



FEATURE

A man in a brown tweed suit and a dark hat is looking through a magnifying glass. The lens of the magnifying glass is focused on a large, glowing blue eye. The background is dark with a bokeh effect of light circles.

Clues TO DETERMINING OCCUPANCY

Field service companies use best practices for protecting properties.



By Jen Jozity, AVP of Inspections, Safeguard

In the board game Clue, by Parker Brothers, players try to determine who murdered the game's victim, where the crime took place, and which weapon was used. There are six potential suspects, six weapons, and nine rooms that could be the scene of the crime. Players try to narrow down each possibility by strategically moving around the game board and collecting clues from the other players. Once a player thinks he or she has narrowed down the suspect, weapon, and room, they make an accusation. The player who guesses all three details correctly wins the game.

There are about 324 different winning scenarios possible in the game of Clue, and just like in the game, the mortgage servicing industry's possible ways of indicating occupancy at defaulted properties are endless.

Every industry faces challenges that it must overcome in order to conduct business properly and effectively. Some are internal, while others deal with issues that, on the surface, can seem to be out of their control. Effective businesses find solutions to these problems and establish best practices—often setting the industry standards.

In the housing industry, and especially since the crisis it faced several years ago, keeping people in their homes is the number one priority. When all loan modifications and other alternatives have been exhausted, or when the homeowner has abandoned the property, mortgage servicing companies must find the most efficient way to not only maintain those assets, but also protect neighborhoods and communities from blight. They hire field services companies to manage such on their behalf.

One of the most challenging issues that the field services industry faces is the determination of occupancy. Inspectors have clues they look for in determining if

homeowners still reside in their properties, or if they have abandoned them for whatever reason. But it is not cut-and-dry, and it can be a challenge even when all of the clues appear to be present.

Challenges Faced in the Field

When field inspectors and contractors get their orders to inspect or perform work on a property, they must review it for specific notes or instructions. For inspectors, each inspection requires a different level of service, and there are some that need extra care in following those orders.

Bankruptcy and no-contact inspection orders are particularly sensitive. Inspectors are instructed to snap the required photos from the street to avoid making any contact with the homeowner. This can make it more difficult for inspectors to identify key vacancy indicators as they try to complete their work from a distance and not violate the work order instructions.

Some of the other challenges faced when determining occupancy at a defaulted or foreclosed property include timing, utilities, and information issues.

Timing issues can occur for homeowners who travel for work or leave for a period of time to care for a relative out of town. The property is technically vacant, but it may be maintained as the grass is getting cut and the mail is being held by the post office or picked up by a neighbor or relative.

One of the key indicators for determining occupancy is checking if the utilities are on or have been used recently. Utility companies are often hesitant to give out information to a third party, therefore it is difficult for inspectors to determine usage when they are left on but other indicators show the house to be vacant.

Information regarding the property is often difficult to come by. During bankruptcy and no-contact inspections, there is obviously little to be collected; but for contact, exterior and interior inspections, information may be a key indicator of vacancy.

Confusing or conflicting information is a big issue in determining occupancy. Sometimes a house can be vacant but maintained because the homeowner is trying to sell it through a real estate agent before the foreclosure process takes its course. The agent may not want an inspector to place a vacancy sticker on the door if the home is being shown to potential buyers because of the negative connotation of the word vacant. Field services companies would report that home as vacant, but the real estate agent may disagree. This may delay work that bears completion on the property as subsequent contractors may be unsure of the property's occupancy status without the sticker. Additionally, some municipalities have ordinances prohibiting the use of vacancy stickers, because officials think they bring unnecessary negative attention to the abandoned properties.

Good sources of information for field services inspectors when determining occupancy are the

neighbors—but they also can be sources of misinformation. A property may be determined as vacant by the inspector when one of the key indicators is the information received by the neighbors who said the homeowner left the property months ago. When trying to complete work on the property for damages, the insurance claims may get denied because the adjuster talks to a different neighbor who says they saw the homeowner at the property a few days ago.

Sometimes there are people at the property when it is actually vacant. For example, during a contact inspection, an inspector arrives at the property and is greeted by someone at the door. The person who answers the door says they are the homeowner. The inspector does not know what the homeowner looks like and may assume that the property is occupied. It turns out that the person at the door was a squatter who has been staying at the property for some time and has caused a significant amount of damage to the home.

Additionally, some indicators may not be what they seem. For example, an inspector sees a car in the driveway or garbage in the trash can outside. Normally this would indicate that someone was living in the home, but the car may belong to the neighbor who knows the home is abandoned and started utilizing the extra parking. The same could be true for the trash; in some communities, the number or size of garbage cans is limited, so the neighbors may be using the extra ones at the vacant home nearby.

No Clear Definition

Although field services companies set indicators for vacancy for their inspectors and contractors to use when determining the occupancy of a property, no clear definition of



what is considered “vacant” has been established by the industry or government regulators. And, even if those indicators were set by the industry or government entities, there are always exceptions to every rule as every property and homeowner situation is unique. Some struggling homeowners may not maintain their properties at the same level that they once did.

Recently, the *Akron Beacon Journal*, a newspaper in Akron, Ohio, published an article featuring the work of surveyors cataloguing homes in that city. The article highlights some of the challenges they faced while trying to determine if a property was occupied or vacant.

“Determining if a house is indeed vacant or just not being kept up well is among the challenges faced by the surveyors who are inputting data on the 98,000 parcels in Akron. They look for obvious signs like boarded-up doors and windows, a lack of an electric meter, and notices on the door, and more subtle hints such as recent mail, an absence of blinds or window coverings, and the presence of seasonal items like a kiddie pool or flowers in bloom. Sometimes a neighbor will offer information about how long a house has been unoccupied or how vermin have taken over.”

While checking one of the properties that the surveyors had determined was vacant and marked accordingly on a city-issued iPad, a woman and two children walked up the street and entered the home. In the article, the surveyors said they were shocked that anyone would occupy that property in its current condition.

Field service companies doing the ground work for the mortgage servicing industry face those same challenges when determining the occupancy of defaulted properties across the country. To help reduce any confusion, field services companies must set best practices for determining occupancy and provide tools for

their inspector and contractor networks out in the field.

Best Practices

Field services companies must manage different scenarios for determining occupancy for areas across the country. By using business intelligence of the data collected in the field, they can identify property trends in the industry and establish best practices that can be reviewed regularly.

For each order, inspectors are tasked with using their best

- Abandoned vehicles
- Confirmation from neighbors

Field service companies need to equip their inspector and contractor networks with a detailed script to follow to more accurately determine the occupancy of a property. The vacancy indicators listed above should be included in the questions on that script. Inspectors must also submit multiple photos to prove that determination.

The increased use of mobile applications in the field also

serve as a quality checkpoint. The orders also are subjected to quality checks from the company’s internal quality control department to ensure work is done to the highest standard.

Another best practice comes from the feedback of mortgage servicers. As regulation increases, so too do the audits performed by servicers on their field services partners as an intensive look into the company’s business practices, processes, and procedures. This can provide another look at whether or not properties are being identified properly.

Having these multiple levels of quality checks, from the beginning of the work order process to ensuring the proper procedures are in place, is important in aiding in the verification of occupancy at a property.

Piecing the Clues Together

In today’s housing industry, piecing the clues together to determine the occupancy of a defaulted property is not as easy as deciding it was Col. Mustard, in the ballroom, with the lead pipe in the game of Clue. All of the key indicators may be there, but as the industry recovers from the financial crisis of a few years ago, these are not always cut-and-dry.

Having a hard-and-fast rule or definition of occupancy is something the industry should consider for the near future, but establishing best practices based on the property data the inspector and contractor networks collect every day is something the field services companies need to do now. That, coupled with multiple quality control checks, can help the mortgage servicing industry solve the occupancy mystery and protect properties and neighborhood from blight. **M**



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judgment based on the training and previous data collected in the field. For properties on orders where contact with homeowners is permitted, not only should the attempt be made, but inspectors need to look for the visual clues for vacancy.

Some of the clues that indicate a property is vacant include:

- No personals/empty through the windows
- Tall grass or yard not maintained
- Overflowing or excess mail
- Notices or citations posted
- Build-up of fliers or phone books
- Previously-posted vacancy notices
- Disconnected or removed utility meters
- Property damage or vandalism
- Snow not shoveled (where applicable)

helps play a role in determining occupancy. Those apps should function so that the script questions can be answered in a way that will prompt the inspector to review their determinations. If a question is answered a certain way, then a secondary question will need to be answered, and so on. The apps also should allow only the proper photos to be uploaded with the order. This helps to streamline the inspections process and deliver a more accurate determination.

Multiple quality control checkpoints at the internal field services company level also help to ensure the occupancy of a property. Those updating the orders and verifying the work completed

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