1. Does HUD still accept paper copies of 60002 forms?
No, users should submit reports online from the link on the Section 3 webpage. Electronic copies are date stamped and submitted to HUD in real time. As such, HUD does not accept paper copies of Form HUD 60002. However, the Department recommends that you keep paper copies for internal recordkeeping purposes.

2. How do I obtain log-in credentials to submit Section 3 annual reports in the new system?
Instructions for accessing the Section 3 reporting system can be found at: https://www.hud.gov/program_offices/field_policy_mgt/section3/spears

3. Why does WASS require my Social Security Number to register as a SPEARS User?
WASS is the front-end interface for several HUD systems, including those that are used to maintain financial information. SPEARS extracts financial disbursement data from LOCCS and utilizes WASS as a password protected security feature. SSNs are requested from users to identify those who have access to WASS.

4. My WASS password is not working, can you reactivate it?
WASS passwords expire after 90 days of last logon. To prevent de-activation, set a reminder on your calendar to visit the site every 90 days. Contact the REAC Technical Assistance Center (REAC_TAC@hud.gov) at (888) 245-4860 to re-activate your password if necessary.

5. I cannot remember my password for the Section 3 reporting system. How can I reset it?
Contact the REAC Technical Assistance Center (REAC_TAC@hud.gov) at (888) 245-4860 to obtain assistance with passwords.

6. When is my agency’s Section 3 annual report due to HUD?
a. All reports prior to 2015 – 2016 are no longer required to be submitted.

b. If the program providing covered HUD funding requires an annual performance report (i.e., CAPERs report, etc.), Form HUD 60002 should be submitted electronically at the same time the program performance report is submitted.

c. Public and Indian Housing reports are due 60 days after the agency’s respective fiscal year end (FYE) as reported in the Public and Indian Housing Information Center (PIC).

d. If the grantee received funding for a project (e.g., HOPE VI, Lead Hazard Control grant, etc.) that ends before December 31, Form HUD 60002 should be submitted electronically within 10 days of project completion.
7. **How is my Section 3 report year determined or categorized?**
For the purpose of determining Section 3 Reporting Periods, fiscal cycles or program years that start January 1st through June 1st, the associated Section 3 report will be considered in the same year that appears in the start date. For example, a reporting period of June 1, 2015 to May 30, 2016 would be considered a 2015 Section 3 Report.

For fiscal cycles or program years that start July 1st through December 1st, the report would be considered the following year. Again, for example, a reporting period of July 1, 2015 to June 30, 2016 would be considered a 2016 Section 3 Report. For your convenience, a schedule of Section 3 Reporting Periods is provided for your review. Please see the Announcement Regarding the Clarification of Reporting Periods.

8. **How can I access copies of 60002 forms that were previously submitted to HUD?**
Reports submitted in SPEARS can be view, saved as PDF documents, and printed from the Start page in SPEARS.

9. **What is considered Section 3 covered funding?**
Section 3 covered funding includes virtually all public and Indian housing funding, particularly for operations, maintenance, and development. For all other HUD funding, Section 3 covers projects involving housing construction, rehabilitation, other public construction, or related activities. For a listing of programs covered, please refer to the [Section 3 Frequently Asked Questions](#) (FAQs).

10. **What is the source of the programs and dollar amounts listed on the Section 3 Covered Funding page?**
The source of programs and dollar amounts listed are extracted from HUD’s Line of Credit Control System (LOCCS), which displays the dollar amounts that recipients have drawn-down for each covered Program Area during the user selected reporting period. SPEARS version 2.0 allows users to review itemized LOCCS disbursements that are included in the funding totals for each Program Area by clicking on the $ icon on the Start page.

11. **What if the expenditure of Section 3 covered funding did not result in new employment, training, or contracting opportunities by my agency, subrecipients, or contractors during the reporting period?**
All agencies that receive covered funds must submit a Section 3 report to HUD each year. However, your agency may be eligible to submit a streamlined Section 3 report if it can certify to HUD that the expenditure of the covered funding did not result in the creation of new employment, training, or contracting opportunities. Please review the 60002 User Instructions for more information.

12. **The Section 3 Covered Funding page shows agency draw-downs for each year, but my agency is using funding from multiple years. How should we enter our Section 3 outcomes?**
SPEARS allows users to review the LOCCS disbursements that are contained in the funding totals for each Program Area. HUD’s LOCCS data reflects funding expenditures by program type, regardless of the year that the funds were spent. Accordingly, any expenditure that were made by a direct recipient are captured as a current year draw-down even if those funds were awarded to the agency in a previous funding cycle.
13. What if programs or dollar amounts listed on the Section 3 Covered Funding page are missing or incorrect?
Send an email to section3@hud.gov and your concern will be forwarded to HUD’s LOCCS Division for investigation.

14. Can I save a report and finish it at a later date?
Yes. SPEARS allows users to save reports as “In Progress” and resume at a later time.

15. How does HUD define New hires?
A new hire is anyone who was not on the employer’s payroll immediately before the award of covered HUD funding. For instance, a person previously on the payroll that is rehired at a later date is considered a new hire.

16. How can I add another job category to the list of employment opportunities created?
Simply click on the “New Job Category” button on the New Hires page.

17. Does my agency have to enter the hours worked by Section 3 residents on the New Hires page?
No. This is optional information that agencies may choose to enter in addition to the number of new hires for each job category.

18. What is considered a non-construction contract?
For projects or activities financed with housing and community development funding, non-construction contracts include procurement for architectural, engineering, legal, accounting or any other services rendered in connection with rehabilitation, construction, or infrastructure projects.
For activities financed with public and Indian housing funding, non-construction contracts includes all of the above plus contracts for maintenance and operations, including painting, landscaping, IT support, accounting, legal counsel, management consulting, HVAC repair, etc.

19. What if my agency does not meet all three minimum numerical goals for employment or contracting?
Upon completion of data entry into Form HUD 60002, you will receive a message on the Section 3 Compliance Summary page indicating the extent to which you have met all three Section 3 employment and contracting goals. If you fail to reach the goals, (i.e. less than 30% for employment, 10% for construction contracts and 3% for non-construction contracts), your agency bears the burden of demonstrating why it was not feasible to do so. Such explanations must be entered in the narrative box on the Summary of Best Efforts to Comply page. Such justifications may include impediments encountered despite actions taken or indicate other economic opportunities that were provided during the reporting period as evidence of their efforts to comply with Section 3. HUD will take each direct recipient’s explanation regarding their failure to meet the minimum numerical goals into consideration when making final compliance determinations.

20. What if the expenditure of Section 3 covered funding did not result in new employment, training, or contracting opportunities by my agency, subrecipients, or contractors during the reporting period?
The agency MUST enter an explanation in the narrative field on the Summary of Best Efforts to Comply page. The Department will take such explanations into consideration when making final compliance determinations.
21. My agency has met all three minimum numerical goals for employment and contracting, does this mean that we are considered in compliance with Section 3? Pursuant to the Section 3 regulations, direct recipients that have met all three minimum numerical goals are provided “Safe harbor” compliance absent evidence to the contrary. If, however, subsequent HUD enforcement activities reveal that the recipient has failed to comply with the recipient responsibilities set forth at 24 CFR part 135.32, this compliance determination may be rescinded.

22. How can I make a correction to a report after it has been submitted to HUD? Send an email message to section3@hud.gov and request to HUD to delete the report so the correct data can be re-submitted. The report must be identified with the recipient name, TAX ID or agency code, program area and amount of funding.

23. Where can I obtain additional information on HUD’s Section 3 requirements? Simply visit the Section 3 webpage at https://www.hud.gov/section3