

SECTION 3 PERFORMANCE EVALUATION AND REGISTRY SYSTEM (SPEARS) FREQUENTLY ASKED QUESTIONS

1. Why was HUD's online system for Section 3 annual reports unable to accept 2013 and 2014 reports?

HUD initially 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. During the system outage, HUD 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 for 2013 and 2014 while the system was disabled?

No. Agencies will not be penalized by 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 was launched, new due dates for submitting 2013 and 2014 Section 3 reports were communicated to covered agencies. Be advised that HUD may impose sanctions upon agencies that fail to submit reports after the due dates that were communicated when the system was launched.

3. What new features are included in SPEARS version 2.0?

In March 2016, HUD launched SPEARS version 2.0 to implement system enhancements, improve user-friendliness, and address known user errors. Some of the highlights of SPEARS version 2.0 are:

- Ability for grantees that did not trigger Section 3 obligations to submit streamlined reports
- Ability for grantees to view/edit/delete previous reports submitted
- Ability for grantees to request deletion of reports submitted in the earlier version of SPEARS and to unlock reports submitted in version 2.0 for editing and re-submission
- Ability for grantees to submit reports by Program Area instead of individual Program Code
- Ability for grantees to start a report and complete it at a later date
- Ability for grantees to see unreported disbursements to track disbursements that may require reporting
- Ability to view line item or individual LOCCS drawdowns included in funding totals
- Ability for HUD FHEO staff to manage reports submitted by agencies, view the reports and view unreported disbursements

4. Does HUD still accept paper copies of 60002 forms?

No, users should submit reports in SPEARS 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. The Department recommends that agencies keep digital (pdf) and/or paper copies for internal recordkeeping purposes.

5. 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.

6. What if a different entity is submitting the Section 3 report on behalf of the disbursement agency?

Version 2.0 of SPEARS allows users to add a different reporting entity or and contact information on the New Report Page.

7. How do I obtain log-in credentials to submit Section 3 annual reports in SPEARS?

Instructions for accessing the Section 3 reporting system through HUD's Web Access Secure System (WASS) can be found at:
<http://portal.hud.gov/hudportal/documents/huddoc?id=spearsuserregguide.pdf>

8. 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.

9. My WASS password isn't 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](mailto:REAC_TAC@hud.gov)) at (888) 245-4860 to re-activate your password if necessary.

10. 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](mailto:REAC_TAC@hud.gov)) at (888) 245-4860 to obtain assistance with passwords.

11. 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 10th 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.

12. How do I determine the start date for my Section 3 report?

SPEARS allows users to select the start date. This may be the agency's program year, fiscal cycle, calendar year, or the federal fiscal year. SPEARS extracts LOCCS draw downs during the subsequent 12 month period.

13. 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.

14. How can I access copies of 60002 forms that were previously submitted to HUD?

For reports that were submitted in any version of SPEARS, users can now view submitted reports, save them as PDF documents, and print them from the Start page in SPEARS.

For reports that were submitted prior to the release of SPEARS (i.e., the 2012 reporting period or earlier), send an email request [to 60002questions@hud.gov](mailto:60002questions@hud.gov).

15. 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).

16. 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.

17. 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 for the user selected 12-month reporting period, regardless of the year that the funds were initially awarded. 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.

18. What if programs or dollar amounts listed on the Section 3 Covered Funding page are missing or incorrect?

SPEARS version 2.0 allows users to review the LOCCS disbursements that are contained in the funding totals for each Program Area. If you believe these disbursements are incorrect, send an email [to 60002questions@hud.gov](mailto:to60002questions@hud.gov) for investigation. .

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

Yes. Version 2.0 of SPEARS allows users to save reports and resume them at a latter time.

20. 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.

21. 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.

22. Does my agency have to enter the staff 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.

23. What is considered a non-construction contract?

Non-construction contracts include procurement for architectural, engineering, legal, accounting or any other services rendered in connection with rehabilitation, construction or infrastructure projects. For public and Indian Housing funding, it also includes contracts for operations and maintenance.

24. 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, users will receive a message on the *Section 3 Compliance Summary* page indicating the extent to which their agency has met all three Section 3 employment and contracting goals. If your agency fails to reach all three 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. 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.

25. My agency met all three minimum numerical goals for employment and contracting - does this mean that it is 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.

26. How can I make a correction to a report after it has been submitted to HUD?

Version 2.0 of SPEARS allows users to unlock reports that were submitted after March 2016, for up to 72 hours for editing and re-submission. Reports submitted in previous versions of SPEARS can also be deleted for re-submission.

27. Where can I obtain additional information on HUD's Section 3 requirements?

Simply visit the Section 3 webpage at www.hud.gov/section3.