

The RAP

A Summary of Conference Call Highlights and Other News

UPCS Update: A change to the UPCS protocol was released on October 10, 2011. The “new scattered site protocol” modifies the inspector’s requirement to revisit a scattered site after generating a sample. Inspections awarded under Auction 110, our next auction, will be subject to the new protocol. Questions relating to the new protocol should be emailed to QA. Don’t forget to read monthly UPCS clarifications at: http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/reak/products/pass/qa

Partnership in Progress

We’re busy. The promises of the lazy days of summer for our staff, contractors and inspectors have unwittingly passed us by. The approaching end of the fiscal year and the threat of budget constraints in 2012, necessitated an accelerated auction schedule. Since May 2011, RAP has auctioned off over 6,900 inspections and REAC staff has accepted over 5,000 inspections. The planned holiday hiatus in November and December will give way to Auction 110, tentatively scheduled for mid-January 2012, which will continue the steady flow of inspections. While I’m sure you join us in welcoming the business opportunities, particularly in fiscally challenging times like today, very heavy workloads unfortunately increase the probability that administrative errors will occur. The focus of this edition of *The RAP* is to address the most common administrative errors we see in our office and offer best practices for avoiding them in the future. If there is an

issue not addressed in this newsletter that you’d like for us to address, you may email your question or concern to: REACReverseAuctionProgram@hud.gov.

The most common administrative errors relate to cancellations and extensions and an error in either one of these areas can result in upset property personnel, inconvenienced residents, reductions in payment and an unnecessary termination for default. Our office emails notifications of potential violations such as: unscheduled inspections and inspections scheduled beyond the performance period with no approved extension, to contractors on a regular basis to help contractors avoid the negative consequences of poor administration. Contractors should make it a practice to open all emails from RAP promptly and correct the cited infractions and/or provide the requested information within 48 hours of receiving the email. If your cell phone is not email enabled, then you should check your email at least twice a day for emails from REACReverseAuction@hud.gov.

The Reverse Auction Program

REMINDER: HUD prohibits inspections from conducting inspections during the week of Thanksgiving (November 21 -25, 2011) and the week of and following Christmas, (December 19, 2011 through January 3, 2012). Please review your portfolios and access Scheduler immediately to ensure no inspections are scheduled during these dates. Also, please spot check to ensure inspections scheduled for January, February and March reflect the correct year, i.e., 2012 not 2011, a common and understandable mistake as we enter into a new year.

As we transition from Global E-procure to our new auction vendor, contractors are strongly encouraged to utilize the customized spreadsheets that are emailed weekly. The spreadsheets assist you in managing your portfolios by showing unbilled and accepted inspections. We’ve expanded Global e-procure’s capacity by including unscheduled inspections.

Important: Inspections that remain unscheduled twenty (20) days after the purchase order is awarded will be referred to the Contracting Officer for termination for default unless the inspections are RU’d according to the Purchase Order Terms and Conditions (POTC); therefore, it is imperative to review the reports and resolve outstanding inspections expeditiously.

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The Coordinator’s Corner
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RAP thanks you for your commitment to getting the job done in 2011. In fiscal year 2011, REAC produced over 13,000 inspections for its public housing, multi-family and servicing mortgage customers. REAC’s goals were realized because of our partnership with you, our contractors. The key to our success is open communication. I encourage you to keep your questions, comments, complaints and requests for assistance coming. Please continue to email us at: REACReverseAuctionProgram@hud.gov Most issues can be resolved without penalty to the contractor as long as RAP was made aware of the situation in advance.

Best Practices for Managing Inspections

The effective management of inspections begins *before* the purchase order is awarded. Contractors should *realistically* assess their current workload before bidding on inspections. When reviewing the auction preview, a contractor should only bid on an inspection if he or she can deliver the inspection report to HUD within the published period of performance. Contractors should *not* bid on a lot in the anticipation of obtaining an extension. RAP extended tremendous flexibility to contractors in fiscal year 2011 by liberally granting extensions due to the increased workload and a marginal increase in inspector de-certifications; however, contractors should not expect such flexibility to continue into 2012. A request for an extension should be an exception, not the norm.

Unauthorized RUs and Extensions. Contractors must ensure that inspectors offer property personnel three (3) unique and independent dates during the scheduling process. Inspections are routinely reported uninspectable (RU) and/or extensions requested due to scheduling conflicts according to contractors’ comments, but on further inquiry by our office, we are finding that inspectors failed to offer representatives three independent inspection dates. Offering three unique and independent dates does not mean offering the Tuesday, Thursday or Friday of the same week. Offering Tuesday of one week, Tuesday of the following week and Thursday of the following month satisfies the requirement.

Managing Inspections Continued....

Aiming to schedule inspections in one geographical area in the same week to maximize profit is acceptable as long as this provision in RAP's Purchase Order Terms and Conditions (POTC) is not violated. Property representatives should not be coerced into accepting an inspection date because the date "fits" into the inspector's schedule. Likewise, inspections should not be reported "RU" due to a scheduling conflict because the property representative will not accept the date the inspector will be working in that area. Such inspections will be processed as terminations for default. Contractors should offer their best price to deliver inspections after careful consideration of true costs. Economies of scale are not guaranteed and not a qualifying condition for returning inspections. To help resolve conflicts, RAP is willing to intervene in challenging situations when every effort to arrive at a mutually-agreed upon date has been made.

Failure to Update Scheduler. The confirmation letter and the date entered into Scheduler must agree at all times. If an inspection date changes, a revised confirmation letter must be sent to the appropriate property representative immediately and the inspection date must be changed in Secured Systems at the same time. In addition, if the originally assigned inspector changes, the newly assigned inspector must be entered into Scheduler. It is recommended that contractors remember the **Rule of Three** when scheduling inspections. **The Rule of Three** means: **three (3)** unique and independent dates must be offered to property representatives and an accurate inspection date must be reflected in **three (3)** places: the confirmation letter, HUD's Secured Systems and, of course, the inspector's calendar. Contractors who delegate the responsibility of sending the confirmation letter to inspectors should follow-up with inspectors to ensure the confirmation letter was sent. Inspections reported unsuccessful (RUU) because the inspector arrived on site and the inspection was subsequently cancelled will not be compensated if RAP finds the confirmation letter was never sent. A confirmation letter sent directly from the contractor to RAP is unacceptable. RAP must be copied on the original confirmation email to property representatives.

Failing to Request an Extension in Time. Contractors pay a needless late upload penalty, which is 50% of the bid amount, because they failed to request an extension before the end of the period of performance or prior to the inspection. This is unfortunate when an extension request is easily submitted by emailing REACReverseAuctionProgram@hud.gov with the inspection number, the proposed "new" upload date and the reason for the extension request. **Effective in Auction 110, contractors must include the three (3) unique and independent inspection dates that were offered to property representatives in all extension requests.** This new provision will be included in the auction announcement and posted on our website.

Typically, extensions are granted when the new upload date falls within 30-days from the end of the period of performance, unless a restriction on extensions is specified in the auction announcement. Contractors should schedule inspections within the period of performance when scheduling inspections and refrain from relying upon extensions. An auction's period of performance is established in accordance with HUD's program needs and extending an inspection's period of performance contributes to HUD's inability to achieve program goals on time and fulfill our customers' expectations. The period of performance for each auction is disclosed well in advance of bidding through email and on our website so a contractor has ample time to review his current obligations and prepare for bidding. Contractors should not bid on any inspections he is unable to deliver within the performance period and in accordance with offering the property representative three (3) unique and independent inspection dates.

Failing to Properly Cancel Inspections. When HUD cancels an inspection "before 72 hours" or "within 72 hours", the contractor must inform the same property representative he initially spoke with of the cancellation. If a property representative wants further clarification on the reason for the cancellation, the property representative should be instructed to email: REACReverseAuctionProgram@hud.gov. A shortcut to informing the property representative of the cancellation is to forward the cancellation notice to the property representative followed-up with a phone call. Inspections assigned to a de-certified inspector that cannot be rescheduled within 15-days of the date on the de-certification notice to the contractor will be cancelled without payment, provided that RAP receives an email from the contractor stating his inability to reschedule the inspections. Otherwise, the unassigned inspections will be considered termination for default. It is imperative that Scheduler is updated to reflect the new inspector and if the inspections cannot be reassigned, the contractors must remove the de-certified inspector and inspections dates from the affected inspections in Scheduler.

Check the Date

The expiration date on your credit card and your general liability certificate are two deadlines you cannot let slip...doing so will put you out of business quickly. For credit cards, contractors should contact:

Jacqueline Adams at: 202-475-8791 or Paul Goodwin at: 202-475-8744 by the 5th day of the expiration month to renew.

For insurance certificates, contractors should make sure they are aware of the expiration date and plan to renew the policy as scheduled so there is no gap in coverage. Inspectors working for uninsured contractors cannot inspect HUD properties. No grace period are extended to contractors.

We want to hear from you! Email REACReverseAuctionProgram@hud.gov and let us know the issues you'd like to see addressed in the upcoming issue of **The RAP.**

ATTENTION: NEW CONTRACTOR/INSPECTOR RESOURCE

The PASS-QA Division has published two new documents: the REAC Inspection Brief and the REAC Inspection Checklist. The REAC Inspection Brief is designed to provide property representatives with a list of information the inspector will request during the property profile verification process. This document also provides direct links to information on REAC inspections. One set of links will help property representatives prepare for an inspection, and another set will help address possible issues after an inspection. Inspectors may find it valuable to send the REAC Inspection Brief to property representatives prior to an inspection. The REAC Inspection Checklist is designed to help inspectors quickly, accurately, and successfully navigate the first hour of a REAC inspection by identifying the required steps during the property profile verification process. This document allows the inspector to check boxes electronically as each step is completed, or if preferred, the document can be printed out and used manually. Both documents are now available to download from the "Helpful Tools" section of the PASS-QA website at:

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