



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. **2015-02**¹

TO: All HUD Inspectors Certified in the use of the Uniform Physical Condition Standards (UPCS) inspection protocol²

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

SUBJECT: Physical Inspection/Inspector Administration Business Rules – Inspector Performance Monitoring

DATE ISSUED: February 5, 2016

EFFECTIVE DATE: For all inspections uploaded to REAC on and after February 22, 2016, this version of the business rules applies. For inspections uploaded prior to February 22, 2016, the previous business rules dated January 20, 2006 apply.

This Notice provides guidance to all individuals who seek to become inspectors and all inspectors who are certified to conduct inspections in accordance with the Department of Housing and Urban Development's (HUD) UPCS. A UPCS certified inspector is an inspector who has been trained and certified by HUD to conduct UPCS inspections of HUD insured and assisted properties.

This Notice sets forth the business rules and procedures that REAC IA will follow to ensure all UPCS certified inspectors conduct accurate, reliable and replicable inspections of HUD insured and assisted properties in accordance with the UPCS protocol, the Code of Conduct, and all other applicable documents. This Notice also describes the administrative actions that IA may take against inspectors covered by these rules and procedures.

All UPCS inspectors must be familiar with the content of this Notice.

¹ This Notice replaces Inspector Notice No. 2002-02, issued January 26, 2006, which replaced Inspector Notice No. 2002-02 originally issued in 2002.

² This Notice does not apply to state Housing Finance Agency UPCS certified inspectors because they are employed by their respective states and subject to monitoring and selection by those state governments.

I. General Applicability

A. Scope

This Notice covers all individuals who seek to become inspectors and all inspectors who have successfully completed the entire UPCS training program, been certified by HUD to conduct UPCS physical inspections of HUD insured and assisted properties, and are active inspectors as described in Section 1.B. below. Inspectors must comply with all HUD rules, guidance, instructions, bulletins and standards relating to the conduct of UPCS inspections and UPCS inspectors before, during, and after conducting inspections.

It is the responsibility of all inspectors to be familiar with, correctly use, and abide by the terms, as applicable, of the UPCS inspection protocol and the most recent version of the following, all of which are posted on the HUD website:

- 1) **UPCS Dictionary of Deficiency Definitions** at
<http://www.hud.gov/offices/reac/products/pass/PDFs/appendix2-finaldictionary.pdf>
- 2) **Compilation Bulletin** at
<http://portal.hud.gov/hudportal/documents/huddoc?id=compbulletinv1.pdf>
- 3) **Inspector Administration Notices** at
http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/reac/products/pass/inspectors
- 4) **Reverse Auction Program Business Rules** at
http://portal.hud.gov/hudportal/documents/huddoc?id=business_rules05-08-2006.pdf
- 5) **Reverse Auction Purchase Order Terms and Conditions** at
<http://portal.hud.gov/hudportal/documents/huddoc?id=rap-potc.pdf>
- 6) **UPCS inspection software** at
http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/reac/products/prodpass/dcd4.0

Where there is a conflict between the above documents and the IA Business Rules, the IA Business Rules prevail.

All inspectors must monitor the REAC website (e.g., the Physical Assessment Subsystem (PASS) pages, the PASS Quality Assurance (PASS QA) pages, and the IA pages) for inspection information and updates which they must follow and abide by that may include documents such as, but not limited to, inspection program notices, bulletins and training requirements. The general website addresses are posted below. Inspectors are to read these pages and click to the various links as applicable.

http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/reac/products/pass/inspectors

http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/reac/products/prodpass

http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/reac/products/pass/qa

All inspectors are required to keep the contact information (e.g., address, phone and email) they provide to HUD up-to-date and to promptly read and respond, as required, to all correspondence from HUD.

All inspectors are subject to any subsequent written modifications or additions to applicable business rules, whether disseminated in the form of IA notices or otherwise.

B. Maintaining Active Certification

To conduct UPCS inspections of HUD insured and assisted properties, a UPCS inspector must be “active.” To maintain status as an active UPCS inspector, the inspector must successfully conduct at least 25 UPCS inspections in the most recent 12 month period. A UPCS inspection is considered successful when the inspection results have been uploaded by the inspector in HUD Secure Systems and the inspection has been accepted by REAC.

An inspector that fails to maintain an active UPCS certification by not conducting 25 successful inspections in the most recent 12 month period will be decertified. After decertification, the individual may seek to again become an active UPCS inspector and conduct UPCS inspections. In order to do so, the individual must:

1. Re-apply to the UPCS inspector program;
2. Meet all of the then-applicable eligibility requirements;
3. Be admitted to the UPCS inspector training program;
4. Successfully complete and pass the entire UPCS certification training program and all required tests; and
5. Successfully complete and pass the PIV process.

C. Personal Identity Verification (PIV) Process

All UPCS inspectors must undergo the PIV process prescribed by HUD. The PIV process involves a thorough background investigation. HUD’s Personnel Security Division (PSD) determines an individual’s suitability to conduct inspections as a UPCS inspector. PSD may require additional documents from individuals, for example, if needed to further assess the nature or seriousness of an offense discovered through the background investigation.

IA will notify each individual when to submit to the PIV process and IA will also notify each individual of PSD’s determination. Any individual whom PSD determines is unsuitable will not be permitted to re-apply to the program.

New Inspector Candidates:

New inspector candidates must submit to the PIV process prior to completing UPCS inspector training. For new inspector candidates, if PSD determines the individual is not suitable to be a UPCS inspector, he or she may no longer continue the process to become a UPCS inspector.

Currently Certified Inspectors:

Any certified inspector who fails to timely submit to the PIV process when notified by IA will be deactivated until the inspector does so. If the inspector does not submit to the PIV process after 30 days of being deactivated, he or she will be decertified. If PSD determines the individual is not suitable to remain a UPCS inspector, he or she will be decertified immediately.

Each PIV approval is valid for five years. Accordingly, all certified inspectors must timely submit to the PIV process every five years prior to the expiration of their most recent PIV approval. Failure to timely do so will result in the inspector being deactivated. If the inspector does not submit to the PIV after 30 days of being deactivated, he or she will be decertified. All inspectors PSD finds unsuitable to remain UPCS inspectors through the PIV process will be decertified.

D. Code of Conduct

The UPCS Code of Conduct requires every inspector to maintain professional conduct, demeanor, appearance and attire at all times prior to, during, and after an inspection, and in all interactions with residents, inspection participants, property representatives, and any other individual with whom the inspector comes in contact. Non-exclusive examples of conduct required and prohibited by the Code of Conduct are described below.

Inspectors must:

- Display the REAC-issued photo identification card throughout the entire inspection;
- Respect resident privacy. For example, inspectors must not attempt to open a closed door in a residence; they defer to the property representative;
- Comply with reasonable requests from residents and project representatives during the inspection;
- Defer all questions from residents regarding the property to the property representative accompanying the inspector; and
- Defer all questions from third parties about the inspection or the results to the property owner or representative.

Inspectors must not:

- Express opinions or comment about the nature or condition of the property or residents;
- Make representations or promises to residents or property representatives or staff that items will be repaired based on inspection results;
- Attend an inspection, or participate in an inspection in any capacity, that is being conducted by another HUD certified UPCS inspector while providing independent consulting services of any kind on behalf of the property owner or representative;
- Include in attendance or participation during a UPCS inspection any unauthorized person, including family, friends, or UPCS certified/decertified inspectors;
- Use any facility on a property, property owner's office, housing agency office, or HUD field office to conduct personal business;
- Use profanity or other offensive language prior to, during or after an inspection;

- Engage in fraudulent activities, such as, but not limited to, falsifying an inspection;
- Conduct an inspection under the influence of alcohol or drugs;
- Smoke anywhere on a property;
- Threaten, verbally or in writing, residents, inspection participants, property representatives or any other individual with whom the inspector comes in contact;
- Carry a firearm or weapon of any kind, or any other object that could be construed as a weapon, on a property;
- Commit theft or intentional damage to property;
- Cancel an inspection due to a QA review;
- Threaten or engage in violence against any person while conducting an inspection; and
- Engage in sexual misconduct or any other type of unwanted conduct.

All inspectors must comply with the Code of Conduct. Failure to do so may result in issuance of a Letter of Warning, issuance of one or more Performance Deficiencies (PDs), suspension, or decertification as a UPCS inspector. An inspector may also be suspended pending completion of an investigation into possible violations of the Code of Conduct.

II. Monitoring

REAC assesses inspector conduct and inspector performance and compliance with the UPCS protocol and all guidance to ensure inspections are conducted in accordance with the established UPCS protocol and guidance, and inspectors comply with all rules and the Code of Conduct. REAC evaluates inspector performance and conduct using:

A. Inspection Review

An Inspection Review is conducted on each inspection that is uploaded in HUD Secure Systems to determine the accuracy and completeness of the inspection. Each inspection undergoes system review and manual review. All findings and questions must be resolved before REAC will accept and release the inspection to the property. Based on the review, REAC may communicate findings and questions to the inspector for clarification and corrective action. When an inspection is rejected based on the Inspection Review, the property must be reinspected.

Included in the system Inspection Review is a Timestamp Review. The Timestamp Review determines if the inspector spent a reasonable amount of time inspecting each inspectable area in order to inspect all of the applicable inspectable items on a property. REAC may communicate questionable findings to the inspector and these findings may result in the inspection being rejected. When an inspection is rejected based on the Timestamp Review, the property must be reinspected.

B. Quality Assurance Reviews

REAC conducts various quality assurance reviews of inspections and of inspectors and their body of work to ensure the accuracy and consistency of inspections and to evaluate inspectors and their performance. The Quality Assurance (QA) reviews ensure that the inspector conducts the inspection of a HUD insured or assisted property in accordance with the UPCS inspection protocol and that the results of the inspection are accurate and represent the physical condition of the property. QA reviews may be conducted at any time, including during the course of an inspection, after an inspection has been completed, or as a separate analysis independent of an inspection.

Based on a QA review, the inspector may be determined to be one of the following:

- 1) Within Standard (WS) for successfully conducting and completing the inspection;
- 2) Outside Standard (OS) for not successfully conducting and completing the inspection;
or
- 3) OS for not adhering to the UPCS protocol prior to, during, or after an inspection.

C. Investigation of Complaints/Reports of Misconduct or Violations

IA investigates all oral and written complaints that it receives about an inspector, as well as reports of misconduct or violations of inspection protocol. See Section V. Complaint Processing.

D. Other HUD Evaluations

REAC may implement additional reviews to assess and evaluate inspector conduct and performance before, during and after inspections.

III. INSPECTOR ADMINISTRATION ACTIONS

A. IA may take action against an inspector who:

- 1) does not comply with the IA Code of Conduct, IA Notices, IA Business Rules, Reverse Auction Business Rules, or Reverse Auction Purchase Terms and Conditions;
- 2) does not follow the UPCS inspection protocol or Compilation Bulletin;
- 3) is rated OS in a QA review;
- 4) has an inspection rejected in Inspection Review or based on a Timestamp Review;
- 5) is otherwise not in compliance with HUD requirements; or
- 6) has engaged in conduct demonstrating dishonesty or lack of suitability to conduct UPCS inspections.

B. Upon determination that one or more of the noncompliances described above have occurred, IA may take the following action or actions:

- 1) Require an inspector to take additional training;
- 2) Issue a Letter of Warning;

- 3) Issue a PD. An inspector who receives three PD's may be decertified. See Section VI., Suspension and Decertification. IA may also issue a PD upon issuance of two Letters of Warning;
- 4) Suspend an inspector for a specified period of time, during which the inspector must cease any and all inspections and turn in the REAC-issued photo identification card. The inspector will be deactivated in HUD systems. See Section VI. Suspension and Decertification;
- 5) Suspend an inspector subject to certain stated limitations on the inspector's right to conduct inspections;
- 6) Decertify an inspector. See Section VI. Suspension and Decertification; and
- 7) Refer the matter to the HUD Office of Inspector General (OIG) or the HUD Departmental Enforcement Center (DEC).

IA will notify the inspector in writing of any of the above actions (except for referral to the OIG and the DEC) and the reason(s)/basis for the action. Such notice will be sent by mail (e.g., United Parcel Service (UPS)) and email.

- C. In addition to the above seven actions, IA may suspend an inspector pending an investigation into possible noncompliance with HUD requirements. See Section V. Complaint Processing.
- D. Except as provided in Section IV. Performance Reviews, an inspector will receive an automatic PD for a QA review that results in an OS for performance and for a QA review that results in an OS for scheduling.
- E. IA will remove an inspector's most recently issued PD if the inspector completes 30 subsequent, consecutive inspections after the date the PD was issued without receiving another PD or Letter of Warning. There are no other circumstances under which IA will remove a PD.

IV. PERFORMANCE REVIEWS

When an inspector is determined to be OS due to failure to arrive or arrive timely at the property as a result of a QA review, IA will send the inspector a letter by mail (e.g., UPS) and email for each such instance.

The letter will:

- Describe the OS;
- Provide the inspector the opportunity to respond in writing (by mail or email) within 15 business days of the date of the letter;
- State that if the inspector elects to submit a response, REAC must receive the complete written response within 15 business days from the date of the letter.

After review of any written response received within the 15 business days period along with the inspector's performance history relevant to the allegations of the complaint (e.g., complaints, Letters of Warning, PD's etc.), IA will notify the inspector in writing by mail (e.g., UPS) and email of its determination and any action taken pursuant to Section III. Inspector Administration Actions.

V. COMPLAINT PROCESSING

REAC receives complaints and reports about inspectors from various individuals such as, but not limited to, property staff, property owners/agents, and residents. When IA receives this type of information, it will:

- 1) send the inspector a Complaint Notification by mail (e.g., UPS) and by email, and
- 2) conduct a prompt and thorough investigation into the allegations of the complaint.

The Complaint Notification will:

- Describe the complaint(s);
- Provide the inspector the opportunity to respond in writing to each allegation;
- State that if the inspector elects to submit a response, REAC must receive the complete response within 15 business days (by mail or email) from the date of the Complaint Notification Letter; and
- State if the inspector does not respond within 15 business days, the allegations in the complaint will be accepted as true and IA may take any of the actions described in Section III. Inspector Administration Actions.

Upon receipt of credible information alleging serious violations of HUD requirements, IA may suspend the inspector pending the completion of an investigation of those allegations. When IA suspends an inspector pending an investigation, IA will notify the inspector orally and in writing by mail (e.g., UPS) and email. When an inspector is suspended on the basis of the facts of a complaint, the Complaint Notification and the Letter of Suspension will be combined. During a suspension pending an investigation, the inspector must cease to conduct any and all inspections. The inspector will be deactivated in HUD systems.

After investigation into the merits of the complaint, review of the inspector's timely written response, and review of the inspector's performance history relevant to the allegations of the complaint (e.g., other complaints, Letters of Warning, PDs etc.), IA will notify the inspector in writing of any action it is taking based on the complaint. The notification will state the reasons for IA's action and will be sent by mail (e.g., UPS) and email.

An inspector who has been suspended pending an investigation will be reactivated in HUD systems upon completion of the investigation unless IA suspends the inspector under Section III. B. 4 or decertifies the inspector.

VI. SUSPENSION AND DECERTIFICATION

A. Suspension

- 1) An inspector may be suspended from conducting UPCS inspections when IA determines that the inspector has committed serious or multiple violations of HUD requirements.
- 2) Any suspension may be for a limited period of time not to exceed six months. The suspension may include other limitations as IA deems appropriate, such as a prohibition from conducting inspections at properties owned or managed by one or more individuals or organizations.
- 3) IA will notify the inspector in writing of his or her suspension. The notice will explain the basis for IA's action and describe the inspector's appeal rights. See Section VI.C., below.
- 4) During a suspension, the inspector must cease to conduct any and all inspections and turn in the REAC-issued photo identification card. The inspector will be deactivated in HUD systems.
- 5) At the expiration of a suspension, IA will reactivate the inspector in HUD systems and return the REAC-issued photo identification card to the inspector.

B. Decertification

- 1) An inspector may be decertified as a UPCS inspector when the inspector has been issued three PDs or when IA determines after an investigation that the inspector has committed serious or multiple violations of HUD requirements. An inspector will be decertified when he or she engages in the type of serious misconduct described in Section VI.B.2., below. As described in Section I.B., an inspector that fails to maintain an active UPCS certification by not conducting 25 successful inspections in the most recent 12 month period will be decertified. All decertifications, with the exception of those in Section I.B., are for a period of three years.
- 2) An inspector will be decertified for committing an act so egregious or heinous that IA determines, in its sole discretion, that the inspector cannot effectively represent HUD during an inspection. These acts include, but are not limited to:
 - a. Purposeful violations and/or omissions of the inspection protocol or Code of Conduct;
 - b. Carrying a firearm or anything that can be construed as a weapon onto a property;
 - c. Theft or intentional property damage;
 - d. Fraudulent activity;
 - e. Threatened or actual violence against a person while conducting an inspection; and
 - f. Sexual or other harassment.

- 3) An inspector who submits to and fails to pass the background check of the PIV process will be decertified. An inspector will also be decertified for failing to timely submit to the PIV process. See I.C. Personal Identity Verification (PIV) Process.
- 4) Upon determining to decertify an inspector, IA will send the inspector a Notice of Decertification by mail (e.g., UPS) and email which will explain the basis for the determination. The decertification will be effective on the date of the Notice of Decertification.
- 5) A decertified inspector will be deactivated in HUD systems and cannot download, conduct or upload UPCS inspections of HUD insured and assisted properties during the three year decertification period.
- 6) To be re-certified as a UPCS inspector after the three year decertification period, the decertified individual must:
 - a. Reapply to the UPCS inspector training program,
 - b. Meet all of the then applicable eligibility requirements,
 - c. Be admitted to the UPCS inspector training program,
 - d. Successfully complete and pass the entire UPCS certification training and all required tests then in effect, and
 - e. Successfully complete and pass the PIV process.

C. Appeal Rights

- 1) An inspector who has been suspended under Section III, B. 4 or decertified may appeal this action in writing, unless a decertification was the result of a determination made by PSD. The complete appeal, including any supporting facts, documents, or other relevant information the inspector wishes REAC to consider, must be received by REAC within 15 business days of the date of the Notice of Decertification or Suspension. An appeal is to be sent to the Deputy Director of REAC.
- 2) After consideration of all relevant material, the Deputy Director may uphold, modify or reverse the suspension or decertification. The Deputy Director will notify the inspector of his or her decision in writing and will state the basis for the decision. The Deputy Director's decision is final agency action.
- 3) An inspector may not appeal the issuance of a Letter of Warning or the placement of a PD because these actions do not have an immediate adverse effect on the inspector.