

**U.S. Department of Housing and Urban Development**

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OFFICE OF PUBLIC AND INDIAN HOUSING  
REAL ESTATE ASSESSMENT CENTER

Inspector Notice No. 2015-01

**TO:** All HUD Inspectors Certified to conduct Uniform Physical Condition Standards (UPCS) Inspections

**FROM:** James E. Cunningham, Jr., Public and Indian Housing Real Estate Assessment Center, Inspector Administration (IA)

**SUBJECT:** UPCS Inspector Protocol  
General Liability Insurance Requirement

**DATE ISSUED:** October 15, 2015

**EFFECTIVE DATE:** November 1, 2015

**(This notice replaces inspector notice No. 2009-01, issued March 16, 2009.)**

This notice sets forth and updates insurance requirements for all certified inspectors who conduct UPCS inspections of HUD assisted and insured properties. All inspectors conducting UPCS inspections are required to have liability insurance to ensure they are covered in the event of occurrences such as damage to a property as a result of the UPCS inspections he/she conducts.

**Certified UPCS Inspectors**

To maintain active UPCS certified inspector status and conduct UPCS inspections, each inspector must:

1. Purchase and maintain General All Risk Liability insurance with limits not less than a Combined Single Limit of \$1,000,000 per occurrence, and \$2,000,000 aggregate;
2. Purchase the required insurance at his/her own expense;
3. Purchase an annual policy;
4. Name HUD as the Certificate Holder of the policy as follows:

U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing  
Real Estate Assessment Center;

5. Include his/her name and Secure System user ID number (currently a 5 character “M” or “I” number) on the face of the insurance certificate with the information naming the “Insured” party;
6. Upload a copy of the Certificate of Liability Insurance to HUD Secure Systems before the former policy expires. In Secure Systems, go to your inspector profile and attach the insurance certificate under “Attachments.”
7. Email [REACInspectorInsurance@hud.gov](mailto:REACInspectorInsurance@hud.gov) if any changes are made to the insurance carrier or the policy **and** upload a copy of the updated Certificate of Insurance to HUD Secure Systems.
8. Have a copy of the current Certificate of Liability Insurance when conducting UPCS inspections as proof of having the required insurance protection. This document must be made available upon request during all UPCS inspections.

### **New Inspector Candidates:**

1. Individuals taking the UPCS Inspector Certification Training – currently Phases 1a, 1b and Phase II – are not required as a condition of the training to purchase liability insurance coverage prior to successfully completing the entire training.  
Note: A Reverse Auction Program (RAP) contractor taking the UPCS Inspector Certification Training will have the insurance because it is a requirement to being a RAP contractor.
2. Individuals who are conducting UPCS inspections for a RAP contractor when they conduct Phase II inspections may be required to have the insurance as part of that arrangement with the contractor.
3. After an individual successfully completes the entire UPCS Inspector Certification Training and is certified to conduct UPCS inspections, the individual must procure the required liability insurance and provide HUD with the Certificate of Liability Insurance **prior to** being able to conduct a UPCS inspection. [See section titled “Certified UPCS Inspectors” above.]
4. UPCS certified state Housing Finance Agency (HFA) inspectors are not required to obtain this insurance because they are employees of their states and must meet the requirements imposed by their states.

### **Administration:**

Failure to provide HUD with proof of required insurance, the annual renewal of the policy prior to expiration of the current policy, or any updates or changes to the policy or carrier will result in the inspector being deactivated in HUD systems until proof is provided.

Should you have any questions about this notice, please contact the REAC Technical Assistance Center (TAC) at 1-888-245-4860, or [REAC\\_TAC@hud.gov](mailto:REAC_TAC@hud.gov).