July 2009.

To accomplish our objective, we used the electronic property data received from LLT and information contained within the contractor's system. Through our file review, we determined that the electronic property data were generally reliable. Between March 1, 2007, and December 31, 2008, the property listing contained a universe of 9,307 properties. We employed the representative statistical sampling method because it allowed selections to be made without bias from the audit universe. Using this method, we selected a random sample of 68 properties for review. However, one of the properties was removed from our sample because it was only accessible by boat. Therefore, our sample was comprised of the remaining 67 properties. We conducted on-site visits to the 67 properties to observe and evaluate the cleanliness, security, and general lawn maintenance of the properties.

We reviewed the system, for each of the 67 properties, to determine whether the lawns were cut according to the established maintenance cut schedule. In addition, we reviewed the system to determine whether LLT instructed the contractor not to correct any of the issues/deficiencies identified during our site visits. Further, we reviewed LLT's demolition schedule to determine whether any of our sampled properties had been demolished or scheduled for demolition since our site reviews.

In addition to property site reviews and data analyses, we

- Interviewed LLT's and its contractor's staff;
- Reviewed the grant agreements executed between HUD and the State, LLT's written policies and procedures, the contract executed between LLT and its maintenance contractor and amendments, the *Code of Federal Regulations*, public laws, and other applicable legal authorities relevant to the CDBG Disaster Recovery Assistance grants; and
- Reviewed reports issued by HUD and the Louisiana legislative auditor's office.

Our audit period covered March 1, 2007, through December 31, 2008. 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 an integral component of an organization's management that provides reasonable assurance that the following controls are achieved:

- Program operations,
- Relevance and reliability of information,
- Compliance with applicable laws and regulations, and
- Safeguarding of assets and resources.

Internal controls relate to management's plans, methods, and procedures used to meet its mission, goals, and objectives. They 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:

- Program operations - Policies and procedures that management has implemented to reasonably ensure that properties are maintained in accordance with contract requirements and CDBG program requirements.
- Validity and reliability of data - Policies and procedures that management has implemented to reasonably ensure that valid and reliable data within the management information system are obtained, maintained, and fairly disclosed in reports.
- Compliance with laws and regulations - Policies and procedures that management has implemented to reasonably ensure that CDBG disaster fund use is consistent with HUD's laws and regulations.
- Safeguarding resources - Policies and procedures that management has implemented to reasonably ensure that CDBG disaster funds are safeguarded against waste, loss, and misuse.

We assessed the relevant controls identified above.

A significant weakness exists if management controls do not provide reasonable assurance that the process for planning, organizing, directing, and controlling program operations will meet the organization's objectives.

Significant Weaknesses

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



- LLT, as the State's subrecipient, did not always ensure that its maintenance contractor complied with the terms of its contract (finding 1),
- LLT, as the State's subrecipient, did not ensure that its contract with its maintenance contractor specifically detailed the contractor's responsibilities (finding 1),
- LLT, as the State's subrecipient, did not ensure that its maintenance contractor used a written maintenance plan that specifically detailed maintenance requirements as required by the contract (finding 1), and
- LLT, as the State's subrecipient, did not implement policies and procedures for its inspectors to follow during their inspections (finding 1).

APPENDIXES

Appendix A AUDITEE COMMENTS AND OIG'S EVALUATION

Ref to OIG Evaluation

Auditee Comments

 BOBBY JINDAL GOVERNOR	 State of Louisiana Division of Administration Office of Community Development Disaster Recovery Unit	ANGELE DAVIS COMMISSIONER OF ADMINISTRATION
August 28, 2009		
<p>Ms. Rose Capalungan Regional Inspector General for Audit, Gulf Coast Region Hale Boggs Federal Building 500 Poydras Street, 11th Floor New Orleans, Louisiana 70130</p>		
<p>RE: Louisiana Land Trust Property Maintenance</p>		
<p>Dear Ms. Capalungan:</p>		
<p>The Division of Administration, Office of Community Development, Disaster Recovery Unit (OCD/DRU) is providing this letter in response to the HUD Office of Inspector General (OIG) Audit Report concerning whether the Louisiana Land Trust (LLT) properly maintained properties received from OCD/DRU. We appreciate the work the HUD-OIG performed and have taken under consideration the recommendations contained in this report.</p>		
<p>The HUD-OIG's report contains one finding that, "LLT did not always ensure that properties were properly maintained," and five recommendations. To resolve this finding the HUD-OIG recommends LLT to:</p>		
<p>1A. Ensure that its maintenance contractor (a) complies with the terms of its contract, (b) develops a maintenance plan for each property as required in the contract, and (c) develops policies and procedures with regard to property maintenance.</p>		
<p>1B. Ensure that it clearly conveys and documents the maintenance contractor's expectations with regard to property maintenance.</p>		
<p>1C. Ensure that it develops written policies and procedures for its inspectors to follow during inspections, including written reporting and follow-up procedures for deficiencies identified.</p>		
<p>1D. Correct deficiencies identified at the 21 properties with security and cleanliness issues and the two properties with lawn issues.</p>		
<p>150 3rd Street, Suite 700 • Baton Rouge, Louisiana 70801 • (225) 219-9600 • 1-800-272-3587 • Fax (225) 219-9605 An Equal Opportunity Employer</p>		

1E. Coordinate with the State when making decisions for hazardous properties, document decisions made within the system, and create a written policy for prioritizing properties for demolition.

Comment 1

OCD will initially review LLT's response to the HUD-OIG's recommendations and assess whether the cited corrective actions contained in LLT's response will satisfy the recommendation. The Cooperative Endeavor Agreement between OCD and LLT requires OCD to monitor LLT twice a year. OCD will include in its next monitoring visit a review of LLT's corrective actions with regard to the five recommendations. OCD will review (1) the revisions LLT makes to its policies and procedures to clarify and fully define what is required by the contractor to meet the property maintenance contract requirements, (2) the revisions LLT incorporates into its policies and procedures that its inspectors follow during inspections, which are to include reporting and follow-up procedures for deficiencies identified and, (3) LLT's development of policies and procedures to address the prioritization of properties to be demolished. OCD will also review how LLT documents its management decisions with regard to property maintenance and security. LLT reported that it has corrected the maintenance deficiencies cited by HUD OIG at the 23 properties.

Comment 2

OCD is pleased that the HUD OIG reported that the maintenance contractor generally ensured that the lawns were properly maintained. However, OCD agrees there is a need for LLT to improve its policies and procedures to more clearly define the standard to use to measure whether property is adequately secured and cleared of debris. One of HUD OIG's major concerns was that properties were not properly secured to prevent or discourage unauthorized entry or use the premises for unauthorized purposes and or not cleaned in accordance with the contract requirements. LLT contends that overall the properties have been adequately secured and cleaned as per the contract requirements. LLT being prudent stewards of federal funds feels that the cost benefits should be considered in deciding the extent to which federal funds should be expended to secure and/or clean the properties which will be demolished in the near future. For example, the HUD OIG was concerned with unsecured sheds that were full of debris and trash. LLT made a conscience decision not to incur the cost of having its maintenance contractor secure and remove the debris in sheds because it was more cost effective to have the demolition contractor perform the services when the home is demolished than have the maintenance contractor perform these services at a much higher cost. This is probably a sound and prudent business decision on the part of LLT and had LLT developed policies and procedures that more clearly define the standard to measure what it considers an adequately secured and cleaned property or documented its business decision HUD OIG may have concluded that the properties were maintained in accordance with the contract requirements.

Comment 3

Ms. Rose Capalungan
August 28, 2009
Page 3

We appreciate the cooperation and diligence of you staff in conducting this audit. If you have any questions or require additional information, please contact me.

Sincerely,


Paul Rainwater, Executive Director
Office of Community Development/DRU

PR/SU

c: Ms. Angele Davis
Mr. Thomas Brennan
Ms. Lara Robertson
Mr. Richard Gray
Mr. Robert Barbor
Mr. Robbie Viator

OIG Evaluation of Auditee's Comments

Comment 1 The State asserted that it would initially review LLT's response to the OIG's recommendations and assess whether LLT's cited corrective actions, contained within its response, satisfied the recommendation. Further, the State stated that it would include a review of LLT's corrective actions, regarding the five recommendations, in its next monitoring visit. Additionally, the State affirmed that it would review (1) the revisions LLT makes to its policies and procedures to clarify and fully define the contractor's property maintenance requirements; (2) the revisions LLT incorporates into its policies and procedures regarding its inspectors' responsibilities including, reporting and follow-up procedures for deficiencies identified; and (3) LLT's development of policies and procedures to address the prioritization of properties to be demolished. The State also agreed to review how LLT documented its management decisions regarding property maintenance and security.

We acknowledge the State's efforts to aid in ensuring that the OIG's recommendations are properly implemented.

Comment 2 According to the State, LLT reported that it had corrected the maintenance deficiencies, at the 23 properties, cited by OIG.

Since the corrections occurred after our review period and we did not receive supporting documentation, we were unable to confirm LLT's claim that it had corrected the maintenance deficiencies, at the 23 properties, cited by OIG.

Comment 3 The State stated that LLT believed that overall, the properties had been adequately secured and cleaned, as required of the contract requirements. Further, the State stated that LLT believed that cost effectiveness should be considered in deciding the extent that federal funds should be expended on the maintenance of properties that would be demolished in the near future.

We reviewed the properties based on LLT's maintenance contractor's responsibilities as outlined in the contract. Since LLT did not provide a cost benefit analysis or other related documentation to justify its contractor not performing duties, as specified in the contract, we stand by our initial assertion that some properties were not properly secured to prevent or discourage unauthorized entry or use of the premises for unauthorized purposes and/or not cleaned in accordance with the contract requirements.

Appendix B

SCHEDULE OF PROPERTY DEFICIENCIES

<u>Property ID Number</u>	<u>Security⁵</u>	<u>Debris⁶</u>	<u>Lawn maintenance⁷</u>
06HH054425	X		
06HH069514		X	X
06HH085431	X		
06HH195254	X		
06HH067606	X	X	
06HH052874		X	X
06HH016877		X	
06HH030569	X		
06HH031179	X		
06HH039169	X	X	
06HH041099	X		
06HH041378		X	
06HH051828	X		
06HH052138		X	
06HH054138		X	
06HH064973			X
06HH084610	X		
06HH086799	X	X	
06HH087732			X
06HH096639	X		
06HH113903	X	X	
06HH118039	X		
06HH122338	X	X	

⁵ Security (access) issues including open doors, unlocked doors, and open windows.

⁶ Debris on the properties including, trash, inoperable vehicles, vehicle parts, and old bath tubs.

⁷ Lawn maintenance issues including lack of edging, excessive tree limbs on the lawn, and un-swept sidewalks.

Appendix C

LLT MAINTENANCE CUT SCHEDULE

Schedule of routine maintenance:

January	February	March	April	May	June
1 cut	1 cut	2 cuts	2 cuts	3 cuts	3 cuts
July	August	September	October	November	December
3 cuts	3 cuts	2 cuts	2 cuts	1 cut	1 cut

Appendix D

LLT PROPERTY INSPECTOR ROUTINE

LLT property inspectors perform the following activities:

LLT Properties with Structures

- If a structure exists, a thorough inspection of entries into the structure is conducted. All doors and windows are visually checked as well as other open areas that may be used for entry.
- One entry point (usually the front door) is locked with a clasps and pad lock provided and installed by the contractor.
- All openings are either closed with existing coverings (windows drawn closed and doors shut and secured with screws) or covered with plywood.
- A thorough inspection of the properties' grounds is performed including grass height; quality of service delivered by the contractor such as the presence of weeds, tree limbs, trash, and debris; and removal of excess grass clippings on sidewalks and driveways.
- The inspector will check for the presence of motorized vehicles, trailers, or appliances.
- The inspector will check for visible safety hazards such as active/live power lines, running water, or the odor or presence of natural gas.
- The inspector will visually check for other potential hazardous conditions, such as sharp objects protruding from the structure or ground and depressions or major holes in the ground, which may hold water and foster mosquito infestation.

LLT Properties with Slabs

- A thorough inspection of the properties' grounds is performed including grass height; quality of service delivered by the contractor such as the presence of weeds, tree limbs, trash, and debris; and removal and excess grass clippings on sidewalks and driveways.
- The inspector will check for the presence of motorized vehicles, trailers, or appliances.
- The inspector will check for visible safety hazards such as active/live power lines, running water, or the odor or presence of natural gas.
- The inspector will visually check for other potential hazardous conditions, such as sharp objects protruding from the structure or ground and depressions or major holes in the ground.

LLT Properties with Lot Land Only

- Same as for properties with slabs.