1. Why was HUD’s online system for Section 3 annual reports unable to accept 2013 and 2014 reports?
HUD launched its new Section 3 reporting system in 2013 and quickly learned about technical problems that prevented agencies from submitting reports and impacted the reliability of the data. As a result, the system was disabled until these problems could be fixed. In the interim, HUD has also added password protection and other enhancements to improve the overall security and effectiveness of the Section 3 reporting system.

2. Will my agency be penalized for not submitting Section 3 annual reports while the system was disabled?
No. Agencies shall not receive any penalties from HUD or external auditors for failing to submit reports while the Section 3 summary reporting system was disabled. This has been clearly communicated in the HUD notices posted at www.hud.gov/section3. At the time that the new system is launched, new due dates for submitting 2013 and 2014 Section 3 reports will be communicated covered agencies.

3. 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.

4. 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: http://portal.hud.gov/hudportal/documents/huddoc?id=spearsuserregguide.pdf

5. 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.

6. I can’t 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.

7. **When is my agency’s Section 3 annual report due to HUD?**
   a. 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.
   b. If an annual performance report is not required, Form HUD 60002 should be submitted electronically by January 10\(^{th}\) of each year.
   c. 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.

8. **How can I access copies of 60002 forms that were previously submitted to HUD?**
   For forms that were previously submitted, send an email request to section3@hud.gov.

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 click here to 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 type of covered HUD funding provided during the federal fiscal year.

11. **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?**
    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.
12. **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.

13. **Can I save a report and finish it at a later date?**

No, not in this version but we will offer this feature in the next revision. However, users will have the option to save or print Section 3 reports as a pdf document before they are submitted to HUD.

14. **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.

15. **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.

16. **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.

17. **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.

18. **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.

19. 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.

20. 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.

21. 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, program code and amount of funding.

22. How can I obtain a copy of a current or previous Section 3 report for my agency’s records?
Send an email request to section3@hud.gov.

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