

PIH-REAC REVERSE AUCTION PROGRAM

For help at any time during the Reverse Auction Program (RAP) and the Physical Assessment Subsystem (PASS) inspection process, please consult the following resources:

PIH-REAC RAP Website	http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/reaac/products/pass/pass_reverse_auction
RAP Email Address	REACReverseAuctionProgram@HUD.GOV
PIH-REAC Technical Assistance Center (TAC)	1(888) 245-4860 Monday through Friday 7:00am - 8:30pm EST
Reverse Auction Business Rules	http://portal.hud.gov/hudportal/documents/huddoc?id=business_rules05-08-2006.pdf
Purchase Order Terms and Conditions	http://portal.hud.gov/hudportal/documents/huddoc?id=rap-potc.pdf

FREQUENTLY ASKED QUESTIONS

I. About the Reverse Auction Program

Q1. What is the Reverse Auction Program?

The Office of Public and Indian Housing Real Estate Assessment Center (PIH-REAC) has initiated the Reverse Auction Program (RAP), which changes the method by which HUD procures physical property inspections. The PIH-REAC RAP is a process of: (a) identifying properties needing inspection; (b) procuring bids to conduct the inspections; (c) reviewing and accepting inspections; and (d) authorizing payment to contractors. Specifically:

- The auction is conducted with the use of a reverse auction vendor website;
- Contractors bid on inspection assignments throughout the United States and its territories;
- Purchase order awards are made to the lowest, eligible contractor at the close of the auction;
- Active, certified inspectors then schedule and conduct the inspection, and upload the inspection observations to PIH-REAC;
- Once the inspection is accepted by PIH-REAC, payment is authorized; and
- Payment is made electronically to the contractor's vendor account.

Q2. Where can I get information about the RAP?

Information about the RAP is available in the following locations:

- REAC RAP website - http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/reac/products/pass/pass_reverse_auction
- Reverse Auction Program email address - REACReverseAuctionProgram@hud.gov;
- Technical Assistance Center (TAC) - 1(888) 245-4860

Q3 How often is the Reverse Auction Program offered?

Reverse auctions are held at least once every quarter and as many times as necessary to satisfy HUD's requirements for inspections.

Q4 Will I be notified of each upcoming reverse auction?

Yes, an email notification about upcoming reverse auctions will be sent to all eligible contractors.

Also, dates and details for upcoming auctions can be found on our webpage

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

Q5 What is the “M-ID” or “I-ID”?

An “M-ID” is a HUD ID that allows contractors to manage their inspection portfolios through HUD’s online system, Secure Systems. If a contractor cannot access HUD’s Secure Systems with the assigned M-ID, please contact the TAC at 1(888) 245-4860.

An “I-ID” (independent user) is assigned to inspectors upon completion of the REAC Uniform Physical Condition Standards (UPCS) training. The Id is used to download and upload inspections. If an inspector becomes a Reverse Auction Program contractor, the Id will be granted access to manage inspections which includes scheduling, tracking of inspection status’, updating inspection status’ etc.

Q6 What is the difference between a contractor and an inspector?

A contractor is an entity (e.g., business concern, individual) that enters into the contract with HUD to provide inspection services. The contractor is legally responsible for performing all work in accordance with the Purchase Order Terms and Conditions. A contractor may be an individual REAC-certified inspector or an organization that collaborates with REAC-certified inspectors to perform the work.

An inspector is defined as the individual, certified by PIH-REAC in the UPCS inspection protocol, who performs on-site property inspections. RAP inspectors may be contractors, employees of a contractor, subcontractors to a contractor, or employees of a subcontractor.

Q7 I am a contractor in need of certified inspectors, where can I find them?

Please visit our webpage

<http://portal.hud.gov/hudportal/documents/huddoc?id=passcertifiedinspectors.pdf>

Q8 Where are the inspections located for each reverse auction?

The locations of property inspections vary throughout the United States and its territories . Details for eachRAP auction will be posted on our website and contractors will receive an email notification of each upcoming auction event, to include the:

- Estimated number of properties in an auction event, along with the geographical areas for those properties;
- Estimated amount of time the auction will remain open for bidding; and
- Period during which the inspections must be scheduled and completed.

Q9. What are the requirements to become an eligible contractor for the Reverse Auction Program?

Contractors must meet the following requirements and provide the necessary information to PIH-REAC to participate in the RAP:

- Proof of Small Business Registration: IRS form W-9 with valid Tax Identification Number (TIN), Data Universal Numbering System (DUNS) number and proof of registration with theSystem for Award Management (SAM)) (see Section III for more information on registering a small business);
- Proof of **Level II** MasterCard vendor (or merchant) account: account number, company name, point of contact name, phone number, and vendor e-mail address;

- Proof of current general liability insurance, with a minimum of \$1,000,000 coverage per occurrence, \$2,000,000 aggregate, company name and policy number;
- Current HUD User ID for accessing the HUD PIH-REAC's Secure System; and
- Be eligible to receive Federal contracts (i.e., not be suspended or debarred, or under a HUD-imposed Limited Denial of Participation; see section 1.2). *Bids from ineligible bidders will be rejected.*

Q10 What is the deadline for submitting my proof of eligibility?

Contractors must submit proof of eligibility at least five (5) business days prior to the start of a contractor's first auction

Q11. How long will it take PIH-REAC to review and determine if I can participate in the RAP?

PIH-REAC will alert all interested contractors of their eligibility status within seven days (7) business days from the date of submission. Each eligible contractor will receive an email confirming participation status.

Q12 How do I report changes made to my email address, telephone number or other profile information?

Contractors must submit any changes to their profile via email to REACReverseAuctionProgram@hud.gov. This must occur at least five (5) business days prior to the start of an auction to ensure that relevant information is sent to the appropriate contact.

Q13 How do I become certified in the UPCS protocol?

Refer to the information posted on the PIH-REAC Physical Inspection Training website– at http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/react/products/pass/pass_trng

Q14 Where do I buy the required insurance?

Insurance can be acquired by contacting any licensed insurance company, broker, or agent.

Q15 What is a W-9 form?

PIH-REAC requires each eligible contractor to submit an IRS W-9 form. PIH-REAC must receive this form per email instructions in order to issue a HUD account number to the contractor (refer to Section VII for more information on the payment process). The W-9 form does the following: certifies that the TIN the contractor is providing is correct, confirms the contractor is not subject to backup withholding, or allows contractors to claim exemption from backup withholding as an exempt payee, when applicable. The W-9 form and detailed instructions can be found through the IRS website at www.irs.gov/pub/irs-pdf/fw9.pdf

II. Becoming a Small Business

Q1 How do I become a business so I can register as a small business and participate in the RAP as a contractor?

Detailed information about launching a business can be found at the official business link to the U.S. government, <http://business.usa.gov/start-a-business>. For the purposes of participating in the RAP as a contractor, the necessary steps include naming your business, choosing a form of ownership, and obtaining the necessary licenses and permits from your state and/or local municipalities.

Q2 How do I choose a form of ownership for my business?

Forms of ownership include, but are not limited to: partnerships, corporations, subchapter corporations, sole proprietorships, and limited liability companies. Specific information about forms of ownership can be found on <http://business.usa.gov/start-a-business>

Q3 Can I participate in the RAP as a contractor if I am a sole proprietor?

Yes. Sole proprietors can participate in the RAP as long as they fulfill the requirements. **NOTE:** All sole proprietorships must register for a DUNS number (refer to Section III for more information on creating a DUNS number).

Q4 How do I name my business?

For sole proprietors, many states require the individual to use their own name for the business name unless they formally file another name as a trade name, or fictitious name. If you are going to use a name other than your own for your business, contact the county recorder of deeds' office (or government equivalent) that your business will be operating in to get specific information and any necessary forms.

Q5 How do I obtain the necessary licenses and permits for my business?

The necessary licenses and permits vary for each state and local municipality. Specific information about licenses and permits can be found on http://www.business.gov/phases/launching/licenses_permits/index.html. For information on how to obtain a business license in your state, go to <https://www.sba.gov/tools/local-assistance>. This web page provides a link to the relevant information for most of the 50 states and the District of Columbia.

III. Registering as a Small Business

Q1. How do I register as a small business?

To register as a small business, the business is required to have a DUNS number. Once the contractor obtains a DUNS number, they may proceed to register as a small business through the System for Award Management (SAM). For more information or questions regarding Small Business Registration, please visit, <https://www.sba.gov/>

Q2. What is a DUNS number?

A DUNS number is required for a small business to register with the System for Award Management (SAM). This number is the proprietary means of identifying business entities on a location-specific basis.

Q3 How do I request a DUNS number?

<http://fedgov.dnb.com/webform/displayHomePage.do;jsessionid=81407B1F03F2BDB123DD47D19158B75F>

Q4 Is there a fee associated with receiving a DUNS number?

There is not a fee associated with receiving a DUNS number for those who are federal contractors, prospective government vendors and applicants, and recipients of federal grants. For more information please refer to the Small Business Registration Fact Sheet, (Attachment 1 in the Business Rules) at http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/reac/products/pass/pass_reverse_auction

Q5 What is an MPIN?

The Marketing Partner ID Number (MPIN) is mandatory for SAM registrants and contains nine characters: at least one letter (upper or lower case) and one number. No spaces or special characters are permitted.

An MPIN is a personal code that allows you to access other government applications such as the Past Performance Information Retrieval System (PPIRS). The MPIN acts as your password in these other systems, and you should safeguard it.

To view your company's MPIN:

1. Go to the SAM Homepage: www.sam.gov.
2. Enter your user ID and password, then click the "Log In" button.
3. Locate your entity via the "Complete Registrations" or "Incomplete Registrations" link under Manage Entity in the left navigation pane.
4. Go to the Business Information page to view and change your MPIN.

IV. Bidding in the Auction

Q1. Will there be an information or training session prior to the start of the auction?

Yes, a brief online tutorial is provided by our Auction Vendor.

Q2. Where can I get specific details about a particular auction?

Our Auction Vendor will distribute detailed emails about upcoming reverse auctions to all eligible contractors prior to the auction start date. For dates of upcoming auctions and for general details, please visit our webpage

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

Q3. How do I get access to the auction website? Which ID do I use?

Prior to a reverse auction, our Auction Vendor will send an auction notification via email to all eligible contractors. This email will contain the contractor's user ID and password. In addition, it will contain the dates and times the auction will open and close, and how to access the inspection data to start bidding.

Q4. Will I be able to review the inspections before the auction opens?

Yes, a preview file is included in the Auction Announcement email and posted on our webpage.

Q5. How will I know when an auction will open and close?

All contractors who are eligible to participate in the RAP will receive email notifications about upcoming auctions via email. In addition, dates of upcoming auctions will be posted on our webpage.

Q6. How long will each auction remain open for bidding?

Each auction will vary in length. This length will be determined by PIH-REAC and communicated to all eligible contractors prior to the start of an auction. Dates and times of each upcoming auction will be posted on the website:

Q7. What are the restrictions for bidding on inspections where I have conducted pre-inspection(s) or consulting work?

As stated in the Purchase Order Terms and Conditions, section 9.2: "An inspector may not inspect any property in which the contractor, inspector, or any business associate or any immediate family member of those parties has a financial interest in its ownership or management. An inspector may not inspect any property in which the contractor, inspector, or any business associates or immediate family members of the contractor or inspector has performed any other work of any nature under contract or purchase order from that property or owner. If an inspector has a conflict of interest and the contractor has no other inspector available to perform the inspection, PIH-REAC may terminate this contract and contract with another contractor for the inspection. Additionally, the contractor shall not provide training or consulting services to any Public Housing Authority (PHA) or property owner whose property the contractor has inspected during the time period from the issuance date of the purchase order through twelve (12) months after the purchase order expiration date. It is the contractor's responsibility to refrain from bidding on inspection work in which the contractor or the performing inspector has a conflict of interest."

Q8. What do I do if I cannot login to the auction website or I forget my user ID or password?

Please contact the Auction vendor,

Q9 Whom do I contact if I have technical questions about the auction website?

For answers to technical questions regarding the website, please contact the Auction vendor

Q10. How are the properties grouped or sorted during the auction?

The properties will be aggregated together in groups referred to as “lots”. A lot can contain one or more property inspections. If a contractor elects to bid on a property inspection, the contractor must bid on every inspection in that lot. If a contractor fails to bid on every property in the lot, the system will not accept the proposed bids. The eligible contractor offering to perform the lot inspection(s) for the lowest total lot price will be awarded the inspection work.

Each inspection within the lot remains distinct. The winning contractor will schedule each inspection separately, and an active, certified inspector will conduct each inspection separately. PIH-REAC will pay the contractor directly and separately for each accepted inspection. Failure to complete all inspections within each lot may make the contractor ineligible for future inspection services due to non-responsibility. Section 1.2 of the Business Rules gives specific information on contractor responsibility ([link](#))

Q11. In order to bid, do you have to be the person who actually conducts the inspection?

No. Contractors can appoint an employee to bid on behalf of their small business, even if they are not certified or able to conduct the physical inspection. The contractor must, however, have an active M or I-ID. Upon award notification, the contractor who placed the bids can assign the inspection(s) to the certified inspector(s) with an active HUDID.

Q12. How many contractors will be bidding at once?

The number of contractors will vary per auction. All eligible contractors will be invited to participate in each auction. As a result, there is no limit on how many contractors can bid per auction.

Q13. What is the maximum number of inspections I can bid on?

HUD does not monitor the number of inspections each contractor bids on. The contractor has the ability to set a limit on the desired number of workdays per auction. This utility is a safeguard, which helps contractors monitor their workload in order to complete all awarded inspections within the performance period.

Q14. What is the proxy utility?

The auction website includes a proxy utility, for use by contractors at their discretion. The proxy utility enables a contractor to enter successive bids for property inspections, even when not logged in to the auction website. By utilizing the proxy utility, the contractor chooses an initial bid for an inspection and a minimum price that the contractor is not willing to bid below. Once an initial bid is entered, the proxy utility will place successive bids per inspection. NOTE: The proxy utility is

not based on the total price per lot. The proxy operates on a per inspection basis. Therefore, each time a bid per inspection is lower than the contractor's initial manual bid the proxy will decrement the bid by \$5. This will continue as bids are placed until each bid per inspection reaches the contractor's minimum set price. Since the proxy bids are placed per inspection and a single lot may contain several property inspections, the proxy bidding utility may not place a bid depending on the competing bids placed. By setting up the proxy utility, the contractor is not guaranteed to win the lot. Please refer to the Auction Vendors auction training manual for more detail at <http://hud.globaleprocure.com/login/loginform.asp>. In addition, contractors, particularly those new to the RAP, should utilize the training opportunities available from the auction vendor to further understand the mechanics of this utility prior to participating in an auction.

Q15 What is the floor price?

The floor price is set a zero.

Q16. Can I change the workload management settings after the auction has begun?

Yes, contractors may manage their workload while an auction is open. However, there are exceptions. First, the system will not allow a contractor to bid on a lot if they do not have a sufficient number of inspection days to perform the inspection work for that lot. In addition, if a contractor is leading on a closed lot, they are unable to reduce the number of days to less than the number of days designated for the closed lot. For details, please refer to the Vendors website.

Q17. Can I withdraw a bid after confirming it in the auction website?

Once a bid has been accepted by the system, the bidder may not withdraw the bid.

Q18. Can contractors request an auction extension past the closing time?

No, contractors cannot request a bidding extension. Only PIH-REAC reserves the right to extend the duration of an auction due to extenuating circumstances.

Q19. How do I know if I have won inspection work?

Once a reverse auction closes, the winning eligible contractor will be issued an award notification via email in the form of a purchase order. The purchase order serves as a legally binding contract between the contractor and HUD. The purchase order includes the list of awards and the directions to schedule awarded inspections. A response to the email notification is not required if the contractor accepts. For more information, please refer to the Purchase Order Terms and Conditions

Q20 After I receive the award notification, can I renegotiate the bid price with PIH-REAC?

No. Once the reverse auction software has accepted the bid, the price cannot be renegotiated.

Q21 Can the contractor who wins the award delegate, sub-contract, or otherwise assign the actual on-site physical inspection work to another inspector who is UPCS certified?

Yes. The contractor must make all substitutions of assigned inspectors via Secure Systems' Scheduler. Inspections must be assigned to an active M-ID in association with the contractor. The contractor should contact the TAC to notify PIH-REAC if substituting an inspector who was previously assigned to perform a scheduled inspection. Please refer to the Purchase Order Terms and Conditions

V. Scheduling Inspection Work

Q1 How long will it take to receive the property information for the inspection work I have won?

The auction vendor, will send an award notification email shortly after the close of the auction. At that time, the contractor can access the property information secure Systems, PASS New System "Inspection Scheduling" module and, upon coordination with the Property Owner Agent/ Executive Director (POA/ED), can schedule the inspection(s).

Q2 Is there a date when all inspections have to be completed?

Yes. PIH-REAC will specify the anticipated start and end dates of the period of performance for each inspection or lot of inspections prior to each reverse auction. The period of performance is the specified maximum period during which the contractor must schedule and complete each assigned inspection and submit the completed inspection report for review. The actual dates of the performance period will be stated in the purchase order award notification issued to the winning contractor.

Adherence to the period of performance specified at the time of the purchase order award is important, as timelines for the completion of physical inspections are mandated by the Public Housing Assessment System (PHAS) Final Rule (24 CFR Part 902, January 11, 2000), and other applicable HUD regulations. For more information regarding period of performance, please reference Section 1.3 of the RAP Purchase Order Terms and Conditions

Q3. How much time do I have to schedule the inspection(s)?

The contractor has 20 calendar days from the start date of the purchase order to schedule all inspections awarded. The contractor must maintain an accurate inspection schedule with PIH-REAC and conduct inspections on the date and time they are scheduled. An accurate inspection schedule is vital to the RAP, as:

- HUD Quality Assurance (QA) may use this information to schedule a Collaborative Quality Assurance (CQA) review of the inspector's performance; and
- HUD Field Offices may wish to coordinate oversight and technical support activities with the schedule of the inspection; and
- Failure to inspect on scheduled dates and times greatly inconveniences tenants and managers of the properties to be inspected.

PIH-REAC is committed to minimizing the burden to POA/ED and PHA staff, as well as residents, during the physical inspection process. RAP contractors must comply with the requirements set forth in Section 5.1 of the RAP Purchase Order Terms and Conditions.

Q4. Can I schedule an inspection for a weekend or holiday?

No. The inspection should be conducted during the normal business hours of the property. Inspectors shall not conduct inspection activities on weekends or Federal holidays. Section 9.5 of the Purchase Order Terms and Conditions highlights a detailed list of government-observed holidays.

Q5. How do I schedule an inspection?

When you finish scheduling the inspection with the POA/ED, complete the following steps:

1. Log in to "Scheduler" in PIH-REAC's Secure Systems
2. Go to "Physical Assessment Subsystem (PASS)-New System".
3. Click on "Inspection Scheduling".
4. Select your company name from the "Participant" dropdown menu.
5. Select the Auction Id or enter the inspection number in the to and from fields
6. Click Search
7. Insert a valid "Inspector M-ID".
8. Insert the scheduled "Date" and "Time" for the inspection.
9. Select "Submit"

Q6. What do I do if the information in the purchase order is incorrect?

If the information in the purchase order is incorrect, immediately notify REAC Reverse Auction Program via email @ REACReverseAuctionProgram@hud.gov or contact the TAC at 1(888) 245-4860.

Q7. If I am unable to reach the POA/ED, can I schedule the inspection with the maintenance personnel or other staff?

No. All property inspections must be scheduled directly with the POA/ED or an appointed representative. Please refer to Purchase Order Terms and Conditions, section 5.1 for detailed scheduling protocol.

Q8. What if I cannot reach the property representative with the information supplied by PIH-REAC?

The contractor must immediately notify REAC Reverse Auction Program via email @ REACReverseAuctionProgram@hud.gov if the property representative cannot be reached via the information provided. Please contact the TAC immediately at 1(888) 245-4860.

Q9. What happens if I realize the inspection will take longer than estimated?

The contractor shall notify PIH-REAC (via the TAC at 1(888) 245-4860) immediately of any significant discrepancy between the property profile data provided by PIH-REAC and the verified property data obtained from the POA/ED. A significant discrepancy includes material errors of fact (e.g., wrong property name or ID), or a variance in the number of buildings or units.

PIH-REAC will verify the discrepancy and notify the contractor whether to proceed or forfeit the inspection. If the contractor fails to accurately verify the property profile data and the inspector discovers a significant discrepancy after arriving at the property, the inspector will perform the inspection using the correct unit sample size for the contractor's price.

Q10 What should I do if the property representative refuses to schedule the inspection?

The contractor shall immediately notify PIH-REAC by telephone or email if the contractor is unable to schedule an inspection. If the contractor is unable to schedule an inspection because the POA/ED is uncooperative or unwilling to permit the inspection, PIH-REAC will assist the contractor in resolving the issues.

Q11 The property representative has indicated that a property is uninspectable. How do I proceed?

A property is considered uninspectable if the POA/ED indicates it is no longer in HUD's inventory or if buildings/units have been rendered uninspectable.

In these instances, the contractor must record the property as Reported Uninspectable (RU) in the Scheduler component of Secure Systems. PIH-REAC will verify the status as uninspectable and will confirm it as Verified Uninspectable (VU) in Scheduler. If PIH-REAC does not verify the RU as valid, PIH-REAC considers the inspection to be Verified Inspectable (VI) and the contractor is still responsible for scheduling and conducting the inspection. Please refer to section 6.2.1 of the Purchase Order Terms and Conditions

Q12 What happens if I am unable to complete the inspection due to circumstances beyond my control?

In certain cases, the inspector may be unable to complete an inspection for reasons beyond the contractor's control including, but not limited to:

- The property representative cannot provide access to the buildings or units required for inspection;
- An insufficient sample of units is available for inspection;
- No property representative is available on-site to accompany the inspector; and
- The POA/ED failed to notify all residents prior to the inspection.

The contractor shall immediately notify PIH-REAC (via the TAC) of an unsuccessful inspection (RUU), report the status of the inspection via Secure System and provide a copy of the POA/ED's written confirmation of the property profile information, the agreed-upon schedule, and prior understanding that the residents were to be notified. PIH-REAC will confirm the unsuccessful inspection, notify the contractor, and if confirmed, will authorize payment of the unsuccessful inspection price. For more information, please see section 6.2.2 of the Purchase Order Terms and Conditions

VI. Performing Property Inspections

Q1 If I encounter unforeseen expenses that cause my bid to be unprofitable, can I obtain compensation for this loss?

No. Contractors in the RAP must anticipate and include all expenses in their inspection bid(s) per property. Expenses of any kind will not be reimbursed.

Q2 Can contractors or inspectors re-schedule inspections at their discretion?

No. Changes and cancellations to inspection schedules should be rare and must be accepted by PIH-REAC. If the originally confirmed inspection schedule needs to be changed for any reason, the contractor must update the Secure Systems Scheduler component with the correct inspection schedule. The contractor must provide a justification for any schedule change made within 72 hours of the inspection date and time by calling the TAC at 1-888-245-4860. PIH-REAC will notify the contractor if a schedule change or inspection cancellation is unacceptable. PIH-REAC reserves the right to cancel an inspection at any time.

If the contractor fails to perform an inspection at the date and time that the contractor entered into the Secure Systems Scheduler and does not notify PIH-REAC in advance of the changed date and time in accordance with paragraph 5.1.4 of the Purchase Order Terms and Conditions, the HUD Contracting Officer may either:

- Reject the inspection and require the contractor to re-inspect at the contractor's own expense;
- Accept the inspection for a reduced price; or
- Terminate the inspection for default.

Repeated failure to perform inspections on the date and time scheduled without proper notification to PIH-REAC may result in the termination of a purchase order for default. In addition, repeated failure to perform inspections according to the information entered into the Secure Systems Scheduler component could result in a determination of non-responsibility. For more information on contractor responsibility, please see the RAP Business Rules, section 1.2

Q3. If a contractor cannot complete inspections for all awarded lots during the period of performance, what happens?

If the contractor cannot complete the inspection work within the specified performance period, he/she must send a formal request to extend the Purchase Order period of performance to the RAP mailbox (ReacReverseAuctionProgram@hud.gov). This request **must** be sent before the end of the performance period, and must include all relevant information such as the purchase order number(s), the inspection number(s), and the rationale for extension. PIH-REAC will review the extension request to determine whether the request is justified. If an extension is granted, the contractor will receive an email revising the purchase order period of performance. If an extension is not granted, the contractor will be responsible for completing the inspection work by the performance period end date.

Late inspections are not subject to full payment (see section 7.1.2 of the Purchase Order Terms and Conditions) unless the contractor can prove to PIH-REAC's satisfaction that the cause for late delivery was due to circumstances beyond the contractor's control. If PIH-REAC elects to accept a late

inspection, the contractor shall be paid 50 percent of the contractor's price for the inspection. If PIH-REAC elects to not accept a late inspection, the contractor shall be paid nothing.

Repeated failure to perform inspections within the period of performance without proper notification to PIH-REAC may result in the termination of a purchase order for default. In addition, repeated failure to perform inspections within the period of performance could result in a determination of non-responsibility. For more information on contractor responsibility, please see the RAP Business Rules, section 1.2 at http://portal.hud.gov/hudportal/documents/huddoc?id=business_rules05-08-2006.pdf

Q4 Who resolves disagreements between the inspectors and site managers?

Please contact the TAC immediately for guidance and assistance at 1(888) 245-4860. REAC will ultimately resolve any issues between inspectors and site managers.

Q5 What happens when an uploaded report is placed "on hold" by PIH-REAC?

When PIH-REAC cannot accept an inspection due to significant deficiencies, errors or questions concerning the inspection, it will place the inspection on hold. PIH-REAC may contact the contractor, property representative, or HUD staff to resolve the deficiencies, errors or questions. The contractor shall review and respond to all posted inspection reviews in Secure Systems. With respect to posted inspections, if the contractor does not return contact within 72 hours, PIH-REAC may reject the inspection. Please refer to section 7.1.1 of the Purchase Order Terms and Conditions for more information

VII. Payment Process

Q1 How do I get paid?

In order to receive payment for Reverse Auction Program (RAP) inspection services, all contractors are required to establish an account with a Level II MasterCard Service Provider. The Level II MasterCard vendor must have an interface that allows the user to enter an inspection ID that will be placed in a field that is permanently attached to the payment transaction. HUD also requires that all Level II MasterCard Service transactions are accompanied by a merchant category code (MCC). HUD has assigned MCC code 9399 for transactions related to inspections. Contractors must make sure the Level II billers are aware of this MCC requirement so that this code also remains attached to every transaction.

Contractors should follow the instructions provided by the Level II MasterCard Service provider to process payments. Payment processing is usually managed online or with software provided by the Level II Service provider. Payments are then made electronically and deposited directly into the contractor's account.

For more information about the payment related process for the RAP Program please refer to the Business Rules at:

http://portal.hud.gov/hudportal/documents/huddoc?id=business_rules05-08-2006.pdf

Q2 When should I claim payment for my inspection work?

Once the inspector completes the inspection and uploads the inspection into PIH-REAC, HUD reviews the inspection and either accepts or rejects the inspection. If the inspection is accepted by HUD, the contractor can bill for the inspection. If the inspection is rejected by HUD, the contractor is not authorized to bill for the inspection. Contractors are responsible for delivering an acceptable

inspection for each awarded inspection.

Q3 What is a Level II MasterCard vendor account?

This is an account acquired by contractors interested in doing business with the HUD Reverse Auction Program. (RAP). These account services are offered by third party financial processors approved by MasterCard to process transactions. They are called Level II MasterCard Service Providers.

Q4 How can I set up a MasterCard vendor account?

A contractor can establish an account by contacting any Level II MasterCard vendor. Please refer to the MasterCard Vendor Account Fact Sheet, Attachment 2 in the Reverse Auction Business Rules.

Q5 How can a contractor receive compensation for inspection work if they do not have a MasterCard vendor account?

A contractor is not eligible to participate in the RAP without a Level II Master Card vendor account.

Q6 Where can I find information on the RAP payment terms?

The payment terms for the Reverse Auction Program are outlined in Section 8.0 of the Purchase Order Terms and Conditions at

<http://portal.hud.gov/hudportal/documents/huddoc?id=rap-potc.pdf>