

## Ensuring NAHMA Members Receive the Latest News and Analysis of Breaking Issues in Affordable Housing

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October 7, 2005

E-NAHMAanalysis 2005 - 1007

### Implementation of Electronic 2530 Submissions through APPS

#### Effective Date or Deadline

On October 11, 2005 the requirement to submit new 2530 information through the Active Partners Performance System (APPS) takes effect. Once effective, paper 2530 submissions will no longer be accepted. *If you do not have new or revised 2530 transactions, you still have time to build your baseline in APPS after October 11.*

#### Background

HUD is moving from a paper to an electronic 2530 clearance system. Submission of electronic 2530 information will be done through the Internet-based APPS system. According to HUD's APPS webpage, this system will:

- “Provide a more efficient approval process;
- Secure and protect all data sent in by the industry through an ID and password process;
- Automate the Field Office review process by searching for all flags after the 2530 has been submitted to the Field Office by the business partners;
- Allow Field Offices to view all flags found on an entity, or individual;
- Reduce paper work; and
- Allow entities to keep their personal information updated, i.e. Address, Phone Number, Fax Number, etc.”

NAHMA supports the 2530 automation, but we remain concerned about several aspects of the implementation. We also believe 2530 policy issues remain that should be clarified aside from technical issues with the APPS system. For more background on these issues, please see:

- [NAHMAanalysis 2004-0611](#) – Automation of The Previous Participation Certification Process;
- [NAHMA's Comments](#) on the Proposed 2530 Automation Rule; and
- [NAHMAanalysis 2004-0406](#) – Recommendations for Improving HUD's 2530 Process.

At NAHMA's 2005 Summer meeting, an APPS Task Force was formed to identify areas of needed improvement in this system and make recommendations on how to prepare for implementation of this

requirement. Based on feedback from these experienced APPS users, NAHMA offers several observations about the electronic 2530 process and recommendations for improvement.

## **Summary**

Before an electronic 2530 can be submitted, it is necessary to build a baseline in the APPS system. Per HUD's instruction materials, the "baseline" is the first submission in APPS. It is the "initial information that an applicant must enter into APPS." Baseline information includes "the applicant's primary organization structure and its previous participation with HUD and housing projects."

HUD does not plan to offer industry wide APPS training. Information resources are available on HUD's APPS webpage: <http://www.hud.gov/offices/hsg/mfh/apps/appsmfhm.cfm>. HUD staff recommends using the five-page "APPS Quick Tips" to help you get started. The "Quick Tips" covers information such as:

- Registering as a participant in APPS;
- Getting coordinating and user IDs (which can take two weeks);
- Assigning coordinators; and
- Getting started in APPS to create baselines, organizational structures, adding previous participation and comments.

HUD staff recommends referring to the more detailed *APPS User Guide* when more detailed information is required beyond what is provided in the "Quick Tips."

An internet-based APPS Industry Tutorial Program is intended to give users "the basic steps necessary to perform various functions within APPS." The tutorial walks users through the different APPS screens to familiarize users with how the system looks and works.

Finally, the Multifamily Housing Systems Help Desk is also listed as a resource for APPS-related questions. The number is 1-800-767-7588.

## **Issues of Concern and Recommendations for Improvement**

### **1. Building the baseline for an owner or management agent is labor intensive.**

It should be said that large companies reported greater challenges building the baseline than small-to-moderate size management entities and owners. Some members reported that it was necessary to hire additional staff or reassign duties of existing staff to build the baselines. A great deal of coordination will be necessary to gather required information within your organization and from your owners. The more projects and principals involved, the greater the task.

Aside from information gathering, there are technical properties of APPS that contribute to its labor-intensiveness. According to one task force member, it has taken nearly a year to enter over 200 projects into APPS, and the work was only about 95% complete "as it is quite labor intensive. By labor intensive, I am referring to the fact that there is no cut and paste option, global change mechanism and the system is not at all user friendly."

### **Recommendations:**

- 1.a. NAHMA members who have not yet begun to build their baselines are strongly advised to do so immediately, as HUD has recently told NAHMA the October 11 deadline will not be extended.

1.b. HUD should add cut and paste options and global change mechanisms that would allow for quicker data entry in the APPS system.

## **2. Specific written policy clarification on principals and properties to be reported is needed.**

NAHMA members familiar with APPS have reported identifying and submitting information on principals has been one of the most frustrating parts of their automation efforts. APPS appeared to require more information about principals than the paper 2530 form.

When NAHMA discussed this issue with HUD staff, we were advised that APPS follows the 2530 regulations. According to HUD, the regulations which spell out what principals must be reported are not being changed. APPS is asking for information on principals pursuant to the same regulations that governed the paper 2530. Although the guidelines for the paper 2530 only asked for second and third tier ownership information, the guidelines never superceded the regulations. The regulations were always there on the books. With APPS, the guidelines for the paper form go away—and requests for information on principals are being made according to what is called for by the existing regulation.

Another point of confusion is whether previous participation reported should be limited to HUD programs. This is a very important policy question, and guidance from the Department on its expectations would be most helpful.

Examples of specific feedback NAHMA received from task force members on these subjects include:

- “We are still somewhat unclear as to what types of properties need to be disclosed. In lieu of uncertainty we opted to disclose all properties with federal programs including Tax Credit. However, the system requires us to choose an affiliated agency and in some case the choices don't fit forcing you to select an option that is not necessarily correct.”
- “When entering principal roles for participants if a principal has dual roles the system does not neatly allow you to enter the information. You can only add the role and other information associated such as effective date which is required. For example, we are experiencing delays in obtaining information for remote principal participants whose information was not previously reported but required to be entered in the system.”

### **Recommendations:**

2.a. It would be most helpful if HUD provided the text of the regulatory requirements for reporting principals on 2530 submissions as a reference in the various APPS materials.

2.b. Additionally, we request written guidance for APPS users to determine which principals in large organizations (such as a GSE or national bank) should be listed on the 2530. HUD staff has verbally clarified that principals with decision-making authority that could affect the property should be reported, but we strongly believe such guidance should be explained in APPS reference materials.

2.c. We also request written guidance in the APPS materials which specifies the programs for which previous participation is to be reported.

2.d. We respectfully request modifications to the APPS system that will allow for more accurate reporting of principals and previous participation, such as “dual roles” for participants and affiliated agencies.

### **3. HUD will not conduct industry APPS training prior to the effective date of the automation requirement.**

Task force members generally found HUD's existing APPS reference materials helpful as technical resources. However, they have identified several instances in which greater detail is required and where policy guidance would be extremely helpful. NAHMA is concerned that when the 2530 automation requirement takes effect on October 11, the Multifamily Help Desk may be overwhelmed with requests for technical and policy assistance.

Examples of training-related feedback task force members noted:

- “Training materials as to how to use the system and how the system will be used is lacking. The user manual is helpful, but again, not user friendly and the tutorial provided a nice overview, but not the nuts and bolts of the system, i.e., how to use it, how HUD is going to use it and its benefits. I believe hands on training with key personal involved in the system would have been helpful. With hundreds of individuals entering this data in the APPS and each having different levels of experience, the end result might not produce the accurate results HUD is looking for and more in depth training would help getting to the end result HUD and all parties are looking for.”
- “Having questions and not being able to get the answers is also problematic. The help line has been great with assisting how to enter information into the data base, but, can not provide the same assistance with other questions such as a project which is no longer managed by the management agent, how long does it have to be reported and how can I get it entered into APPS?”
- “There is still the issue of unclear and complicated instructions provided in the manual and how all of the information entered in the system will interface and be reported.”

#### **Recommendations:**

- 3.a. NAHMA strongly urges HUD to consider providing APPS training to the industry through a webcast. The Department has used webcast training in other policy areas, and we believe this option could provide cost-effective, interactive training that would also offer a forum for answering questions about technical and policy issues. The webcast could be linked to the APPS webpage and remain available as a resource.
- 3.b. It would be extremely beneficial to have a 2530 process help line to provide programmatic assistance when entering this data. At the very least, HUD should consider providing specialized, in depth APPS and 2530 policy training to the Multifamily Housing Systems Help Desk representatives.

### **4. Challenges & ambiguities of APPS' interface with other HUD information systems.**

Besides time participants will have to spend entering information into APPS, it is strongly advisable to allow additional time to get the Secure Systems user IDs, passwords, and access key codes. Access key codes are required to enter new participants and principal entities that are not individuals into APPS.

Examples of comments task force members offered pertain to APPS interface with Secure Systems and correcting erroneous information in APPS:

- “I have not been able to access the system for two weeks now. HUD has changed the website as well as the process for logging into Secure Systems. No notice or instructions from HUD. In fact, I discovered this when I was attempting to log into APPS to look at some functions...After

nearly two weeks of calling the Secure Systems Technical Assistance Center every day - I still can't log into Secure System. The point being, there is still a major issue with information dissemination and technical assistance. It seems that the issue is even larger than APPS - it's the entire Secure Systems.”

- The system for obtaining access key codes continues to be burdensome and inefficient. It still takes weeks to receive these key codes and often requires follow-up requests since they simply are not received. I believe HUD states it 10 days to receive the key codes. My experience has been that it takes several weeks or more. I am currently still waiting for key codes requested during the last week of August. I have put in a second request over a week ago and still have not received them. This is typical. There needs to be a mechanism for providing these key codes more expeditiously.
- “The only negative comment that I have is the log in procedure - if folks out there do not have some sort of follow up system (tickler) their password expires every 21 days - then you have to call in to have it reset - if you are not the actual person that is the registered coordinator and you do not have the answers to their "authentication questions" you have to call back - it just seems to really slow things down.”
- “...it would be nice not to have other HUD systems feed into APPS until all companies have had the opportunity to get their information entered due to the fact that if HUD has made an error it takes several steps to correct which due to timing can be critical.”
- “I have noticed along the way that some of the previous inspection scores for properties are pre-entered and others are not. The information often does not match our records leaving me to question the process HUD has implemented which is not detailed anywhere and the reliability of the information...”

### **Positive Feedback**

NAHMA’s Task Force Members believe that 2530 automation will benefit the industry once the proverbial kinks are resolved.

Likewise, NAHMA has heard compliments about HUD staff that have been helpful to members in the automation process. One task force member reported:

- “One comment that I would definitely like shared is how helpful and dedicated James [HUD Senior Management Analyst James Collins] has been to this process in helping to understand the system and being there to actually answer his phone when help is really needed - he takes the time to log in with you so he sees what you see and then insists on staying on the phone until you have completed that step and making sure you understood what you have completed.”

### **Conclusion**

NAHMA offers these recommendations in the spirit of partnership with HUD. We will continue to follow the implementation of the 2530 automation process, and we welcome feedback from members about their own experiences.