REAC UPCS Training for
2019 NAHC Annual Conference

Property Owners Preparing for a REAC Inspection

October, 2019
Fred Gibbs - RCM
Common Terms & Acronyms

- REAC – Real Estate Assessment Center
- UPCS – Uniform Physical Condition Standards
- RAP – Reverse Auction Program
  - Multifamily
  - Public Housing
- Servicing Mortgagee
- IA – Inspector Administration
- QA – Quality Assurance

Continued on next slide
Common Terms - Acronyms

- UPCS or RAPID Software (4.0)
- H&S – Health and Safety
- EH&S – Exigent Health and Safety
- NOD – No Observed Deficiency
- OD – Observed Deficiency
- NA – Not Applicable
REAC UPCS PROTOCOL
Federal requirements for inspecting government subsidized housing started under …

“Section 8 of the U.S. Housing Act of 1937 (42 U.S.C. 143f)”

… this allowed the collection of information to be used to determine if a unit meets the Housing Quality Standards (HQS) of the Section 8 rental assistance program.

HQS was the Original Standard for Government Subsidized Housing.
**What are the HQS General Requirements?**

- **Housing Quality Standards (HQS)** have been developed for use nationwide by applying the “**HQS Manual Handbook – Section 8 Housing**” and “**HQS Chapter 10 Manual**” using the HUD form **HUD-52580**, and all documentation is on paper.

  - These standards are subjective, and have been applied across the country with varying degrees of success and failure:
    - How “Large” is “Large”
    - When does “Loose” become “Dangerously Loose”
    - Where does “Moderate Deterioration” end and “Severe Deterioration” began

- The Intent for **HQS**, is to Develop a **Minimum Criteria** for **Occupants** to live in, that is **Decent, Safe, Sanitary and in Good Repair**. However, due to subjectivity on applying HQS Standards, the requirements have failed many occupants who are forced to live in substandard housing.
Why did HUD change from the Old HQS?

- HUD 2020 Management Reform Plan was Established in June 1997
- Includes significant changes to HUD’s structure, processes, and systems

Purpose

- To ensure HUD provides Decent, Safe, and Sanitary Housing in Good Repair
- To assess compliance of properties with statutory, regulatory and contractual requirements
- To Restore Public Trust in HUD
When and Why was REAC Created?

- Created in March 1998 and located in Washington, D.C.
- Evaluates the condition of properties that HUD has a Financial Interest or Statutory Obligation to Monitor
- Enables HUD to Prioritize and Direct its Resources to Properties in need of Attention
- Assesses these 4 Core Factors for all properties:
  - Physical condition
  - Financial condition
  - Resident satisfaction level
  - Assess management capabilities
The Real Estate Assessment Center's (REAC) Mission is to …

… Provide and Promote the Effective use of Accurate, Timely and Reliable Information Assessing the Condition of HUD's Portfolio;

… to provide Information to help Ensure that HUD Subsidized Housing Remains Decent, Safe, Sanitary and in Good Repair;

… and to Restore the Public Trust by Identifying Fraud, Abuse and the Wasting of HUD Resources.
The Uniform Physical Condition Standards (UPCS) are the Foundation of REAC’s Physical Inspection Program.

- Creates the Structure of the Physical Inspection
  - Identifies Five Inspectable Areas and Health & Safety Hazards
- Establishes Standardized Definitions for Inspectable Items, the basis for Electronic Inspections via UPCS software
  - Inspection Data is Validated, producing a Score between 0 to 100 which Indicates the Physical Condition of a Property
- Provides a Uniform, Objective Protocol for Inspections of all Property types and sizes, at any location
What are Inspectable Areas, Inspectable Items and Health & Safety Items?

**SITE**
- Fencing and Gates
- Grounds
- Mailboxes/Project Signs
- Market Appeal
- Parking Lots/Driveways/Roads

**BUILDING EXTERIOR**
- Doors
- Fire Escapes
- Foundations
- Lighting
- Roofs
- Walls
- Etc.

**BUILDING SYSTEMS**
- Domestic Water
- Electrical System
- Elevators
- Emergency Power
- Fire Protection
- HVAC
- Sewer System
- Etc.

**COMMON AREAS**
- Basement/Garage/Carport
- Community Room
- Day Care
- Halls/Corridors/Stairs
- Public Restrooms
- Mechanical Rooms
- Etc.

**UNIT**
- Bathroom Items
- Ceiling
- Doors
- Electrical System
- Floors
- Water Heater
- Kitchen Items
- Etc.

**HEALTH & SAFETY**
- Air Quality
- Flammable Materials
- Elevator
- Electrical Hazards
- Emergency/Fire Exits
- Etc.
How does the UPCS SOFTWARE CONFIGURATION Flow?

Deficiency Definitions

- No Observed Deficiency (NOD)
- or -
- Observed Deficiency (OD)
- or -
- Not Applicable (NA)

Inspectable Area → Inspectable Item

Level 1
Level 2
Level 3
H & S
Examples of Health & Safety Deficiencies

H&S - Trip Hazard

H&S - Air Quality – Mold, & L3 for Wall Mold

H&S - Infestation - Roaches

H&S Sharp Edges, & L3 HVAC
Examples of Life-Threatening Health & Safety

H&S - Electrical Hazard – Exposed (Copper) Wiring

H&S - Emergency/Fire Exit – Hasp on Bedroom Door

H&S - Electrical Hazard – Opening in Panel (Missing Knockout)

H&S - Electrical Hazards – Standing Water
Inspectors Must Record all Observed Health and Safety deficiencies

Health and Safety items include:

- Air Quality
- Electrical Hazards
- Elevator
- Emergency/Fire Exits
- Flammable Materials
- Garbage and Debris
- Hazards
- Infestation

**NOT ALL** Health & Safety and Not All Level 3 Defects are Life-Threatening Health & Safety Hazards (Exigent Health & Safety Hazards)
What are LIFE-THREATENING HEALTH and SAFETY HAZARDS?

Be Observant of the Life-Threatening Health & Safety Hazards listed on the Notification of Exigent and Fire Safety Hazards Observed form:

A. Propane, natural, or methane gas
B. Exposed wires or open electrical panels
C. Water leaks on or near electrical equipment
D. Blocked or unusable emergency or fire exits
E. Blocked fire escapes or ladders
F. Missing or misaligned chimney for gas-fired water heater/HVAC
G. Window security bars preventing exit
H. Expired fire extinguishers
I. Inoperative/missing smoke detectors

Exigent (Life-Threatening) Health & Safety Hazards are Items that may cause Life Threatening Injuries or Death.
For **Public Housing** Properties, Life-Threatening Deficiencies must be Corrected and/or Abated within **24 Contiguous Hours** after being Recorded and then Reported to the HUD Field Office within **3 Business Days**.

Reference Federal Register 24 CFR Part 902.22(f)(1)

For **Multifamily Housing** Properties, Life-Threatening Deficiencies must be Mitigated (or Corrected) **Immediately** and then Reported to the HUD Field Office within **3 Business Days**.

Reference Federal Register 24 CFR 200.857(c)(2)
“Preparing for a REAC Inspection”

Information for the Inspector from the Property

ON THE DAY OF THE INSPECTION HAVE THE FOLLOWING INFORMATION AVAILABLE FOR THE INSPECTOR:

➢ **Certificates** (If applicable) for: Boilers, Fire Alarm, Building Sprinkler System, Elevator and Lead Based Paint Report and Resident Disclosure form(s) if the property has a building built prior to 1978.

➢ **Area Measures**: Parking Lots / Driveways / Roads (square footage) and Walkways / Steps (square footage).

➢ **Rent Roll**: Should be current for the day of the inspection and must contain all occupied units, vacant units, non-revenue units (occupied by Site Manager, other property staff, etc.), and bedroom sizes of all units. If any dwelling units have changed to a non-dwelling (Common Area), you will need to inform the inspector and it must be removed from the unit count. (i.e. – Unit converted to an Office, Storage, Police Substation, Daycare, etc.)
ON THE DAY OF THE INSPECTION HAVE THE FOLLOWING INFORMATION AVAILABLE FOR THE INSPECTOR:

➢ **Site Map** (If available): This enables the inspector to navigate the property with the escort in a more efficient manner.

➢ **Resident Notification:** Have copy of letter sent to residents to show inspector.
You are allowed to do the following during the inspection:

➢ In a unit or common area the POA may install a light bulb to demonstrate that a permanent light fixture functions properly. If the permanent light fixture functions properly after installing a light bulb, it is not a defect.

➢ If a pilot light is out for one or more gas burners, the POA may light the pilot and test the burners. If all burners function after lighting the gas pilot light, a Level 1 deficiency is recorded in lieu of a Level 2 or Level 3.

➢ Gas/Electric Stoves – if knobs are missing, the POA will be allowed to find and install knobs to show all burners/oven work properly. No defect will be recorded if all knobs are found and all burners/oven work properly. Missing knob(s) will be a Level 1 defect if all burners/oven work properly.
“Preparing for a REAC Inspection”
Property Staff Responsibilities

You are allowed to do the following during the inspection:

➢ Electric Stove – if burners have been removed for cleaning, the POA will be allowed to plug burners back in to show all work properly (no repairs are allowed). If all burners function properly, no defect will be recorded.

➢ If the exhaust fan in the bathroom has been unplugged, the POA may plug the exhaust fan in and if it functions properly there is no deficiency recorded.

➢ EH&S items may be repaired after the inspector has finished recording the defect in their DCD.
You must do the following during the inspection:

- Open a closed bedroom or bathroom door.
- Operate the stove *(with the inspector present!)*.
- Ensure inspector can access all inspectable items – open window blinds, move knick-knacks away from window, move chair in front of closet door, etc.
- Be prepared to test items located more than 8’ above the floor, including Smoke Detectors, Exit Signs, Emergency Lights, but *not* Windows.
What is “Industry Standards Notice”? 

- Inspector Notice No. 2016 – 03
- Effective Date was August 1, 2016
- Titled “Uniform Physical Condition Standard (UPCS) Deficiencies and Industry Standard Repairs

 States that Sub-Standard Industry Repairs on all HUD REAC Properties will NO Longer be Acceptable

 All Repairs should be Consistent with “What a Reasonable Person would Expect if a Repair was done to an Apartment They lived in or What They would Expect to see when Shopping for a New Apartment”

 All Repairs shall be made in a Professional Manner with Similar Materials, Free from Defects & Consistent with Existing Condition and Not Stand Out as an Obvious Repair whenever possible.
**“Site Deficiencies”**

**L2 & H&S - Trip Hazard**

**Erosion – L3**

Under **“Industry Standards Notice”**, this is Not an Acceptable Repair. Erosion is Hidden with Straw, Not Repaired.

**Overgrown Vegetation – L2**
Examples of Building Exterior Deficiencies

Missing Shingles – Level 1,
Gutter Damage – Level 2

Wall Cracks – Level 3

Using Caulk instead of Tuck Pointing, Not Acceptable – **Not Industry Standard**

Missing Bricks – Level 3
Examples of Building Systems Deficiencies

Paint on Sprinkler Head – Level 3, Paint on Escutcheon Plate – NOD

Misaligned Chimney – Level 3 & Automatic EH&S

Missing Breaker (or Open Port) – L3 & Automatic EH&S

UnAcceptable Repair – Not Industry Standard nor allowed by Code

Not Acceptable, Duct Tape used to Bridge (or Cover) the Gap between Two Different Pipes.
Examples of Building Systems – “Domestic Water” Deficiencies

Leaking – Level 3, Misaligned Chimney – L3 (Automatic EH&S), PRV – L3

Leaking Hose Bib – Level 3

Fire Main Leaking – Level 3

Leaking Fire Sprinkler Head – L3

Note: All of the Water Leaking Defects carry the same Point Deduction
Examples of Common Area Deficiencies

- Inoperable Fire Door – Level 3
- Graffiti – Level 1

- Inoperable Toilet – Level 3
- Sheetrock Tank Top Lid – L2
- Not Industry Standard

- Inoperable Exit Sign – L3

- Not Industry Standard - Plywood
- Replacing Missing Window – Level 3,
- & Door not Painted Professionally – L3
Examples of Common Area Deficiencies

Broken Step – Level 3, H&S – Tripp Hazard
Floor Paint – Level 2

Thermopane Bad – L3

Bathroom Door Missing – L3

Paneling Covering Door Hole – L3
Not Industry Standard
Examples of Unit Deficiencies

Hole in Bathroom Door – L3

Refrigerator Seal Damaged – L1

Outlet Cover Broken Exposing Copper Wiring – L3 (Automatic EH&S)

Window Bars will not Open – L3 (Automatic EH&S)

Window Pane Crack – L1
Examples of Unit Deficiencies

Hole in Wall – L1
Kitchen Leak – L1

Water Heater (PRV >18’’ above floor) – L3
Missing Doors – L1
Bed Bug Policy

As of February 1, 2016, Inspectors are required to report the presence or existence of bedbugs at any property being inspected and **Enter All Units Reported to have Bed Bugs that is Part of the Generated Sample.**

- Inspector shall enter with the PHA escort and inspect all units reported to have bed bugs that show up in the sample and conduct the normal REAC inspection.

  - **Failure to inspect sample units with bed bugs may result in the inspection being rejected & the property receiving a score of Zero.**

- If the POA property representative refuses to inspect a sample unit with bed bugs, Inspector will call TAC, get a TAC number, and mark the inspection as “Unsuccessful”.

- If bed bugs are discovered in a unit not previously known to have bed bugs during the inspection, Inspector will call TAC, report location of bed bugs, and get a new TAC number.
What does the UPCS Software look like and how does it work?

Building

Inspectable Area “Unit”

Location - Living Room

Inspectable Item “Outlet Switches”

Inspectable Defect “Missing/Broken Cover Plate”
How the Decision Tree will Flow: Recording the Defect Deficiency for “Missing/Broken Cover Plates (Outlets/Switches – Unit)

See the Next Slide
How the Decision Tree will Flow Recording the Defect Deficiency for “Missing/Broken Cover Plates (Outlets/Switches – Unit)
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How the Decision Tree will Flow Recording the Defect Deficiency for “Missing/Broken Cover Plates (Outlets/Switches – Unit)“
Recap – Recording Dwelling Unit Defect

LEVEL 3 & Automatic (EH&S)

Building

Dwelling Units

Living Room

Outlet/Switches

Missing/Broken Cover Plates
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How to Improve Your Score,
Online REAC Materials, &
TRDBA (Technical Reviews –
Data Base Adjustments)

October, 2019
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How can a Property Improve its REAC Physical Inspection Score?

- Understand and comply with the Uniform Physical Condition Standards
- Perform Routine Maintenance on all Properties, units and systems throughout the year & not the 14 days prior to a REAC Inspection
- Repair or Mitigate all Health & Safety Deficiencies before the REAC Inspection
- Repair or Mitigate all Level 3 Defects, then Level 2 Defects, and then Level 1 Defects last as time and money allow
How can a Property Improve its REAC Physical Inspection Score?

**Go to REAC’s Web Page Sites**

The best place to start is with “REAC’s Physical Inspection” web page:
https://www.hud.gov/program_offices/public_indian_housing/reac/products/prodpass

**Some Additional Useful Links:**

- **Preparing For REAC Inspection (Guidance for Properties):**
  https://www.hud.gov/sites/documents/PREP4REACINSPECR2OCT2016.PDF

- **REAC Compilation Bulletin:**
How can a Property Improve its REAC Physical Inspection Score?

- **Inspection of Electrical Devices:**

- **Top 25 MF Deficiencies:**

- **Inspector Notices:**

- **Technical Review and Database Adjustments (TRDBA):**
Can a Property Challenge its Physical Inspection Score?

No, the system creates the score based on data input.

However, if 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, the POA can request a Technical Review, or Database Adjustment (TRDBA).

Go to REAC Web site on **Technical Reviews and Database Adjustments** for much greater detail on these items.
What Material Errors Justify a Technical Review?

- **Building Data** - inspection includes the wrong building, building count is incorrect or a building that is not owned by the property

- **Unit Count** - total number of units considered in scoring is incorrect as reported at the time of the inspection

- **Non-Existent Deficiency** - deficiency that did not exist at the time of the inspection
What does NOT Qualify for a Technical Review?

REAC will not consider:

- Disagreements over Severity of Defect, such as Deficiencies Rated Level 3 that the POA thinks should be Rated Level 1;
- Deficiencies Repaired or Corrected during or after inspection; or
- Items Addressed by the Database Adjustment Process
What Material Errors Justify a Database Adjustment?

- Inconsistencies between local code and REAC protocol
- Property issues - items the Property does not own, is not responsible for maintaining, and the Property has notified the proper authorities regarding the deficient structure;
- Adverse conditions beyond the owner's control, such as damage from a natural disaster or third party; and
- Modernization or **Work in Progress**
  - Need a Sign Contract by a Third Party, or
  - Work Order if Property is large enough to have its own Staff for Renovations
Examples of Getting Points Back

3rd Party Damage

Storm Damage

Proof of Inspection

Owned by Post Office

- Damaged caused by a 3rd party & supported with a police report.

- Gutter damage was caused by a recent storm.

- Note: If the inspection tag is missing or out of date, a defect should not be recorded if the accompanying authority can provide proof the fire extinguisher certification is current. However, this proof does not remove a defect for a defective fire extinguisher (discharged, over charged, etc.).

- Mailboxes belong to the USPS.
Examples of Getting Points Back

Not Property’s Security Fence

NOD – NonSample Unit

Stove – NOD

Electric Eyes & Pans Removed for Cleaning. POA Found and Reinstalled Pans and Burners. All Four Burners Worked Properly

Owned by Local Power Company

This unit is not in the sample.
Examples of Getting Points Back

Get Points Back

Site Vegetation – NOD
Vegetation Touching Building, but being maintained

Request Points Returned

Owned by Local Power Company

Windows partially open to prevent residents from escaping (Dementia Ward) causing “Blocked Exit”. Local authority has approved this situation.

Site lighting does not belong to the POA.
Any Questions?
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Explain Scoring

October, 2019
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Can you explain SCORING?

"And this, is how REAC arrived at the formula for scoring"
“Inspection Summary Report” – What are We looking at?

Inspection Summary Report (POA) for Inspection #123456

Inspection Snapshot

- Inspection ID: 123456
- Inspection Start Date: 10/19/2015
- Property ID: TN123000001
- Property Name: RYMAN ELDERLY HIGH RISE
- Inspection State: Successful

Score: 71c

Inspection Time: 09:21 AM - 03:47 PM
- Inspection End Date: 10/19/2015
- Property Type: Public Housing

Property Profile

- Property Name: RYMAN ELDERLY HIGH RISE
- Scattered Site? No
- Address Line 1: 116 5TH AVE NORTH
- Address Line 2: 
- City: NASHVILLE
- ZIP: 37219
- Phone: (515) 696-7310
- Fax: (515) 696-1234
- State: TN
- Extension: ___
- Email: RYMAN@YAHOO.COM

<table>
<thead>
<tr>
<th>Building Type</th>
<th>Expected</th>
<th>Actual</th>
<th>Sampled</th>
<th>Expected</th>
<th>Actual</th>
<th>Sampled</th>
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<td>Residential</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>385</td>
<td>385</td>
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<tr>
<td>Common</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>385</td>
<td>385</td>
<td>25</td>
</tr>
</tbody>
</table>

Occupancy Information

- No. of Occupied Units: 375
- Occupancy Rate: 97%
- Inspect Vacant Units: No

Comments: 97%; NBB REPORTED.
**Inspection Summary Report – How do I Understand the “Score Summary”?**

<table>
<thead>
<tr>
<th>Area</th>
<th>Possible Points</th>
<th>Deductions (Excluding H&amp;S)</th>
<th>Pre H&amp;S Points</th>
<th>H&amp;S Deductions</th>
<th>Final Points</th>
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</thead>
<tbody>
<tr>
<td>Site</td>
<td>13.94</td>
<td>0.00</td>
<td>13.94</td>
<td>0.00</td>
<td>13.94</td>
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<tr>
<td>Building Exterior</td>
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<td>0.00</td>
<td>15.93</td>
<td>0.00</td>
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<td>Building Systems</td>
<td>21.24</td>
<td>0.00</td>
<td>21.24</td>
<td>10.00</td>
<td>11.24</td>
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<tr>
<td>Common Area</td>
<td>14.34</td>
<td>9.41</td>
<td>4.93</td>
<td>4.93</td>
<td>0.00</td>
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<tr>
<td>Unit</td>
<td>34.55</td>
<td>0.87</td>
<td>33.68</td>
<td>3.35</td>
<td>30.33</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>100.00</strong></td>
<td><strong>10.28</strong></td>
<td><strong>89.72</strong></td>
<td><strong>18.27</strong></td>
<td><strong>71.44</strong></td>
</tr>
</tbody>
</table>

1) Total Possible Points
2) Total Points being deducted prior to deduction of H&S and EH&S
3) Score before deduction of H&S and EH&S (Note it would be a 90)
4) Total Points that will be deducted associated with H&S and EH&S defects
5) Final Score after deduction of Non-H&S and H&S items is 71
**Health & Safety Summary – What am I looking at?**

**Health & Safety Summary**

<table>
<thead>
<tr>
<th>Site</th>
<th>Buildings</th>
<th>Units</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-Life Threatening (NLT)</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Actual</td>
<td>0</td>
<td>26</td>
<td>4</td>
</tr>
<tr>
<td>Projected</td>
<td>0</td>
<td>26</td>
<td>62</td>
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<tr>
<td><strong>Life Threatening (LT)</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Actual</td>
<td>0</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Projected</td>
<td>0</td>
<td>3</td>
<td>15</td>
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<tr>
<td><strong>Smoke Detectors (SD)</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Actual</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Projected</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Overall</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actual</td>
<td>0</td>
<td>29</td>
<td>5</td>
</tr>
<tr>
<td>Projected</td>
<td>0</td>
<td>29</td>
<td>77</td>
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</table>

**Health and Safety Narrative**

1 site, 1 building and 25 units were inspected.

34 health and safety deficiencies (HSD) were observed.

**Percentage Inspected:**
- Site (PIS): 100%
- Building (PIB): 100%
- Unit (PIU): 6%

**Projected HSD:**
- Site = (Actual HSDS) / PIS
- Building = (Actual HSDB) / PIB
- Unit = (Actual HSDU) / PIU

If all buildings and units were inspected, it is projected that a total of 106 health and safety deficiencies would apply to the property.

**Units** – Sample Size Total Defects vs. Projected Number of Defects if 100% of Units are Inspected
Common Area Point Deduction – What am I looking at?

<table>
<thead>
<tr>
<th>Item</th>
<th>Deficiency</th>
<th>Severity</th>
<th>Points Deducted</th>
<th>Points Received</th>
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<tbody>
<tr>
<td><strong>Non-Health And Safety Deficiencies</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chutes</td>
<td>CA - Damaged/Missing Components (Chutes) (9)</td>
<td>Level 2</td>
<td>0.90</td>
<td></td>
</tr>
<tr>
<td>Doors</td>
<td>CA - Damaged Hardware/Locks (Doors)</td>
<td>Level 2</td>
<td>0.90</td>
<td></td>
</tr>
<tr>
<td>Doors</td>
<td>CA - Damaged Hardware/Locks (Doors) (2)</td>
<td>Level 3</td>
<td>1.79</td>
<td></td>
</tr>
<tr>
<td>Doors</td>
<td>CA - Damaged Surface (Holes/Paint/Rust/Glass) (Doors) (2)</td>
<td>Level 3</td>
<td>3.58</td>
<td></td>
</tr>
<tr>
<td>Kitchen Items</td>
<td>CA - Damaged/Inoperable (Refrigerator)</td>
<td>Level 1</td>
<td>0.90</td>
<td></td>
</tr>
<tr>
<td>Walls</td>
<td>CA - Damaged (Walls)</td>
<td>Level 1</td>
<td>0.45</td>
<td></td>
</tr>
<tr>
<td>Walls</td>
<td>CA - Damaged (Walls)</td>
<td>Level 1</td>
<td>0.90</td>
<td></td>
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<tr>
<td><strong>Health And Safety Deficiencies</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electrical Hazards</td>
<td>HS - Exposed Wires/Open Panels (Electrical Hazards) (2) (LT )</td>
<td>Level 3</td>
<td>7.96</td>
<td></td>
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<tr>
<td>Electrical Hazards</td>
<td>HS - Water Leaks on/near Electrical Equipment (Electrical Hazards) (LT)</td>
<td>Level 3</td>
<td>7.96</td>
<td>15.92</td>
</tr>
</tbody>
</table>

*The point deductions for this sub-area exceed the number of possible points. The points received cannot be negative so it is set to zero.*

**Note** – Total Points Possible is 14.34. Total Points for Deduction is 25.34. Common Area received 0.0 Points (Zeroed Out / 14.34 – 25.34 = -11.0)
Common Area Point Deduction – What is Going on with the Point Deductions?

<table>
<thead>
<tr>
<th>Item</th>
<th>Deficiency</th>
<th>Severity</th>
<th>Points Deducted</th>
<th>Points Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building 15H001 - BUILDING LA-151 - Common Areas* [Possible Points : 14.34]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Health And Safety Deficiencies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chutes</td>
<td>CA - Damaged/Missing Components (Chutes) (9)</td>
<td>Level 2</td>
<td>0.90</td>
<td></td>
</tr>
<tr>
<td>Doors</td>
<td>CA - Damaged Hardware/Locks (Doors)</td>
<td>Level 2</td>
<td>0.90</td>
<td></td>
</tr>
<tr>
<td>Doors</td>
<td>CA - Damaged Hardware/Locks (Doors) (2)</td>
<td>Level 3</td>
<td>1.79</td>
<td></td>
</tr>
<tr>
<td>Doors</td>
<td>CA - Damaged Surface (Holes/Paint/Rust/Glass) (Doors) (2)</td>
<td>Level 3</td>
<td>3.58</td>
<td></td>
</tr>
<tr>
<td>Kitchen Items</td>
<td>CA - Damaged/Inoperable (Refrigerator)</td>
<td>Level 1</td>
<td>0.90</td>
<td></td>
</tr>
<tr>
<td>Walls</td>
<td>CA - Damaged (Walls)</td>
<td>Level 1</td>
<td>0.45</td>
<td></td>
</tr>
<tr>
<td>Walls</td>
<td>CA - Damaged (Walls)</td>
<td>Level 1</td>
<td>0.90</td>
<td></td>
</tr>
<tr>
<td>Health And Safety Deficiencies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electrical Hazards</td>
<td>HS - Exposed Wires/Open Panels (Electrical Hazards) (2) (LT )</td>
<td>Level 3</td>
<td>7.96</td>
<td></td>
</tr>
<tr>
<td>Electrical Hazards</td>
<td>HS - Water Leaks on/near Electrical Equipment (Electrical Hazards) (LT )</td>
<td>Level 3</td>
<td>7.96</td>
<td></td>
</tr>
</tbody>
</table>

* The point deductions for this sub-area exceed the number of possible points. The points received cannot be negative so it is set to zero.

- **Level 1** – Note the Point Difference between the L1 defects
- **Level 2** – Note the Point Deduction is the same as some L1 defects
- **Level 3** – Note there are three different deductions for L3 defects
What do the Letters Mean after a Score?

Letters:

a - No Health and Safety Deficiencies or Missing Certificates
b - At least one Certificate marked No or Health and Safety recorded – but no Life-Threatening deficiencies
c - Life-threatening Condition Exists
* - Smoke detector is Missing or Inoperable

For example:

90a = High Score - No Health and Safety or Missing Certificates
50c* = Low Score, Life-Threatening Health and Safety and Smoke Detector Missing/Inoperable
The overall score for a property is the weighted average of the 5 area scores

<table>
<thead>
<tr>
<th>Area</th>
<th>Nominal Weights</th>
<th>Highrise Units</th>
<th>Single/duplex Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Site</td>
<td>15.0</td>
<td>14.0</td>
<td>16.5</td>
</tr>
<tr>
<td>Bldg Ext</td>
<td>15.0</td>
<td>17.0</td>
<td>20.0</td>
</tr>
<tr>
<td>Bldg Sys</td>
<td>20.0</td>
<td>21.5</td>
<td>16.5</td>
</tr>
<tr>
<td>CA</td>
<td>15.0</td>
<td>11.5</td>
<td>1.5</td>
</tr>
<tr>
<td>Units</td>
<td>35.0</td>
<td>36.0</td>
<td>46.0</td>
</tr>
<tr>
<td>All areas</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Area Scores are the roll up of the sub area scores (i.e. individual buildings or units)
No Two Properties Are Alike – Property with no Common Areas

(For example, if there are no Common Areas on a property, the other inspection areas become more important)
Special Considerations For Scoring Purposes:

- Zero Constraint Rule: The scoring does not allow an area or sub-area score to be negative. Score will cut off at zero.

- Weight Distribution: Buildings within a property are accorded different weights based on size and weight of items present, therefore buildings with more units and/or fewer missing amenities are accorded greater weight.
Explaining Scoring (Continued)

Special Considerations For Scoring Purposes:

Health and Safety: Health and Safety Deficiencies are highly weighted, have the highest possible Severity Level, and the Highest Criticality Level is Life Threatening.

Point Loss Cap: Implemented to prevent any single deficiency from having a disproportionate impact on a property’s overall score, particularly one building properties.
Explaining Scoring

<table>
<thead>
<tr>
<th>Item</th>
<th>Deficiency</th>
<th>Severity</th>
<th>Points Deducted</th>
<th>Points Received</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>10.00</td>
<td>7.77</td>
</tr>
<tr>
<td>Building 1 - 6 KIMBALL - Building Systems [Possible Points : 20.02] Health And Safety Deficiencies</td>
<td>Electrical System</td>
<td>BS - Missing Breakers/Fuses (Electrical System) (LT )</td>
<td>Level 3</td>
<td>10.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>10.00</td>
<td>10.02</td>
</tr>
<tr>
<td>Building 1 - 6 KIMBALL - Common Areas [Possible Points : 11.55] Non-Health And Safety Deficiencies</td>
<td>Doors</td>
<td>CA - Damaged Hardware/Locks (Doors)</td>
<td>Level 2</td>
<td>2.00</td>
</tr>
<tr>
<td></td>
<td>Floors</td>
<td>CA - Peeling/Needs Paint (Floors)</td>
<td>Level 2</td>
<td>0.22</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2.22</td>
<td>5.33</td>
</tr>
<tr>
<td>Building 1 - 6 KIMBALL - Unit 203 [Possible Points : 2.78] Health And Safety Deficiencies</td>
<td>Emergency/Fire Exits</td>
<td>HS - Emergency/Fire Exits Blocked/Unusable (Emergency/Fire Exits) (LT )</td>
<td>Level 3</td>
<td>2.22</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2.22</td>
<td>0.56</td>
</tr>
<tr>
<td>Building 1 - 6 KIMBALL - Unit 209 [Possible Points : 2.78] Health And Safety Deficiencies</td>
<td>Electrical System</td>
<td>Unit - GFI - Inoperable (Electrical System) (NLT )</td>
<td>Level 3</td>
<td>1.48</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1.48</td>
<td>1.30</td>
</tr>
<tr>
<td>Building 1 - 6 KIMBALL - Unit 302 [Possible Points : 2.84]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# EH&S – Impact on Scoring

### Inspection Summary Report (Internal) for Inspection #123456

<table>
<thead>
<tr>
<th>Item</th>
<th>Deficiency</th>
<th>Severity</th>
<th>Points Deducted</th>
<th>Points Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>Floors</td>
<td>CA - Peeling/Needs Paint (Floors)</td>
<td>Level 2</td>
<td>0.02</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.02</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.48</td>
</tr>
</tbody>
</table>

**Building 5 - TBD - Unit 554 [Possible Points : 1.56]**

#### Non-Health And Safety Deficiencies

| Windows                        | Unit - Inoperable/Not Lockable (Windows)                                   | Level 1  | 0.04            |                 |
|                               |                                                                             |          |                 | 0.04            |
| Windows                        | Unit - Cracked/Broken/Missing Panes (Windows)                              | Level 1  | 0.04            |                 |
|                               |                                                                             |          |                 | 0.04            |
| Windows                        | Unit - Missing/Deteriorated Caulking/Seals/Glazing Compound (Windows) [3]  | Level 3  | 0.38            |                 |
|                               |                                                                             |          |                 | 0.38            |

**Building 5 - TBD - Unit 552 [Possible Points : 1.70]**

#### Non-Health And Safety Deficiencies

| Ceiling                       | Unit - Mold/Mildew/Water Stains/Water Damage (Ceiling)                      | Level 3  | 0.08            |                 |
|                               |                                                                             |          |                 | 0.08            |
| Doors                         | Unit - Damaged Surface (Holes/Paint/Rust/Glass) (Doors)                      | Level 3  | 0.17            |                 |
|                               |                                                                             |          |                 | 0.17            |
| Kitchen Items                 | Unit - Cabinets - Missing/Damaged (Kitchen)                                 | Level 2  | 0.16            |                 |
|                               |                                                                             |          |                 | 0.16            |
| Kitchen Items                 | Unit - Refrigerator - Missing/Damaged/Inoperable (Kitchen)                  | Level 1  | 0.14            |                 |
|                               |                                                                             |          |                 | 0.14            |

#### Health And Safety Deficiencies

| Air Quality                   | H5 - Mold and/or Mildew Observed (Air Quality) (NLT)                       | Level 3  | 0.57            |                 |
|                               |                                                                             |          |                 | 0.57            |

**Building 5 - TBD - Unit 545 [Possible Points : 1.56]**

#### Non-Health And Safety Deficiencies

| Bathroom Items                | Unit - Shower/Tub - Damaged/Missing (Bathroom)                             | Level 1  | 0.19            |                 |
|                               |                                                                             |          |                 | 0.19            |
| Ceiling                       | Unit - Mold/Mildew/Water Stains/Water Damage (Ceiling)                     | Level 3  | 0.08            |                 |
|                               |                                                                             |          |                 | 0.08            |
| Doors                         | Unit - Damaged Hardware/Locks (Doors)                                      | Level 2  | 0.09            |                 |
|                               |                                                                             |          |                 | 0.09            |
| Kitchen Items                 | Unit - Refrigerator - Missing/Damaged/Inoperable (Kitchen)                 | Level 1  | 0.14            |                 |
|                               |                                                                             |          |                 | 0.14            |

#### Health And Safety Deficiencies

| Air Quality                   | H5 - Mold and/or Mildew Observed (Air Quality) (NLT)                       | Level 3  | 0.57            |                 |
|                               |                                                                             |          |                 | 0.57            |
"And this, is how REAC arrived at the formula for scoring"
REAC Physical Inspection Program Overview

1 - Develop and Maintain UPCS Protocol
2 - Background Check, Train and Certify Contract Inspectors
3 - Coordinate Inspection Needs with Program Areas
4 - Procure Inspection Services
5 - Schedule Inspection
6 - Download Inspection Data
7 - Validate Property Profile
8 - Generate Random Building/Unit Sample
9 - Conduct UPCS Inspection / Periodic Quality Assurance (On-Site)
10 - Leave EH&S "Traffic Ticket"
11 - Upload Inspection
12 - Inspection Scored 0 to 100
13 - Inspection Quality Control Review (In-Office)
14 - Inspection Released
15 - Inspection Appeals
16 - Inspector Administration
Additional Notes:

Box 1 - The Real Estate Assessment Center (REAC) developed the Uniform Physical Condition Standards (UPCS) in 1998 to evaluate whether properties are decent, safe, sanitary, and in good repair. Updates to UPCS are provided on a regular basis through notices and bulletins.

Box 2 - All UPCS certified inspectors must meet an initial set of professional qualifications, pass a federal background investigation (PIV), and successfully complete three phases of training, including satisfactorily conducting inspections at HUD-assisted properties.

Box 3 - REAC works with the Office of Public and Indian Housing and Multifamily Housing program areas to set the policies and maintain the data that determine which properties are due to be inspected.

Box 4 - All inspections are performed by UPCS certified inspectors.

Box 5 - The inspector and property work together to establish a mutually agreed upon date/time for the inspection.

Box 6 - The inspector downloads the inspection data into HUD’s proprietary inspection software (DCD 4.0) on their tablet or laptop.

Box 7 - After visually verifying and validating the property profile data, the inspector begins the inspection.

Box 8 - DCD 4.0 generates a statistically valid random sample of buildings and units representative of the entire property.

Box 9(a) - DCD 4.0 uses a decision tree logic to guide the inspector through the inspection to ensure the inspection results are a replicable, reliable, and reasonable report on the condition of the property.

Box 9(b) - Based on internal analysis of inspector performance risk, REAC periodically sends a federal employee to conduct a concurrent quality assurance review and training with the contract inspector.

Box 10 - The Exigent Health and Safety (EH&S) form is left with the property to begin immediate abatement of life threatening health and safety conditions that were identified.

Box 11 - The Inspection is uploaded to REAC’s systems.

Box 12 - The inspection is scored using an algorithm that takes into account the configuration of the property, and the severity and criticality of reported deficiencies.

Box 13(a) - The inspection goes through three tiers of review by REAC staff to ensure compliance with the inspection protocol. For example, the reviews include looking at time-stamp analysis, scoring trends, and validation of photographs of cited deficiencies.

Box 13(b) - Inspections and inspectors are identified for additional on-site quality assurance reviews based on the reviews in 13(a).

Box 14 - REAC staff makes a determination on whether to accept or reject an inspection after reviewing compliance with UPCS.

Box 15 - Inspection results can be appealed if a property feels that the inspection contains inaccurately recorded deficiencies.

Box 16 - Inspector Administration is responsible for addressing issues related to any certified inspector conduct, performance, or compliance.