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It is certain that, as a property administrator managing a HUD insured or assisted property, you will receive a telephone call from a REAC physical inspection scheduler. This caller will want to arrange the future date of a physical inspection, to take place typically two weeks to several months from initial contact.

At that moment, your blood pressure will likely increase, and perhaps you may think, what have I gotten myself into?

If you don’t know already (and once you have calmed your nerves), you will probably ask others, “What is REAC?” and “How do I prepare for a successful inspection?” Simply put, REAC is the acronym for Real Estate Assessment Center. The sheer mention of the term REAC has historically caused anxiety throughout the ranks of property administrators.

This should not be the case, and empowering staff with knowledge and training will often negate inspection concerns.

CULTIVATE A WINNING ATTITUDE

The quandary of handling a REAC inspection can be managed in a multitude of ways, but one of the easiest is to view the entire process as a learning experience. Let’s look at a REAC inspection as it relates to your favorite sport.

Since, in America, we are accustomed to the preparation needed to win the “big game,” view the REAC inspection as a “regulated sporting event” in which a passing score is the ultimate winning goal. So now how do you prepare for this big game?

Since you took over the management of the property, you and your staff have continually prepared for this inspection, maybe without really thinking...
about it. The good development and implementation of quality property preventative and corrective maintenance procedures—which, being who you are, you are likely to be employing—are the surest methods to prevent high anxiety levels.

**WHAT CONSTITUTES A WIN?**

Initially, it is very important to discuss with owners how high an inspection score they want to achieve. Since inspection frequency depends on the inspection rating, many managers aim to achieve a 90 or above score so that they are exposed to this arduous inspection only every three years. Please be cautioned! There are situations where a high inspection rating may be unwarranted and perhaps unachievable.

For example, a “worn” property may have been awarded tax credits that will generate a major renovation. If the REAC inspection was scheduled prior to the commencement of construction, it may be appropriate to seek a minimum passing score of over 60 in order to proceed with rehabilitation without squandering funds for significant “tax basis” improvements. Certainly, if health and safety issues are present, managers should advise the owner that it would be necessary to resolve these issues prior to the REAC inspection.

To prepare a quality preventative and corrective maintenance program, staff should thoroughly “evaluate the playing field” by reviewing previous REAC inspection reports. These reports will highlight the scoring of several property categories such as Site, Building Exterior, Building Systems, Common Area and Units. The higher the specific category point values are, the more emphasis the team should focus on that particular category to achieve the necessary passing points. See the article on page X for an overview of inspectable items and access to deficiency definitions. Your local AHMA most likely conducts REAC training as well.
GET YOUR GAME ON, COACH

The time to formulate a game plan is after your team becomes acquainted with REAC inspection protocol. Determine who the involved “players” and “spectators” are. These individuals include company owners, senior management staff, property and “sister” property staff, residents, contractors, consultants and outside volunteers such as nonprofit groups.

Next, assess “team player” strengths to determine attributes to assist with preparations. Assign team members the appropriate tasks based on this assessment. As the coach, you will need to put your “starters” out front and align the other team members alongside to assist. Applying direction in your team lineup will save you valuable time and ease frustrations.

It is recommended that you train your team members by practicing REAC protocol inspections in vacant apartments prior to conducting resident apartment inspections. Member(s) will work various tasks and develop a written corrective plan. It is important to assign your “starters” the responsibility of follow-up monitoring to record completed corrective actions.

The implementation of structured work plans must appropriately document completion measures as this will ensure a satisfactory REAC inspection. Knowledge of municipal codes should be part of your preparation as post-inspection appeal challenges might be necessary.

Earlier it was mentioned that residents should be considered team members. They are your “assist” players and are essential in a successful REAC inspection. Most successful REAC inspection results are achieved when management seeks community resident involvement. A skillfully presented resident “REAC Inspection Awareness” event will answer resident questions while reducing their anxiety regarding the inspection process.

CELEBRATE YOUR VICTORY

Following your successful inspection, a “victory” party might be held by management to show respect for resident involvement (regardless of the actual resident participation). A respectful gesture to residents and staff is the presentation of a commemoration wall plaque (to be hung in a community space) documenting the inspection success. Community leaders and media should be invited to this event in order to highlight the success of your affordable apartments. If invited, political leaders will often attend these affairs to greet their constituents. Media exposure of a successful REAC inspection is a wonderful marketing tool for advertising the assets of your community.

Admittedly, preparation for a REAC inspection is usually a stressful time for all team members. However, a positive attitude displayed by the team through their collaborative effort to train, plan, design and work to showcase the community will certainly reward these efforts to achieve a successful REAC inspection. Good luck, team!  

Scott Reithel, CPM, NAHP-e, CGPM, is Vice President of Property Management for Community Housing Partners and President of NAHMA.
LGBT Discrimination May Be a Fair Housing Issue

The federal Fair Housing Act prohibits housing discrimination based on race, color, national origin, religion, sex, disability, and familial status (i.e., the presence of children in the household). However, the Act does not specifically include sexual orientation and gender identity as prohibited biases. However, a lesbian, gay, bisexual or transgender (LGBT) person’s experience with sexual orientation or gender identity housing discrimination may still be covered by the Fair Housing Act.

For example:

- A gay man is evicted because his landlord believes he will infect other tenants with HIV/AIDS. That situation may constitute illegal disability discrimination under the Fair Housing Act because the man is perceived to have a disability, HIV/AIDS.

- A property manager refuses to rent an apartment to a prospective tenant who is transgender. If the housing denial is because of the prospective tenant’s nonconformity with gender stereotypes, it may constitute illegal discrimination on the basis of sex under the Fair Housing Act.

This suggests that property owners and managers would do well to be certain they are not discriminating on the basis of gender identity.

That this issue has reached front-burner status is indicated by HUD Secretary Shaun Donovan’s proposal, which appeared in the January 26, 2011, Federal Register, that HUD implement a rule that would prohibit lenders from using sexual orientation or gender identity as a basis to determine a borrower’s eligibility for FHA-insured mortgage financing. The rule would clarify that all eligible families, regardless of marital status, sexual orientation or gender identity, have the opportunity to participate in HUD programs.

It would also prohibit owners and operators of HUD-assisted housing, or housing whose financing is insured by HUD, from inquiring about the sexual orientation or gender identity of an applicant for, or occupant of, the dwelling.

Why is such a rule necessary? Basically because, according to Injustice at Every Turn, a recently released report of the National Transgender Discrimination Survey, housing is often denied to transgender and gender non-conforming people. Often the discrimination is direct, but it can also appear in the form of mistreatment and denied opportunities. This discrimination is especially rampant among American Indians, African Americans and low-income persons.

Donovan commented that closing this regulatory loophole “…is a fundamental issue of fairness” and that the proposal fulfills HUD’s “responsibility to make certain that public programs are open to all Americans.”

Public comment is being solicited on the proposed rule and is due no later than March 25, 2011. Meanwhile, wise owners and managers will be sure that they are not discriminating on the basis of “gender conformance” since they may—indirectly for now—be violating the Fair Housing Act.

What are REAC Inspectable Items?

They fall into major categories that contain numerous items each. Each of the items in turn have potential deficiencies for which you may be cited and which could lower your REAC score. For a complete, 325-page listing of definitions of deficiencies in these areas, download Dictionary of Deficiency Definitions, DCD Version 2.3, For Real Estate Assessment Center System (REACS) Physical Assessment Subsystem (PASS) at http://www.hud.gov/offices/reac/pdff/pass_dict2.3.pdf. (See the box at right.)

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Major categories and key components of REAC Inspections

SITE INSPECTABLE ITEMS
- Fencing and Gates
- Retaining Walls
- Grounds
- Mailboxes/Project Signs
- Market Appeal
- Parking Lots/Driveways/Roads
- Play Areas and Equipment
- Refuse Disposal
- Storm Drainage and Walkways/Steps
- Building Exterior
- Doors
- Entrances
- Fire Escapes
- Foundations
- Roofs
- Walls
- Windows
- Water Supply

COMMON AREAS INSPECTABLE ITEMS
- Basement/Garage/Carport
- Closet/Utility/Mechanical Community Room
- Day Care
- Halls/Corridors/Stairs
- Kitchen
- Laundry Room
- Lobby
- Office
- Other Community Spaces
- Patio/Porch/Balcony
- Pools And Related Structures
- Restrooms/Pool Structures
- Storage
- Trash Collection Areas

UNITS INSPECTABLE ITEMS
- Bathroom
- Call-For-Aid
- Ceiling
- Electrical System
- Floors
- Hot Water Heater
- HVAC System
- Kitchen
- Laundry Area
- Lighting
- Outlets/Switches
- Patio/Porch/Balcony
- Smoke Detector
- Stairs
- Walls
- Windows

BUILDING SYSTEMS INSPECTABLE ITEMS
- Electrical System
- Elevators
- Emergency Power
- Exhaust System
- Fire Protection
- HVAC
- Sanitary System

HEALTH AND SAFETY INSPECTABLE ITEMS
- Air Quality
- Electrical Hazards
- Elevators
- Emergency/Fire Exits
- Flammable Materials
- Garbage And Debris
- Hazards
- Infestations

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A Career Progression Where Training Is Key

**NAHP: Anita Moseman, NAHP-e, CPO, FHC, SHCM**

**MANAGEMENT COMPANY:** The Monfric Group

**POSITION:** Vice President

**YEAR OF CERTIFICATION:** 2004

Anita Moseman and her husband were living in an apartment in Grand Junction, Colorado, when she asked the manager if he knew of any part-time jobs. Then working in banking, she needed a second job to help pay hospital bills after one of her sons was born very ill. Little could she have known that she was about to start an entirely new and rewarding career in affordable housing management.

“I didn’t even know I was living in a property that had Section 8 units or what Section 8 was,” she said.

This was back in 1983, and she had only been working a few months when this property and several others were bought by the late Daniel B. Grady, then president of Monfric, Inc. and a founder of both the first AHMA (AHMA Pacific Southwest) and NAHMA. He convinced her to work for him full-time and became her mentor.

Anita went from managing one property, to three, and then to all the properties his company owned and/or managed in Colorado. “He was a wonderful mentor who taught me many things about the industry,” she said. “I still miss him.”

In the 1990s Anita (by then vice president of Monfric, Inc.), Dan and his son John opened Monfric Realty. “Those two entities are now in existence, and we now have others that are part of The Monfric Group,” she said. She is now vice president of the entire group.

Over the years Anita’s expertise in the field of compliance grew strong, because “I love to read the HUD handbook,” she said. As someone who enjoys reading regulations, she began to be responsible for compliance of all Monfric’s properties, which number about 20 in California, Colorado, Montana and Idaho.

Training is an important part of Anita’s work, in her company and throughout the industry. In 1995 she became one of NAHMA’s first two Certified Professional of Occupancy (CPO) trainers. She served on the Rocky AHMA’s board, which always stressed training to its members, and on NAHMA’s education committee. She was part of the nucleus that developed the Specialist in Housing Credit Management (SHCM) certification, and she continues on its technical advisory committee.

Her work and her commitment to training mean her time with her family—her husband of 38 years, three grown children and a grandson—is precious.

From an assistant manager at one property to vice president of a multi-state corporation and a highly respected trainer: that’s what education and hard work will get you.