



Fact Sheet: REAC Physical Inspections

A Review of Protocol Changes and Current Expectations

In 1998, the U.S. Department of Housing and Urban Development (HUD) began doing physical inspections for all Section 8 housing, public housing, HUD-insured multifamily housing, and other HUD assisted housing (collectively, HUD housing) using a defined uniform physical condition standards to ensure that the housing is decent, safe, sanitary and in good repair. This was the first effort at centralized collection of standardized electronic reporting under the auspices of the HUD Real Estate Assessment Center (REAC)'s physical assessment subsystem.

Since its inception, the REAC physical inspection protocol, definitions and online platform that support it have undergone formalized changes. Additionally, several updates have been made to a document referred to as the compilation bulletin - a collection of memos and other UPCS guidance and protocol clarifications shared with inspectors.

Most recently, with the expanded protocol under REAC's Industry Standard rules, new rules of behavior for REAC Inspectors, changes to oversight on Quality Assurance on REAC, and new laws that govern what happens when a property fails its REAC Inspection Inspectors, expectations for and experiences related to REAC inspections have changed dramatically.

Following is a summary of the major issues members should be aware of including owner/agent rights related to scheduling, stopping a review in process, appealing unwarranted deficiency findings and/or responding to exigent health and safety violations.

Background

The HUD REAC has centralized the collection of electronic data used in the assessment of all HUD housing. Since the launch of the REAC physical inspection protocol in 1998, there have been revisions to more than half of the definitions, periodic clarifications on how to interpret/apply the definitions, and several changes in policy regarding inspection reporting, oversight and appeals processes.

Responsibility for REAC operations and administration was transferred to the Office of Public and Indian Housing (PIH) in 2002. Over time, PIH-REAC enhanced and routinized quality assurance reviews and centralized inspector training and certification so it is handled exclusively by REAC staff on-site at the REAC offices.

LeadingAge (then known as AAHSA) was an active participant in the development of the initial REAC physical inspection protocol, as well as a key player in stimulating substantial revisions during the first two years. Then as now, LeadingAge will provide technical assistance to any

member with questions or concerns about their individual inspections, and continue to collaborate with HUD and other stakeholders to address changes made or needed to the protocol to improve its reliability, consistency, proportionality, and relevance based on this communications from members.

Summary

Following is an overview of the protocol, what owners can expect from scheduling the inspection to receiving the final score, including a review of owner obligations for responding to an inspection, highlights of some of the major changes to the protocol over the years, new methods for filing EH&S certifications, and important information on how to file an appeal. Useful on-line resources and getting personalized help are also covered.

Frequency of Inspections

Inspections are conducted on a risk-adjusted (3-2-1) basis. Under this policy, inspections occur annually, unless the most recent score was 80 (out of 100) or higher.

Properties receiving a score of 80 – 89 are inspected every two years; properties receiving a score of 90 or more are inspected every three years. For more on the administrative processes and timing of inspections, see [the December 8, 2000, final rule](#).

Scheduling, Preparing for the Inspection

An inspection notification letter will be sent by mail to the owner, advising the owner an inspection company representative will be calling shortly to arrange a mutually convenient date to conduct the inspection. Owners have the right to negotiate the actual date and time.

If major rehabilitation work is underway, an inspection after the date of completion may be advisable. Requests for postponement should be directed to the local HUD office as soon as possible. However, as inspections are mandated to occur within 9 to 15 months of the most recent inspection anniversary, *and* before the end of the inspection firm's contract year with HUD, owners are encouraged to do their best to accommodate the initially scheduled date. Read more about the [guidance provided to the inspector regarding scheduling](#).

The notification instructs owners to make available all applicable certifications including inspections of elevators, sprinkler systems, fire alarms, and boilers. For housing built prior to 1978, lead-based paint inspection reports will also be requested, though this program does not apply to housing for older adults. A list of modifications made to residential units in response to reasonable accommodation requests should also be offered to the inspector on his/her arrival.

Don't forget to measure off separately all total area measures for parking lots/driveways/roads and walkways/steps which will be used for proportionality calculations for deficiencies in these areas.

Software is available for owners to download/use on their own computers to check out the system or do a pre-test survey of their own facilities. This 100% inspection can be completed using the DCD 4.0 Public Version Software of the inspection software, which is available for download from [the REAC website](#) if you choose to complete the inspection electronically.

To get a sense of likely finding not using the electronic platform, use the “[Revised Dictionary of Deficiency Definitions](#).”

The Inspection Day

Inspectors are required to identify themselves to the owner/site staff immediately upon arrival. They must wear identification and be accompanied by a project representative at all times. Inspectors can only begin the actual inspection and generate the list of sample units to be inspected after having a site representative first confirming all project data and contact information contained on the hand-held inspection recording device. Units to be inspected shall not be identified in advance, unless the project units are not master-keyed. HUD has created a [REAC inspection checklist](#) to ensure that the inspection is conducted in a thorough and consistent manner.

NOTE: If an inspector does not appear in a timely manner or conducts themselves in an egregiously unprofessional or inappropriate manner towards staff or residents, property management has the right to put an immediate stop to the inspection and may do so by contacting the REAC Technical Assistance Center at 1-888-245-4860.

During the inspection, the inspector is required to call out all deficiencies as they are recorded in the handheld device, so the accompanying project representative may make note of deficiencies needing attention. This is not an opportunity to argue the matter, and the inspector is allowed to stop calling out deficiencies if they are prevented from moving forward with their inspection by repeated challenges.

However, if the site representative feels a deficiency is wrong, special note should be taken so appropriate review and documentation may be prepared to file a challenge later in writing, if merited. REAC has suggested that owners may want to carry a digital or video camera to record the condition of the property and deficiencies as noted during the inspection to serve as visual evidence for an appeal if one is required (see “Filing an Appeal” below). Be sure visual images are taken during the inspection with date-stamp feature enabled.

According to the REAC inspector training protocol, there are only three things an owner may do during the inspection which could impact the potential scoring or notation or a deficiency: light pilot lights, insert bulbs, or plug in exhaust fans to show that they work. Other repairs done during the inspection will not prevent deficiencies from being recorded.

Property representative may be required to test items more than 8' above the floor (such as smoke detectors, emergency lighting and exit signs) and shall be required to turn stoves or ovens on and off in the presence of an inspector.

Quality Assurance

Over time, the method and manner of the inspector has come under scrutiny as their performance is a critical component in assuring consistency in inspection results. New quality assurance protocols are being put into place requiring each inspector to be accompanied by a Quality Assurance (QA) reviewer on a routine basis, with expectations that this will be no less than 2 times each year.

QA staff accompany inspectors during the actual inspection more frequently now than in the past, when they would perform follow-up inspections within 24 to 48 hours. On-going disagreements or escalating arguments between inspector and QA reviewer about deficiency definitions or applications are generally not considered appropriate and excessive discussion or detrimental impacts on the site inspection should be reported by contacting the REAC Technical Assistance Center at 1-888-245-4860.

Current software imbedded in the inspection data recordation device now make time-stamped entries for each action/entry noted by the inspector, so REAC QA staff can better assess the time each inspector is spending on site, reviewing each component, in each unit, etc. Too much or too little time inspecting given components will trigger follow-up assessment by PIH-REAC staff in Washington, DC.

Owners/site representatives who feel the inspector is not acting professionally or conducting the inspection in an appropriate and thorough manner are encouraged to submit a written first-hand account of any alleged protocol violations to reac_inspector_admin@hud.gov (be sure to use the “_” underscore between words) and please copy cbloom@leadingage.org.

Elements Being Inspected

On Sept. 1, 1998, HUD issued a final rule providing the specifics of the inspection protocol (definitions, severity/criticality, etc.) and grouped inspectable areas into these five major components of the property: site, building exteriors, building systems, common areas, and dwelling units.

Inspectable items refer to walls, kitchens, bathrooms, appliances, electrical and water systems, and other things to be inspected in each inspectable area. There are also a number of health and safety items which include air quality, electrical hazards, tripping hazards, etc.

The full list of items to be inspected is contained in the REAC [Dictionary of Deficiency Definitions \(PASS\)](#) as updated last in 2012.

In addition to the “Dictionary of Definitions,” HUD/REAC periodically updates deficiency definitions and protocol applications. As definitions have changed over the years, so has guidance to the inspectors on how to treat various components. Read the latest [REAC Compilation Bulletin](#), dated October 2, 2017.

Some particularly troubling items have had their definitions or inspection guidance modified several times over the years. Among them, the pull-cords or emergency “call for aid.” Old guidance specifying length or position of cord was pre-empted. The current clarification emphasizes that it must “serve its intended function.” (p. 76). Supplemental clarification indicates, however, that “[r]esident owned furniture or storage that prohibits access to call-for-aids (pull cords) or creates a blocked egress must be cited as [Call-For-Aid] ... or [Health and Safety], [appropriate room location], [Emergency/Fire Exits] ..., as applicable” (p. 74).

Reports of substantial problems and inappropriately heavy scoring impacts, along with unjustifiable EH&S violations, for electrical panel boxes without covers but behind locked doors has resulted in getting an old agreement to revise the application/usage guidance implemented. Current information can be found on pages 42-44 of the [compilation bulletin](#).

Things under resident or others control still remain problematic. Residential unit clutter, improper storage, blocked access/egress, personal fire extinguishers, etc. will still be scored according to the definitions and charged against the property. Same with physical structures on or abutting the inspection site but under separate ownership/control, and local codes in conflict with the REAC protocol. Prior practices of having the inspector determine where property lines ended, who maintained sidewalks or owned which appliances, etc. proved too time-consuming, potentially contentious and prone to error.

Now owners must simply provide the necessary documentation and appeal such things after-the-fact using the database adjustment process (covered below).

EH&S Citations

Certain health and safety hazards may be noted during the inspection that require immediate repair. These are cited as exigent health and safety (EH&S) violations. Before leaving the property, the inspector will give the property representative a written notice of EH&S violations and ask the representative to [sign an acknowledgement of receipt](#).

HUD requires owners to certify repair or remediation of these deficiencies within 3 business days. The [certification form for closing out the Exigent Health & Safety violations](#) is available.

Project owners or those persons legally authorized to sign for the project owners have to execute the certifications and the form must be sent or faxed to the local HUD Multifamily office or the Contract Administrator within 3 business days of the date of the inspection.

Using Photography as Integral Part of the Inspection (and Appeals)

REAC QA inspectors began in August 2014 using new Uniform Physical Condition Standards (UPCS) 4.0 Inspection photograph capability software in physical inspections of public housing and multifamily properties. Beginning in 2015, photo documentation is required for all Level 3 Deficiencies identified during a HUD REAC Physical Inspection.

In cases where owners and agents do not agree with the inspector on a Level 3 Deficiency, HUD recommends that owners take their own photographs of the deficiency. Take photos from various angles and ensure that the photos have a date stamp on them showing they were taken at the time of the inspection, or they could be denied as irrelevant in use during an appeal.

Standard of Repair

In 2016, new “Standard of Repair” guidance was issued in response to abysmal situations that were missed in isolated but now very public failures of the HUD inspection process: Under the new standard, all repairs shall be made in a *“good and workmanlike manner with materials that are suitable for the purpose and free from defect.”* Subsequent clarifications added that inspectors must *“ensure that all components, as repaired, perform its intended purpose and function; and that all repairs are finished in manner reasonably compatible in design and quality with the original and adjoining decorative materials”* having *“the same texture, and... minimal deviation from and/or have an indistinguishable difference from the original appearance.”*

Understanding Inspection Scoring and Its Implications

As noted above, the highest REAC inspection possible score for multifamily properties is 100. The number of points that can be lost based on total possible deficiencies well exceeds 100, but scoring losses cannot exceed total points available within each of the 5 proportionally allocated physical inspection areas. Final score points correlate directly to the frequency of inspections, with less frequent inspections for high performing properties.

Since November 1, 2002, properties that received REAC inspection scores between 31 and 59 were immediately referred to the Departmental Enforcement Center (DEC), unless the local HUB director exercised its discretion to withhold the referral based on good causes. Projects scoring 30 or less were automatically referred to the DEC. It did not matter if the score was in error and no time was provided to appeal or cure the deficiencies before the referral. Later, properties scoring two less than 60 for two consecutive inspection were referred to the Enforcement Center.

Once a property is referred to the DEC, the primary responsibility for addressing the property issues and dealing with the owner becomes that of the DEC.

In 2017, changes to the laws that govern what happens when a property fails its REAC inspection were added to the HUD appropriations bill. Most notably, enforcement actions must now begin after the *first* time a property fails to receive less than 60 points. Options for

enforcement action also expanded, to include use of subsidy abatement, replacement of management agent and more.

Filing an Appeal

If property owners disagree with the results of a physical inspection, they may submit their specific issues and challenges for review by REAC. It is very important that owners provide substantiated evidence of the need for an adjustment of score. Owners should not attempt to address each and every deficiency (like the .1 to .8 impacts for small items in individual resident units); instead, appeals should focus on major items, high severity or criticality components, having a substantial impact on the overall inspection that, if adjusted, will raise the score above the actionable thresholds of 31, 60, 80 or 90 points.

HUD has created a number of videos related to the inspection processes and types of appeals, which we will explain below. [These videos](#) are a useful resource in the event you should choose to actually file an appeal. [View guidelines and rules](#) for completing a request for [technical review or database adjustment](#).

Technical Review

A technical review may be requested when an objectively verifiable and material error(s) occurred in the inspection that, if corrected, will result in an improvement in the property's overall score.

For example, a technical review should be submitted when: a) the wrong building is inspected or a portion of property not a part of the subject project is inspected; b) the total number of units inspected is incorrect; or c) the inspection indicated a part of the property is below standard, and in fact it is not.

Multifamily housing owners must submit and REAC must receive a request for a technical review within 30 days following the inspection (PHA's have only 15 days to file). (Some examples of "major items" might be inappropriate application of the definition for electrical boxes under "building systems," or mistaken citations against fire safety systems or extinguishers, where a current certification document is readily available, or "ponding" on a roof within 24 hours of rain, etc.).

An OA/PHA can initiate the technical review process by notifying PIH-REAC in writing within the appropriate time-period and supplying objective and verifiable documentation that a deficiency was recorded in error. Examples of objective and verifiable documentation are dated pictures or video, signed and dated written material from an objective source such as a local fire marshal or building code official, or similar evidence.

Written documentation, other than from the fire marshal or local code official, must be from a licensed professional whose expertise corresponds to the appealed inspectable item. This written documentation must be signed by the licensed expert and include his/her license number.

For example, if a property was noted for an exposed wire, the deficiency must be inspected and verified/certified by a licensed electrician that there is no exposed wire or the wires exposed do not carry live electricity; a fire sprinkler defect must be inspected and verified/certified for non-deficiency by a fire suppression company or a foundation crack non - deficiency must be verified by an engineer whose discipline corresponds with the noted deficiency.

Effective August 2017, to appeal non-industry standard (NIS) repair deficiencies directly related to electrical panels, a qualified local code official must provide evidence on an official letterhead with signature and with the following information:

- statement that the panel or item in question has been inspected and it meets code
- address of the property
- the inspectable area where the electrical item is located
- copy of the photo taken by the REAC inspector at the time of inspection

Read the [guidelines](#) on how to submit a thorough technical review request. As of October 31, 2007, appeals signed by the owner, his/her management agent and/or lawyers retained by the owners are the only acceptable appeals that will be processed. The request must include an email address of the request originator. The appeal may be declined if all the above information is not supplied.

Once all documentation and photos are ready, the information and proper documentation for a technical review must be mailed to the following address:

U.S Housing and Urban Development/PIH/REAC
Attn: Technical Assistance Center/ TR/DBA
550 12th St. SW
Suite 100
Washington, DC 20410

A copy of any appeal should also be sent to the local HUD Program Center and/or the Contract Administrator. Requests for technical assistance should be directed to the Technical Assistance Center at 888-245-4860.

Database Adjustments

Database adjustment issues are those that concern inconsistencies between local code requirements and PIH-REAC physical inspection protocol; ownership issues like scoring of items the property owner or agent does not own and is not responsible for maintaining; adverse conditions such as damage from a natural disaster or third party just prior to the inspection; written waivers granted by local HUD Office to accommodate special needs of residents; as-built conditions that were approved; and property undergoing modernization work/construction. Keep in mind that in-process modernization/construction is also grounds for changing the date of a scheduled inspection; requests should be addressed to the local HUD office. HUD's website provides updated [guidelines](#) on filing a thorough [database adjustment](#).

Requests for database adjustments must be submitted separately from requests for technical reviews and must be submitted **within 45 days** of the physical inspection report release date to the following address:

U.S Housing and Urban Development/PIH/REAC
Attn: Technical Assistance Center/ TR/DBA
550 12th Street SW
Suite 100
Washington, DC 20410

As with technical reviews, a copy of any database adjustment appeals should also be sent to the local HUD Program Center and/or the Contract Administrator, and must include an email address of the request originator. Requests for technical assistance with these adjustments should be directed to the Technical Assistance Center at 888-245-4860.

Resident/Public Notification of Scores

According to the December 8, 2000 final rule, owners are required to make the final score and any physical inspection related documents (appeals, EHS certifications, etc.) available to residents on request. Owners are instructed to post a notice informing residents that they may request to review the inspection related documents within 60 days following issuance of the final score.

Final Score

A score is defined as final “...if the owner files no request for technical review... or for any other adjustment of the physical condition score... [However,] if the owner files a request for technical review or score adjustments, the final physical condition score is the score issued by HUD after any adjustments are determined necessary and made by HUD at the conclusion of these processes.”

In the Event of Failing REAC Scores

Notice H 2015-02 outlines the actions that HUD must take on multifamily projects receiving failing REAC scores (i.e., 59 or below). If a project receives a failing REAC score, the owner is given the opportunity to request a technical review and/or seek a score adjustment. If, following a technical review, any violations remain, HUD was required as part of the HUD FY15 budget to develop a Compliance, Disposition and Enforcement Plan (CDE) with a specified timetable for correcting all deficiencies. [Notice H 2015-02](#) implements those changes.

In this notice, HUD explains many of the procedures already available to the Multifamily Housing Field Offices and supplements Notice H 2012-16 which extends [Notice H 2011-24: Reissuance of Revised Protocol for Placing a Flag in the Active Partners Performance System \(APPS\) when a Property Receives a Physical Inspection Score below 60 but Above 30.](#)

With legislative language added as part of the FY17 HUD appropriation, however, action has been accelerated for HUD to undertake certain mandatory actions with owners on the first failing scores (below 60). The highlights of the new law are:

- On REAC scores 59 or less, the HUD Office must notify the owner/agent within 15 days that they are in default of their regulatory agreement for their failure to maintain the property in a decent, safe, and sanitary condition; previously this was 30 days.
- When notifying the owner of the default of the regulatory agreement, the HUD office is required to provide a time span for the owner to conduct a 100% survey inspection and repair all of any and all issues; this is typically a 60 day period, but now that section has been replaced with “a specific timetable,” which leaves open the possibility of both shorter and greater periods to correct issues.
- Previous rules and regulations set out four options for enforcement on failed REAC Inspections, this has now been expanded and clarified. The reasons are (in slightly paraphrased language) listed below, the * at the end, indicates a change:

- (A) Require immediate replacement of the management agent
- (B) Impose Civil Money Penalty (A punitive fine imposed by a civil court on an entity that has profited from illegal or unethical activity.)
- (C) Abatement of the Section 8 Contract*
- (D) Transfer of the project to a new owner*
- (E) Transfer of the Section 8 contract to another project*
- (F) Pursue exclusionary sanctions, including suspension and debarments from Federal Programs*
- (G) Seek judicial appointment of a receiver of the property who would manage the property and cure all non-compliance
- (H) Work with the owner, lender, or other party to stabilize the property through a [work-out plan to correct non-compliance] *
- (I) Take any other action that is deemed necessary or appropriate*

According to the earlier notices, HUD defines the date the project “receives a REAC score” in each of the foregoing bullets to mean the date on which HUD releases the REAC inspection report, and how a Compliance, Disposition and Enforcement (CDE) plan will be developed by HUD within 60 days of the inspection release date.

In the case of an insured, HUD-Held, Section 202 or a Section 811 project, the Regional Director may also request approval to proceed with assignment and/or foreclosure of the loan or capital advance. Awaiting issuance of new guidance for the FY17 changes, [Notice H 2015-02 should be consulted](#).

Free Non-inspector Online Training and Certification

REAC inspection online training is available for free to multifamily owners/agents through HUD's [UPCS Inspection Online Training](#) program first created in 2012. It includes a certification of completion for those who register through the online learning management system and complete the online training within the proscribed period of time.

The curriculum is designed to provide non-inspectors with useful information about the UPCS Inspection Protocol and what to expect as part of the REAC Inspection Process. The curriculum is presented using a blended learning approach of text, interactive questions and video presentations. [Find out more.](#)

Getting Help

LeadingAge staff welcome the opportunity to assist members with questions about their physical inspections. We stand ready to help all members understand their deficiency report summaries, discuss inspection or inspector concerns, provide information on EH&S certifications and offer recommendations for filing appeals, if needed.

REAC, also, has a toll free number for its technical assistance center (TAC): 1-888-245-4860. TAC contractors, skilled in customer service and the REAC physical inspection process, staff this hotline and have access to career PIH-REAC staff, program center directors, inspection protocol trainers, and other specialists who work on the physical inspection protocol and data review just outside their glass-enclosed work area in the center of the REAC offices. TAC question response and resolution times are reportedly quite good now, a significant improvement since a toll-free number was first made available.

For more information on these and other HUD management issues, contact Colleen Bloom, LeadingAge's Director for Housing Operations, at 202-508-9483 or cbloom@leadingage.org