



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

MEMORANDUM FOR: All Multifamily Hub and Program Center Directors, Multifamily Operations Officers, Multifamily Staff and Supervisors, Owners, Management Agents, Mortgagees and other Participants in HUD Programs

FROM: Brian D. Montgomery, Assistant Secretary for Housing – Federal Housing Commissioner, H

SUBJECT: Active Partner Performance System (APPS) Electronic Filing – Implementation Date

Effective on July 1, 2006, all participants required to apply for previous participation clearance must do so through the Active Partner Performance System (APPS). There are no exceptions. **Hub and Program Center Directors are responsible for informing participants of this option.**

The Department expects that participants interested in new business opportunities in MF programs have diligently pursued completion of their participant baseline information during the extended implementation period. **Participants must have completed baselines in APPS if they wish to pursue participation clearance after June 30, 2006.** All participants in Multifamily Programs are reminded that failure to register and complete the data input required by APPS will restrict new and revised participation until after the participant's system inputs are completed. Introductory and explanatory information, including a system tutorial, are available on HUD's Internet Site at:

<http://www.hud.gov/offices/hsg/mfh/apps/appsmfhm.cfm>

### Background

The Active Partner Performance System (APPS) was implemented on October 12, 2005. The implementation followed a regulatory rule making process:

- May 2004 - Proposed rule was published
- April 13, 2005 - Final rule was published
- October 12, 2005 - APPS implementation date
- October 28 – November 30, 2005 – First additional paper option period approved
- December 28, 2005 – April 30, 2006 – Second additional paper option period approved

While the final rule's original implementation transition period was deemed sufficient, the Department allowed additional time to industry participants due to its concern that the Department's IT infrastructure might result in delays beyond the participants' control. During the last option period, the Department's Offices of Housing and Chief Information Officer made final reviews of the APPS application and the secure Internet infrastructure. As a result of the additional review and testing, the Department determined that APPS functioned correctly. Further, the Department decided to add two additional Internet servers to enhance performance and traffic movement through the HUD systems' secure firewall. There are no system issues that stand in the way of a participant entering data or applying for clearance.

All participants are required to use APPS to make requests for participation clearance; there are no exceptions in the regulations. Applicants who cannot obtain a participation clearance may lose an opportunity to complete a pending business transaction.

In conference calls your offices have been encouraged to reach out to participants regarding APPS and the Department's regulations. Manuals needed to operate the system, a tutorial and a "quick start guide" has been continuously available and updated on the HUD Internet web site<sup>1</sup> since the proposed rule was published in 2004. Staff in Housing has addressed multiple audiences about the system and its requirements since 2001.

## **Regulations**

The regulations at 24 CFR, 200.217 state:

Sec. 200.217 Filing of previous participation certificate on prescribed form.

- (a) Effective October 11, 2005, or on such later date as may be allowed by HUD<sup>2</sup>, all principals in HUD multifamily mortgage and project based subsidy programs must submit an electronic Previous Participation Certificate (form HUD-2530) via HUD's secure web server as a condition prerequisite to new or revised participation. Prior to this date, principals are required to file form HUD-2530 as a condition prerequisite to new or revised participation. Filing requirements are as prescribed by the Assistant Secretary for Housing-Federal Housing Commissioner at the occurrence of any of the events below . . ."

Questions concerning this Notice should be directed to Kimberly Munson in the Office of Asset Management at 202-708-1320.

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<sup>1</sup> <http://www.hud.gov/offices/hsg/mfh/apps/appsmfhm.cfm>

<sup>2</sup> The Department allowed extensions totaling more than one year since the final rule was published to assure the system and the system's environment would not impede business transactions. Participants have been able to use APPS to enter their baseline data since 2004.