



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

OFFICE OF HOUSING

OCT 14 2010

Ms. Michelle Kitchen
Director of Government Affairs
National Affordable Housing Management Association
400 N. Columbus Street, Suite 203
Alexandria, VA 22314

RE: Physical Inspection Postponement/Cancellation Procedures

Dear Ms. Kitchen:

This letter responds to your October 1, 2010, email to Marilyn Edge requesting: (1) a clarification of the Department's procedures for postponing or cancelling the physical inspection of a multifamily property, and (2) a publicly-available, written explanation of the process.

Under our current guidelines, the inspector is responsible for negotiating a *mutually agreeable* date and time for the inspection with the authorized property representative. While scheduling is intended to be by mutual agreement, HUD expects the date scheduled to be within a reasonable proximity of the dates proposed by the inspector. An inspector should contact an owner or an owner's authorized property representative at least 15 days in advance to schedule a date and time for a physical inspection.

If an owner/agent is contacted by an inspector to schedule a physical inspection and wishes to postpone or cancel an inspection for good cause, he or she must contact the Hub or Program Center (Field Office) that has jurisdiction over the property to request a postponement or cancellation. Reasons for good cause include but are not limited to:

- The property is under an approved plan for major rehabilitation,
- A Presidentially-Declared Disaster or emergency precludes the property from being inspected; and/or
- Recent fire/water/other damage is so extensive that the inspector can not inspect a representative sample of buildings/units¹.

Other factors that weigh into the decision of whether or not to approve a cancellation/postponement include, but are not limited to, the following:

- The last two or three physical inspection scores,
- The date of the last physical inspection,

¹ If the extent of the damage will not prevent the inspector from inspecting a representative sample of the buildings and/or units, then the owner should contact the Hub or Program Center to request that the damaged units and/or buildings be taken off-line for the inspection.

- Whether a Notice of Violation or Default was recently issued; and
- The rating of the last Management and Occupancy Review (MOR).

The owner/agent is free to alert the Field Office or the request by telephone but a formal written request must follow. The request must provide:

- A reasonably detailed explanation of why the physical inspection should be canceled,
- The date and scores of the last two physical inspections; and
- An estimated date of when the physical inspection *should* take place.

Requests for a postponement or cancellation of a physical inspection are reviewed by the Field Office and Headquarters on a case-by-case basis. The Field Office will review the written request and inform the owner if the request is denied. If the Field Office agrees with the owner's request, it forwards the request to the Office of Asset Management in Headquarters for approval. If Headquarters denies the request, it informs the Field Office. The Field Office is responsible for conveying this information to the owner. If Headquarters approves the request, it notifies the Real Estate Assessment Center (REAC) by email of the cancellation or postponement and copies the appropriate staff at the Field Office.

Thank you for your email and your interest in HUD's programs. We appreciate you bringing it to our attention that there is no information on our public website about how to postpone or cancel a physical inspection. We will discuss this matter with REAC and post something on the public website in the future. In the mean time, please feel free to share this information with the National Affordable Housing Management Association members and others.

If you have further questions or need additional information, please contact Brandt Witte of my staff at (202) 402-2614.

Sincerely,



Robert G. Iber
Acting Director
Office of Asset Management