



04.03.19

## Grounds for delaying REAC inspections

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On March 21, Deputy Assistant Secretary (DAS) for Multifamily issued a memorandum to HUD in the field and owners and management agents regarding delaying REAC inspections beyond the new 14-day timeline ([the Memo](#)).

On February 22, the DAS issued the much talked about PIH 2019-02 Notice ([the February Notice](#)) that encouraged property owners and agents to adopt year round maintenance practices instead of undertaking “just in time” repairs to meet compliance thresholds at the time of inspection. To that end, the February Notice instituted a 14 calendar day notification prior to REAC inspection intended to reduce the lead time between inspection notice and actual inspection. The February Notice does not apply to FHA insured properties and became effective March 25, 2019.

In the February Notice, if an owner or management agent declines an inspection when initially notified or cancels/refuses entry to a scheduled inspection, a zero score will be entered pending a re/schedule. If the second attempt to re/schedule results in a successfully completed inspection within 7 calendar days of the original scheduled date, the zero score will be updated to the inspection score. If the second attempt does not result in a completed inspection within 7 days of the initial date due to the fault of the owner, the zero pending score will be registered and the owner is subject to HUD’s remedies for a failing score.

The Memo gives the Asset Management Director in the Field office grounds for delaying inspections as follows. HUD field may approve delay of an inspection for:

1. **Major rehabilitation if it was informed of the rehabilitation before receiving the notification of an inspection date and the notification included information verifying the start and end dates of the work and a description of the work covered and the total cost. The notification must indicate when the project will be ready for inspection.** To qualify as a major rehabilitation, HUD says the project is “undergoing a major recapitalization transaction such as a refinance or an

allocation of LIHTC where the total cost of the rehabilitation is \$15,000 per unit or more.” Owners are reminded that rehabilitation that do not meet these criteria can still file Database Adjustment’s prior to an inspection or within 45 days of release of the inspection report.

2. A project located in an area or county covered by a **Presidential Disaster Declaration** during the period an inspector is trying to schedule an inspection.
3. **An emergency** such as fire or water damage that occurred that was beyond the owner’s control and affects more than 30 percent of the units during the period an inspector is trying to schedule an inspection. If damage is restricted to units or building, the Field may approve the damaged units be taken offline and the inspection proceeds.
4. **A HUD approved repair plan** in place as a result of below 60 score that covers the period during which an inspection is trying to be scheduled.

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