

Chapter 7. The Compliance Inspection and Review of Compliance Inspection Reports

Overview

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1. Compliance Inspections and *Compliance Inspection Reports, VA Form 26-1839*

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. Purpose The purpose of a compliance inspection is to verify compliance of individual construction phases, or turn-key construction, for all Specially Adapted Housing (SAH) and Special Housing Adaptation (SHA) grant projects in which grant funds are being disbursed to a builder. The compliance inspection is used to certify that the property has been constructed in accordance with Department of Veterans Affairs (VA) approved plans and specifications, including SAH minimum property requirements (MPRs) and recommended adaptations (RAs).

VA can authorize the release of grant funds to the builder only after:

- A compliance inspection has been completed by a VA-assigned compliance inspector (CI).
 - A [VA Form 26-1839](#), *Compliance Inspection Report (CIR)*, indicating “no evidence of noncompliance observed” is received.
 - The CIR has been reviewed and approved by the SAH Agent.
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b. Who Completes the Compliance Inspection Generally, a VA-approved CI must complete the compliance inspection. There are, however, limited cases in which VA personnel may be assigned to complete a compliance inspection. Please refer to Topic 4 of this chapter for more information.

c. Reporting the Compliance Inspection After the compliance inspection is completed, the CI must report the results on a CIR, [VA Form 26-1839](#). The CI uses this form to report the specific stage of construction, whether or not the work for that specific stage of construction is complete and compliant with the VA-approved plans and specifications, and if a re-inspection by the CI is required.

d. Acceptable Methods of Communicating With CI Upon assigning a CI and throughout the duration of the construction project, the SAH Agent will be required to communicate construction information to the CI. For clarification purposes, anytime the SAH Agent is directed to send information to the CI, it is acceptable to email or mail the documentation to the CI. All correspondence must be uploaded or noted in the system.

2. Compliance Inspector Qualifications

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- This entire section has been updated.

a. RLC Requirements Each Regional Loan Center (RLC) must appoint and maintain a fee panel of CIs to complete compliance inspections for SAH and SHA grants in their respective geographic areas of jurisdiction. The fee panel roster must be monitored to ensure a sufficient number of available fee panel members so that construction delays due to limited CI availability are avoided.

b. CI Minimum Qualifications The following qualifications must be met prior to appointment to the VA fee panel:

- At least 3 years of construction related inspection experience.
- Satisfactory Credit Alert Interactive Voice Response System (CAIVRS) screening results.
- An active inspector license, if required from the state.

Important: Builders who are actively working on SAH projects cannot concurrently serve as compliance inspectors.

RLCs are encouraged to seek out potential CIs with International Code Council (ICC) certification for residential building inspection or those that possess local/state home inspector licenses, where applicable.

For potential CIs in states in which no inspector license is required, the RLCs must administer a written test that must be passed with a score greater than 70 percent on the first attempt. A copy of the successfully completed exam must be uploaded in the CIs file maintained in the Stakeholder Information Management (SIM) application. Central Office (CO) will provide RLCs a test to be administered to the prospective CIs.

Important: Applicants that possess the ICC certification or local/state licenses are exempt from the testing requirement.

All CIs are required to become knowledgeable of SAH MPRs and RAs, as the verification of MPRs and RAs is the primary objective of the compliance inspection.

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2. Compliance Inspector Qualifications, Continued

**c. Newly
Appointed CIs**

If possible, newly-appointed CIs should be accompanied by the SAH Agent, or an experienced CI, for the first inspection assignment. The SAH Agent is responsible for assisting the CI in understanding MPRs and RAs throughout the construction project. All compliance inspections are subject to 100 percent internal review by the SAH Agent for accuracy and completeness.

3. Inspection Schedules

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- This entire section has been updated.

a. Purpose The purpose of an inspection schedule is to notify the CI of the number and scope of inspections required for a project. Typically, an inspection schedule will match the proposed disbursement schedule.

b. Minimum Number of Inspections for New Construction The minimum number of inspections for new construction is three. The three inspections normally include, but are not limited to:

- an inspection when the foundation/slab is complete and ready for backfill;
- a second inspection when the housing unit is enclosed and rough-ins are complete (e.g. electrical, heating, and plumbing); and
- a third inspection when the housing unit and landscaping are complete.

Note: The number of inspections may need to be increased based on the scope of the project or for builders new to the SAH program. For projects involving extensive concrete pouring, RLCs should complete an inspection of the concrete forms prior to the pour.

c. Determining the Number of Required Inspections Use the table below to determine the number of required VA compliance inspections.

If the case is a ...	Then the number of required VA compliance inspections is ...
SAH Plan 1 or 2 (new construction)	a minimum of 3.
SAH Plan 3 (remodeling job that includes an addition)	a minimum of 3.
SAH Plan 3 (remodeling job that does <i>not</i> include an addition)	3 or less depending on the complexity of the project.
SAH Plan 4	none. A compliance inspection is not required, as the SAH Agent Final Field Review is sufficient.
SHA Plan 1, 2, 3, or 4	3 or less depending on the complexity of the project.
SHA Plan 5	none. A compliance inspection is not required, as the SAH Agent Final Field Review is sufficient.
Temporary Resident Adaptation (TRA) grant	3 or less depending on the complexity of the project.

4. Assigning the Compliance Inspector

Change Date

July 1, 2022, Change 2

- Subtopic b has been updated to reflect the delegation of authority to the VO to approve requests for SAH Agents to complete Compliance Inspections when VA-approved CIs are not immediately available.
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a. Assigning the Compliance Inspector

The compliance inspection assignment is officially created once the CI has received an assignment letter from the SAH Agent. Upon selecting the CI, the SAH Agent must create the system-generated, inspector assignment letter and complete all fields requiring input.

The following documents must be sent to the CI with the system-generated inspector assignment letter, if applicable:

- the approved plans and specifications,
- the approved scope of work and contract, description of materials (DOM), and
- MPR waivers.

Important: The SAH Agent is responsible for providing any change orders and associated construction documents to the CI during the project.

b. When the Assigned CI is Unavailable

If a CI has been assigned, but is unavailable when an inspection is requested, or the required inspection is in an area not serviced by the CI, the following individuals may complete the inspection:

- another VA approved CI, or
- the SAH Agent.

Important: Compliance inspections may only be completed by SAH Agents when VA-approved CIs are not immediately available. In these limited cases, prior VO approval is required. The RLC should anticipate this need and immediately request VO approval to avoid construction delays. This scenario is not desirable and all efforts should be made to assign a VA-approved CI.

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4. Assigning the Compliance Inspector, Continued

**c. SAH Plan 4
or SHA plan 5
CI
Requirement**

For SAH Plan 4 and SHA Plan 5 cases, the SAH Agent FFR may be completed in lieu of a compliance inspection. The SAH Agent is the expert on matters related to MPRs or RAs, and since construction has already been completed, the SAH Agent can make the determination as to whether or not MPRs have been met. Please refer to Chapter 10 for more information.

5. Requirements of the Compliance Inspection

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. Reviewing the Assignment Before Inspection The SAH Agent must ensure the CI is in possession of all construction documents and exhibits prior to completing the first inspection. The CI is expected to review the documents, be familiar with the project, and pose any questions prior to the first inspection. The SAH Agent should contact the CI and verify the assignment is understood.

b. Completing the Inspection At each phase of construction, as determined by the inspection schedule, the CI will inspect the project to certify it has been constructed in accordance with the VA approved plans and specifications and that there are no deficiencies, deviations, or unauthorized substitutions. The CI must:

- compare the actual work completed to the VA approved plans and specifications provided by the SAH Agent;
- measure critical dimensions and adapted components to ensure adherence to SAH MPRs and RAs;
- observe the materials used by the builder to ensure consistency with the DOM;
- provide digital photographs for each inspection of the areas affected by the construction; and
- report the specific stage of construction and whether or not the work for that specific stage of construction is complete and compliant or advise if a re-inspection of non-compliant items is required.

Important: The CI is not a building code inspector and the compliance inspections are limited to the scope described in this chapter. However, if the CI notices items that could cause an issue during a building code inspection, he or she should inform the SAH Agent and builder.

The CI should verify permits for each construction stage as it is inspected. Certification of Federal, state, or local building codes can be in the form of a certificate of occupancy, or in case of remodeling, a copy of the final inspection report from the local building authority.

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5. Requirements of the Compliance Inspection, Continued

c. Completing the CIR

The compliance inspection is completed using [VA Form 26-1839](#), *Compliance Inspection Report*. When completing the CIR, the CI must indicate which stage was inspected and the condition of construction. The CI should provide a brief narrative of his or her observations in Section 1 of the CIR and must submit the following:

- Digital photographs of the construction phase or project inspected.
- An invoice indicating inspection stage, property address, amount charged for the inspection, and any claims for mileage reimbursement that may exceed the accepted norm.

Important: The CI must sign and date the CIR, certifying that the information reported is true and accurate. If it is completed electronically using the system-generated CIR, the CIR is deemed signed and certified.

6. Reviewing VA Form 26-1839, Compliance Inspection Report

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. Purpose The purpose for reviewing the CIR is:

- to verify the stage of construction and that the work completed conforms to VA approved plans and specifications; and
- to determine whether or not reports of compliance inspections, re-inspection, and inspections for staged payments of construction were completed.

b. Reviewing the CIR The SAH Agent must review the CIR to verify:

- that all fields have been completed accurately;
- the stage of construction is correct and is consistent with the photographs provided by the CI;
- if construction is compliant or non-compliant (i.e. deficiencies, deviations, or unauthorized substitutions, or changes); and
- if MPRs have been met.

c. Timeliness of CIR Review The SAH Agent must sign and upload the CIR to the system immediately upon receipt, or review immediately when the CI uploads the CIR to the system directly. The Assistant Valuation Officer (AVO)/Valuation Officer (VO) must review and approve the CIR within 5-business days of when the CIR was uploaded by the Agent or CI. Any issues that affect payment to the builder and could potentially delay construction must be handled as expeditiously as possible.

The SAH Agent must complete the Final Field Review within 10-business days of receipt and approval of the final satisfactory CIR to ensure that the project adheres to the VA approved plans and specifications and the CI has been compliant. Please refer to Chapter 10 for more information.

d. Timeliness of CI Payment After receiving the CIR, the RLC must process the payment to the CI as quickly as possible.

7. Handling Non-Compliant Inspections

Change Date February 12, 2014, Change 1
 • This entire section has been updated.

a. How to Handle Non-Compliant Items

The SAH Agent should follow the steps in the table below to handle non-compliant items on the CIR.

Important: If the non-compliant items affect the structural integrity of the housing unit or purpose of the project, contact the builder and CI to discuss the deficiency.

Step	Action
1	Immediately contact the builder to discuss the non-compliant item.
2	Send a detailed letter to the builder and a copy of the letter to the Veteran: <ul style="list-style-type: none"> • identifying the situation and needed corrections, and • explaining that the cost of the re-inspection is at the builder’s expense. Attach a signed copy of the CIR for his or her review. <i>Note:</i> A change order may be necessary if there is a substitution or deviation from the plans and specifications.
3	The SAH Agent should then: <ul style="list-style-type: none"> • monitor the status of the needed corrections; • ensure the builder schedules a re-inspection by the CI once the non-compliant item is corrected; and • document all correspondence and information in the system notes.

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7. Handling Non-Compliant Inspections, Continued

b. Failure to Correct the Deficiency

The SAH Agent should allow the builder a reasonable amount of time (which will depend on the case circumstances, and should be documented and justified in the system notes by the SAH Agent) to correct the construction problem. However, if the builder still fails to correct the deficiency, notify the AVO or VO to:

- advise of the deficiency, and
 - request guidance in resolving the problem.
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