

## Passing or Excelling on the REAC Physical Inspection

Presented to:

VOA in Denver  
July 20, 2006  
By Michael Gantt

## Thanks to

Barry Weaver and Anna Strobl  
for the invitation to Denver  
and to  
Paul Coleman  
for the continuing  
business relationship nationwide

## Michael Gantt – M31311

- 8 years full time involvement in REAC/PASS inspections
- Inspector, Quality Control Rep, Former HUD Certification Trainer, Former Program Manager for a major contractor in Area 1 (15 states mainly North East)
  - Also...

## Michael Gantt

- REAC Solutions – REAC Physical Inspections Consultancy
  - Predictive sample inspections
  - 100% inspections/annuals
  - Pre-REAC inspections
  - Inspector escort and appeals writing
  - TRAINING
    - [www.reacsolutions.com](http://www.reacsolutions.com)

## The REAC Physical Inspection

- Aka **UPCS** – Universal Physical Conditions Standards
- Aka **PASS** – Physical Assessment Subsystem (software is PASS 2.3)

## Excelling, Passing, or Failing

- What constitutes passing or failing the REAC Inspection, and what other considerations are part of passing and failing?

## Important Scoring Benchmarks

- 90+ Skip 2 years – Excellent!
- 80+ Skip 1 year – Also very good!
- 60+ Pass – Maybe next year?
- Below 60 = “Fail”

## What If You Fail?

Below 60 = “Fail”

- Organization is “FLAGGED”
  - “2530” Flag
  - This seriously impacts ability to do business
- Re-inspection in 6 months
  - An even tougher inspection !
- You face “enforcement” or foreclosure
  - Harsh legal battle, loss of contracts, serious consequences !!

## Understanding How the REAC Inspection Works

## “Inspectable Areas”

- The inspection looks at five “areas”
  - Site – 10 inspectable items
  - Building Exteriors – 12 inspectable items
  - Building Systems – 8 inspectable items
  - Common Areas – 17 inspectable items
  - Units – 17 inspectable items
  - PLUS Health and Safety for all areas

## “Inspectable Items” in Each Area

- Can be classified as:
  - NOD “No Observed Deficiency”
  - OD “Observed Deficiency”
    - Level 1 – least severe
    - Level 2 – more severe
    - Level 3 – most severe
  - NA “Not Applicable”

## How DO I Pass or Fail ?

You pass or fail based on:

**The combined scores of  
all 5  
Inspectable Areas**

## How DO I Pass or Fail ?

You start with 100 points, and each defect found results in a deduction.

Some defects have low values, and others have high values, while some have no value at all

## "Site" includes these "Inspectable Items"

- Fencing and Gates
- Grounds
- Mailboxes and Signage
- Market Appeal
- Parking and Roads
- Play Areas
- Refuse Disposal
- Retaining Walls
- Storm Drainage
- Walkways and Steps

## "Building Exterior" includes

- Doors
- Fire Escapes
- Foundations
- Lighting
- Roofs
- Walls
- Windows
- FHEO Accessibility \*
- FHEO 32" Wide Entrance \*

\* No points

## "Building Systems" includes

- Domestic water
- Electrical
- Elevators
- Emergency Power
- Exhaust
- Fire Protection
- HVAC
- Sanitary

## "Common Areas" includes

- Basement/Garage/Carport
- Closet/Utility/Mechanical
- Community Room
- Day Care
- Halls/Corridors/Stairs
- Kitchen
- Lobby
- Office(s)
- Other
- continued

## "Common Areas" includes

- Patio/Porch/Balcony
- Pools and Pool Fences
- Restrooms
- Storage
- Trash Collection
- FHEO Outdoor Common Areas\*
- FHEO 32" Wide Halls\*

\* No points

## "Units" includes

- Bathroom
- Call for Aid
- Ceilings
- Doors
- Electrical
- Floors
- Water Heater
- HVAC
- Kitchen
- Laundry
- Lighting
- Outlets/Switches
- Patio/Porch/Balcony
- Smoke Detector \*
- Stairs
- Walls
- Windows

\* no points

## "Health and Safety"

- Is treated as an additional inspectable item for each of the 5 inspectable areas – a kind of "negative bonus question"
- Is not necessarily "Life Threatening"
- Each H&S item usually carries a high scoring impact, equal to or worse than a level 3 deficiency on other items

## "Health and Safety"

- Items include:
  - Air Quality (Mold/Mildew, Gas, Sewer Odors)
  - Electrical Hazards
  - Emergency/Fire Egress issues
  - Flammable Materials improperly stored
  - Garbage/Debris
  - Hazards (Trip, Sharp Edges, Other)
  - Infestation (Insects or Rodents)
  - Elevator trip hazards (only under "Systems")

## "Normal" Scoring

- Points are "normally" distributed between the 5 inspectable areas as shown here, but distribution changes as items are called "NA"
- Site – 15
  - Exterior – 15
  - Systems – 20
  - Common Areas – 15
  - Units - 35

## Redistribution of Points

- Occurs when an Inspectable Item is marked "Not Applicable"
- Point values are reduced for given Inspectable Area, and increased for another Area
- Changes the strategy for passing

## Point Distribution Comparison

Examples only	Highrise	Garden	Row/Town
Site	14.8	20.2	20.6
Exterior	16.4	20.2	20.6
Systems	21.9	20.2	13.7
Common	15.4	3.6	0.0
Units	31.5	36	45.2

## Typical Highrise Point Distribution

- Exterior, Systems, and Commons take on greater importance.
- More importantly, ALL the points for these areas can be lost on 2 or 3 defects for a given area
- Site – 14.8
  - Exterior – 16.4
  - Systems – 21.9
  - Common – 15.4
  - Units – 31.5

## Typical Garden Apartments Point Distribution

- Exterior, Systems, and Commons get diluted, spread among buildings.
- Site takes on more importance as do Units.
- Site – 20.2
  - Exterior – 20.2
  - Systems – 20.2
  - Common – 3.6
  - Units – 36.0

## Typical Row/Townhouse Point Distribution

- Exterior & Systems get diluted, spread among buildings.
- Systems and Commons are reduced.
- Units takes on even more importance.
- Site – 20.6
  - Exterior – 20.6
  - Systems – 13.7
  - Common – 0.0
  - Units – 45.2

## Point Distribution Comparison

	Highrise	Garden	Row/Town
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Exterior	16.4	20.2	20.6
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Common	15.4	3.6	0.0
Units	31.5	36	45.2

## "Killer Deficiencies"

- Site
  - Site is always an important component of the inspection. Defects here can easily cost 15 points, and are often some of the cheapest and easiest defects to fix, relative to scoring impact.
  - Consider "acing the SITE" your first priority on non-highrise properties, where it will be second priority.

## "Killer Deficiencies"

- Site
  - Trip Hazards
  - Erosion
  - Overgrown/Penetrating Vegetation
  - Fences
  - Graffiti
  - Retaining Walls
  - Walkways and Steps

## "Killer Deficiencies"

- Site - Trip Hazards
  - 3/4 inch lip on sidewalk
  - Can be addressed by
    - "Schmearing" – ramping by use of trowel and patching compound
    - Grinding
    - Replacing sidewalk sections



## "Killer Deficiencies"

- Site - Trip Hazards
  - ONE trip hazard can cost from 5 to 8 points
  - Fix one, fix ALL, or you still LOSE
  - Doesn't matter where it is found on site
  - Difficult to win on appeal

## "Killer Deficiencies"

- Site - Erosion, Level 3 is:
  - any rut or groove that is larger than 8 inches wide by 5 inches deep
    - A deep tire track qualifies
  - Any displacement of soil that undermines a structure with potential for damage
    - Any place where you can see under concrete, or where this causes structures to shift



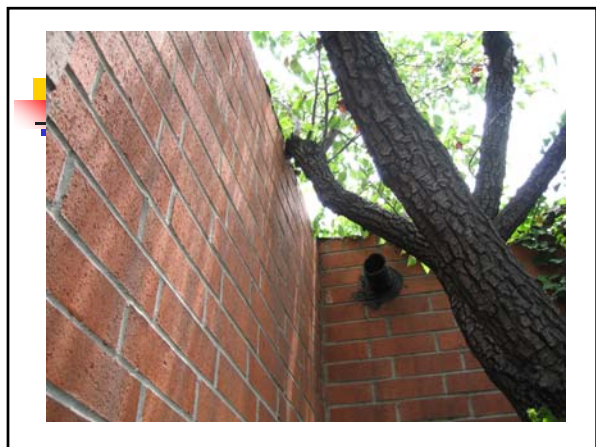
## "Killer Deficiencies"

- Site - Erosion
  - ONE incident of level 3 erosion can cost from 9 to 13 points
  - Fix one, fix ALL, or you still LOSE
  - Doesn't matter where it is found on site
  - Difficult to win on appeal
- Stabilize, fill and reseed, take measures for prevention, and/or CAMOUFLAGE
  - Mulch or fill dirt

## "Killer Deficiencies"

- Site - Overgrown/Penetrating Vegetation... simplified (forget the REAC definition):
  - Penetrating Veg - You should consider this "Any plant life touching something besides another plant or dirt"
  - Overgrown - You should consider this "any plant life (within an area that would normally be trimmed) that overhangs a sidewalk so that it would touch a person walking by, or any dense growth that could conceal a snake, broken glass, or other hazard."





### "Killer Deficiencies"

- To be Level 3, **Vegetation** deficiencies must be rendering something unusable, or causing damage or a hazard, but this standard is still **not applied consistently**. Eliminate all questionable situations. Clear vegetation from all suspect areas – fences, bldg exteriors, walkways, etc.
- Vegetation defects, if not strictly by definition, may be appealable, so track them carefully
- Defect is worth 5 to 10 points

### Playgrounds

- Playground issues generally deal with damaged playground equipment
- The worst thing on a playground is damage that also creates a hazard – this automatically makes the damage "level 3" and pushed the scoring impact to about 6 points





## "Killer Deficiencies"

- Site - Fences and Gates
  - Holes more than 6 inches in size
    - Does not apply to fences with designed holes such as pickets that are designed 6" apart
  - Missing sections or gates
    - Even if removed purposely and/or temporarily
  - Leaning, falling, otherwise damaged



Fence Damage behind dumpster across from Bldg 44



Fence Damage area "G" along Lake

## "Killer Deficiencies"

- Site - Fences and Gates
  - Level three requires that it be an exterior or security fence
    - This could include playgrounds and cages around mechanical equipment
  - This is another inconsistently applied defect, so track all defect calls and appeal as appropriate
  - Assure that where gates are purposely removed, all **evidence** of gate is removed (hinges, latches, etc. removed and refinished surfaces)

## "Critical Principles"

- If it is there, it must work properly
- If it is removed, all evidence must be removed
  - Applies to many items on inspection
    - Door hardware like locks and self closing mechanisms, call for aid devices, fire extinguishers, gates, fences, etc.

## "Killer Deficiencies"

- Site – Graffiti (under Market Appeal)
  - More than five locations = level 3
  - Even painting over graffiti should be considered removal for purposes of inspection – otherwise, appeal !
  - As much as 6 points - eliminate it !



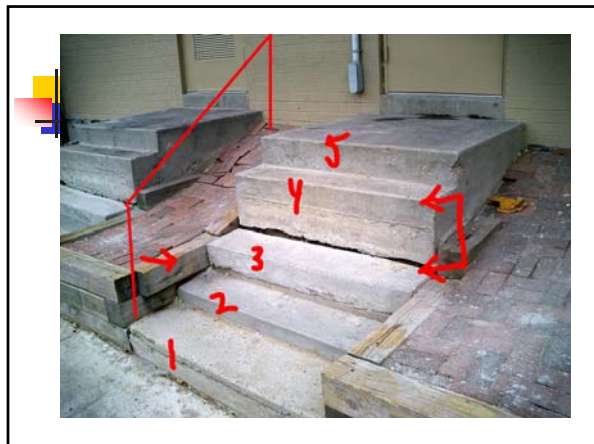
## "Killer Deficiencies"

- Site - Retaining Walls
  - Any time a retaining wall no longer fulfills its intended purpose - in other words, if any of the soil being retained is falling over or through the wall due to damage or deterioration - it is a level 3 defect. 5 to 8 points
  - Applies to landscaping ties as well as masonry walls. Make sure that any structure retaining dirt in a banked area or hill functions properly !
  - Also watch for erosion in this situation



## "Killer Deficiencies"

- Walkways and Steps
  - Hand Railings for 4 or more steps
    - Count the risers – how many can you kick from one landing to the next? Risers at landings count.
    - Count does not apply to steps separated by landings (i.e. 2 steps and a landing, then 2 more steps)
    - Steps at building entries may be Site issue



## "Killer Deficiencies"

- Building Exteriors, watch for
  - Any Health and Safety, especially exposed wires in an A/C disconnect box – can cost 2/3 of value
  - ANY and ALL defects on properties consisting of only ONE or very FEW buildings
  - Surprise: ANY spalling, no matter how small, that exposes ANY reinforcing material, is level 3
  - Often unnoticed: Missing component from downspouts and gutters
  - Often unnoticed: Damage to soffits and fascia

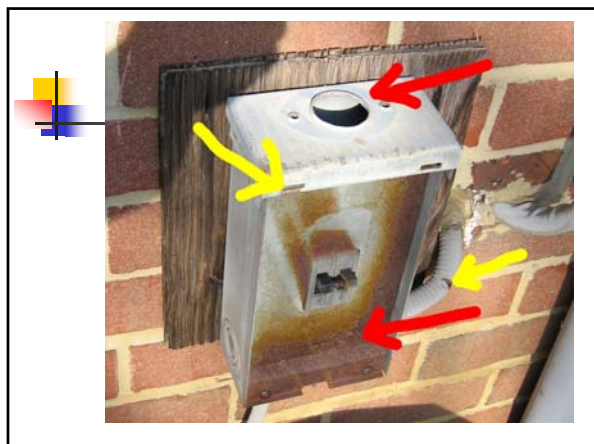
## "Strategy"

- Building Exteriors
  - Properties consisting of single or few buildings – just a few defects, one or two serious ones – can cost you the entire value of the Bldg Exterior. As much as 15 to 20 points ! Perfection is your goal.
  - On properties with over 20 buildings, for example, each building exterior can be worth as little as less than 1 point – only fix severe and patterned defects when making last minute preparations



## "Killer Deficiencies"

- Exposed wires, where ever found, especially in:
  - Air conditioner disconnect boxes,
  - timer boxes,
    - These are often in hidden areas, and often lack the factory inner covers. This is a defect unless sealed.
  - other electrical devices boxes



### "Killer Deficiencies"

- Exposed wires
  - Inspect and repair all electrical boxes for missing breakers, missing covers, improper installation
  - Secure all electrical boxes that can be locked or secured, even if no defect exists
  - Always consider these high priority regardless of inspection due to human safety and legal liability !

### "Strategy"

- Secure electrical boxes that can be locked or sealed
  - Use wire ties, padlocks, wire "tamper" seals, sheet metal screws (careful!)
  - Inspector can't find defect where he doesn't look
  - Cheapest, easiest fix that saves most points
  - Applies to boxes on exteriors as well as indoors
  - If inspector breaks seal, this is a winnable appeal
  - Do not seal breaker boxes not designed to be sealed (blocked access defect)

### "Alert!"

- It has been debated whether or not the installation of "wire nuts" on an exposed connection is a defect or not. Electrical tape certainly is a defect. Most recent clarifications state that wire nuts are NOT sufficient. Inspectors vary on this point. Be safe. Do not allow exposed wire nuts.

### "Killer Deficiencies"

- Building Exterior – Spalling
  - An "unexpected big hit" especially on highrises
  - Level 3 if it exposes any reinforcing material (rebar) no matter how large the spalled area
  - Patch or paint over



## "Killer Deficiencies"

- Building Exterior – Gutters and Downspouts
  - Very frequent defect, often overlooked by local management
  - Missing splashblock is level 1
  - Missing pipe or gutter is level 2
  - Anything causing other damage is level 3, no matter how extensive



## "Killer Deficiencies"

- Building Exterior – Soffits and Fascia
  - Very frequent defect, often overlooked by local management
  - Damage allowing water to penetrate is level 3, no matter how extensive

## "Killer Deficiencies"

- Building Systems, watch for
  - Any Health and Safety
  - ANY and ALL defects on properties consisting of only ONE or very FEW buildings
  - Often unnoticed by local managers:
    - Fire Extinguishers expired/missing
    - Auxiliary Lighting
    - Roof Exhaust

## "Killer Deficiencies"

- Building Systems
  - For single building sites, especially Highrises, Systems are **HIGHEST PRIORITY**
    - Can quickly and easily cost 20+ points
  - For Gardens, moderate to high priority
  - For Townhouses, usually trouble free

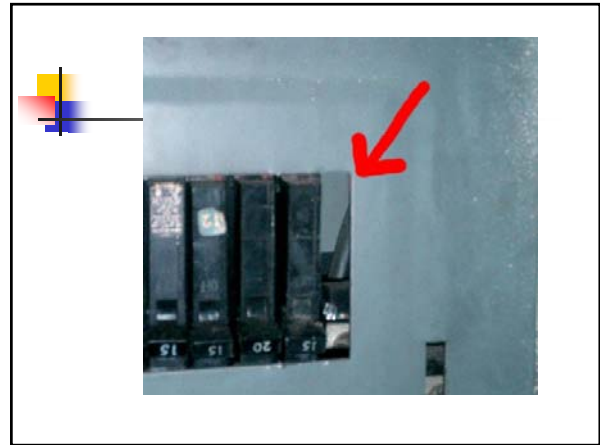
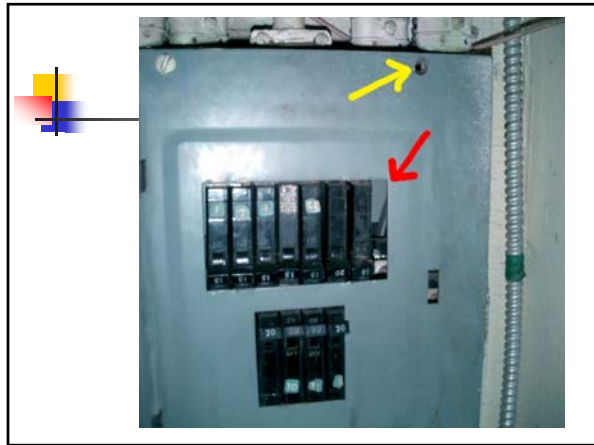
## "Killer Deficiencies"

- Building Systems – Domestic Water
  - ANY leak in the water supply system (not inside a unit) is a level 3 defect
    - Includes hose bibs that trickle or drip !!
  - Misaligned or corroded water heater chimney
  - Relief valve missing or not extended to floor
  - Inoperable water supply

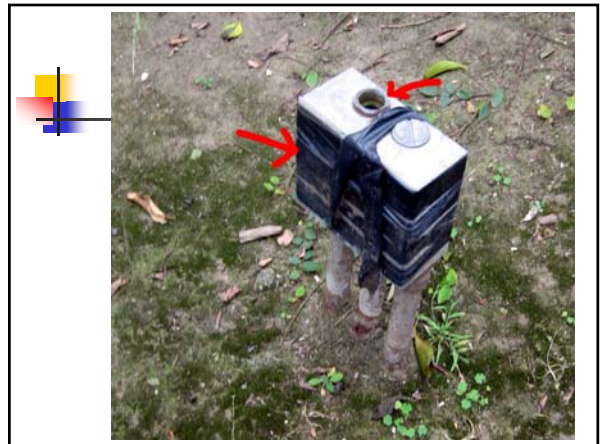
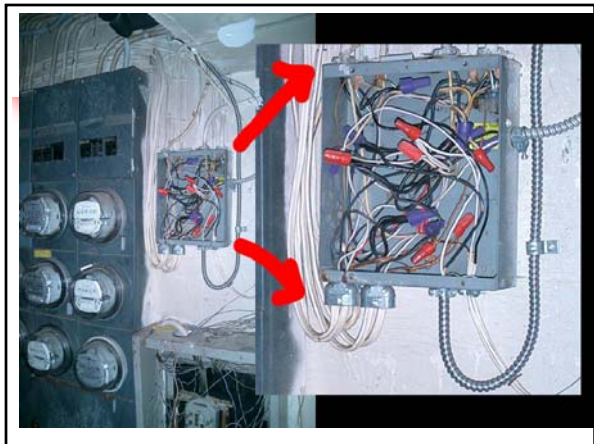


## "Killer Deficiencies"

- Building Systems – Electrical
  - Missing breakers
  - Exposed or frayed wires, damaged insulation, etc.
  - Water on or near components, corrosion



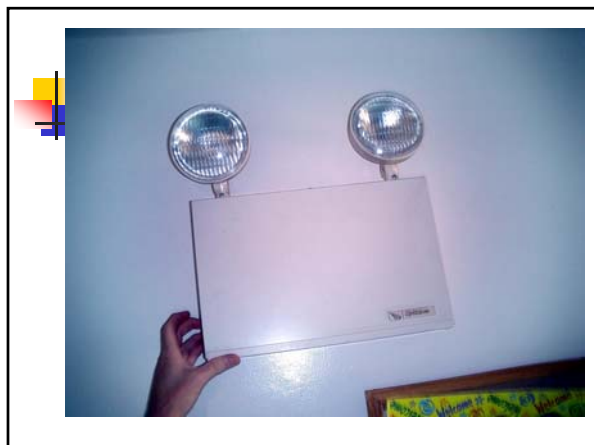






## “Killer Deficiencies”

- Building Systems – Emergency Power
  - Inoperable auxiliary lighting
  - No generator logs
    - Must have current written logs
    - Many newer generators are self testing, computerized, with no logs on hand.



## “Killer Deficiencies”

- Building Systems – Exhaust
 

This applies to exhaust systems that exhaust multiple kitchens and bathrooms through a system of connected ductwork – if ONE fan is inoperable, this defect is worth up to 16 points on a single highrise.

If these are on a timer or demand switch, maintenance personnel MUST know how to override to demonstrate operation !



## “Killer Deficiencies”

- Building Systems – Fire Protection
  - Includes Extinguishers and Sprinklers
    - For sprinklers – anything imperfect applies, including sprinkler heads painted over, missing, or any observable defect to system
    - Fire extinguishers: expired, missing, untagged, discharged, or over charged
      - More...



### "Killer Deficiencies"

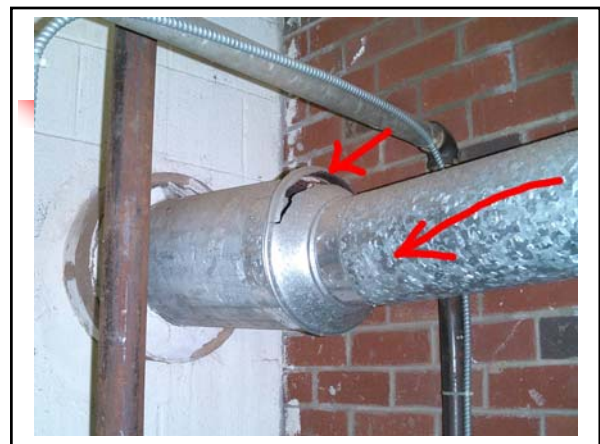
- Fire extinguishers – complicated rules
  - Just assume they should be PERFECT !!
- Level 3 if expired, discharged, missing, or untagged:
  - Only extinguisher for floor
  - 10%+ of extinguishers
    - Should be 10% of total extinguishers, some inspectors call this for 10% of OBSERVED extinguishers
    - Tags no longer apply to disposable and non-rechargeable extinguishers

### "Killer Deficiencies"

- Remember this critical principle - If it "looks like an extinguisher should be there" and it isn't, then it IS missing
  - Empty extinguisher box
  - Empty extinguisher bracket
  - If you remove extinguishers, remove all evidence!
- For expired extinguishers
  - If you show documentation that a contractor was supposed to have checked them, you may be exempt from defect – keep records handy and present them if expired extinguishers are found

### "Killer Deficiencies"

- Building Systems – HVAC
  - Leaks, water or fuel
  - Excessive corrosion
  - Misaligned chimneys







## "Killer Deficiencies"

- Building Systems – Sanitary
  - Broken, leaking, clogged pipes or drains
    - In any part of sanitary system not inside a unit
  - Missing covers
    - Clean outs
    - Drains, including floor drains
    - Manholes





## Common Areas

- Common Areas are any and all indoor areas that are not part of a unit
- Includes areas with restricted access
- You must provide access
- Defects found behind closed, locked doors DO COUNT
- Damage, deterioration, hazards, etc. in “unused areas” DO COUNT



## Common Areas

- Deficiencies in Common Areas follow definitions similar or identical to those in Units.
- Like Exteriors and Systems, Common Areas defects are more important when you have fewer buildings, almost negligible when you have few buildings and few Common Areas



## Common Areas

- When you have few buildings, Common Areas are a priority
- Remember that almost ALL Systems defects will be found IN Common Areas
- There are a few defects unique to Common Areas...



## Unique to Common Areas...

- Graffiti in Halls
- Mailboxes in Halls
- Trash collection areas (compactor chute doors)
- Fire control doors
- Elevator electrical panels



## “Units”

- Units take on the greatest priority in Townhouse situations, at least more so than Highrises and Gardens
- Units are always important – but trying to do a lot of fix-ups prior to inspection may be impractical compared to other areas



## Strategy

- “Counter Intuitive” Principles
  - Do NOT spend time on smoke detectors prior to inspection
  - Do NOT try to fix up “BAD” units, focus on “GOOD” units
  - You don’t fail on a single unit, you fail on all 5 Inspectable Areas (according to property type,) H&S, the Killer Defects, and on patterns of repeating defects



## Passing/Excelling Strategy

- Know the priorities and address them
- Balance your efforts among Areas
- Eliminate Killer Defects for priority areas
- Address Unit defects wisely, not just intensely
- Don't just throw money – be smart
- Root out the patterns of repeated defects



## Company-wide

- Keep scoring reports and study them
- Share them within the company
- Know how to read them and use the information



## Killer Unit Defects

- Refrigerator gaskets !!
  - Torn refrigerator gaskets are a common hidden defect, most managers have no idea of the impact
  - Level 1 defect – equal to or worse than level 3 window or door defects
  - Look for ways of camouflaging minor tears
  - Replace badly torn gaskets



## Killer Unit Defects

- Dryer vents
  - Dryer must be vented to outdoors or into an “approved device” (water bucket device)
  - Unauthorized laundry equipment? Enforce your rules.



## Killer Unit Defects

- Gas Ranges
  - Pilot light out = level 1
  - One burner out = level 2
  - Two burners = level 3
- Seemingly unfair rules – how can you control?
- You have right to light pilots to reduce defect to level 1



## Killer Unit Defects

- Water heaters
  - Relief valve tube must extend to within 18” of floor for REAC, check local codes, too.
  - If fuel fired, Check chimney/flue !





## Killer Unit Defects

- Doors – hardware
  - One of most frequent defects
  - Self closing mechanisms
  - Locks and latches
  - Bath and entry doors most important, most severe



## Killer Unit Defects

- Doors – surfaces
  - One of most frequent defects
  - Holes, rust, lack of paint
  - Again - Bath and entry doors most important, most severe



## Killer Unit Defects

- Doors – frames
  - Warping that prevents proper operation latches
  - Bath and entry doors most important, most severe



## Killer Unit Defects

- Windows
  - Broken or missing glass
  - Inoperable – ununlockable, can't be opened
  - Failed thermopane seals



## Killer Unit Defects

- Air Quality – mold and mildew
  - Film of mildew on bathroom ceiling
  - Mildew on ductwork from condensation
  - Mildew from leaks and water damage, ceiling or walls
- Inspector judgment call – prepare to appeal overly strict applications –  
**ANY MOLD COUNTS ! !**



## Killer Unit Defects

- Infestations
  - Roaches, other insects
  - Rodents
- Extremely High scoring impact
- Difficult to remedy due to fact that ANY evidence of infestation is a defect... one mouse dropping, one dead roach (part) or obvious eggs

## Killer Unit Defects

- Infestations
  - Roaches, other insects
  - Rodents
- Follow up on exterminations
- Consider vacuuming ahead of inspections
- Send out letter to residents

## Health and Safety

- Items include:
  - Air Quality (Mold/Mildew, Gas, Sewer Odors)
  - Electrical Hazards
  - Emergency/Fire Egress issues
  - Flammable Materials improperly stored
  - Garbage/Debris
  - Hazards (Trip, Sharp Edges, Other)
  - Infestation (Insects or Rodents)
  - Elevator trip hazards (only under "Systems")



## Questions and Answers

- What have I forgotten to address?
- E-mail me: [xyz@xrayzebra.com](mailto:xyz@xrayzebra.com)
  - Share information
  - Compare notes