

U.S. Department of Housing and Urban Development

Special Attention of:

Secretary's Representatives	Transmittal for Handbook No.:
State Coordinators	4065.1 REV-1
Housing Directors	
Multifamily Division Directors	Issued: September 21, 1994
Multifamily Servicers	
Multifamily Program Assistants	
Field Counsels	

1. This Transmits:

A revised HUD Handbook 4065.1 REV-1, Previous Participation (HUD-2530) Handbook.

2. Summary:

This Handbook provides policies and procedures for Field Offices, Headquarters, and the industry for the processing of Form HUD-2530, Previous Participation Certificate. Major changes are:

- a. This Handbook incorporates relevant portions of Notices H 87-26, H 88-16 and H 92-6, and reflects automation enhancements and changes in policy and procedures since the issuance of HUD Handbook 4065.1, issued June 17, 1981.
- b. Public housing agencies and Indian housing authorities have been removed from HUD-2530 clearance procedures.
- c. Form HUD-2530 and instructions have been revised.
- d. Field Office Managers (or successor positions) are no longer required to approve the HUD-2530 prior to the commencement of processing. Such approval is done after processing has been completed.
- e. There is greater emphasis on the importance of timely and correct entry (flagging) and removal of names in the automated PPRS.
- f. Chapter 5 has been added to emphasize the importance of taking administrative sanctions (Suspensions, Debarments, and Limited Denials of Participation) when appropriate.

3. Filing Instructions:

Remove Handbook 4065.1, dated 6/81 Insert Handbook 4065.1 REV-1,
dated 9/94

Assistant Secretary for Housing
- Federal Housing Commissioner

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Previous Participation (HUD-2530)

Handbook

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CHAPTER 1. GENERAL

1-1 Introduction

The Previous Participation Review and Clearance Procedures for principal participants in HUD's Multifamily Housing Programs began in 1966. The procedure is governed by published regulations which establish standards and provide for due process for those who disagree with administrative decisions. (See Appendix 1).

This procedure, which is automated, is the Department's centralized review of the past/present performance of those principals applying for participation in the Department's multifamily housing programs. Principals are reviewed to see if they have carried out their past financial, legal, and administrative obligations in a satisfactory and timely manner. The majority of the review concerns itself with the applicant's past performance in all HUD programs, but it also considers performance in programs of other agencies, including those of the Farmers Home Administration (FmHA) and of State and local housing finance agencies. Form [HUD-2530](#) Previous Participation Certificate ([HUD-2530](#)) approval is granted when the review establishes that the applicant is a satisfactory risk to the mortgage insurance fund if the applicant is applying for participation in a HUD-insured project, such as Section 221(d) (3) or (d) (4) Multifamily Rental Housing. In the case of HUD non-insured housing programs such as Section 202 and Section 811, [HUD-2530](#) approval is granted when the review shows that the applicant is responsible.

The [HUD-2530](#) procedure concerns the past, present, and prospective performance and business practices of those applicants undergoing administrative and underwriting reviews by the local field office in whose jurisdiction the project is located. [HUD-2530](#) is not a substitute for field office processing as to project acceptability, credit capacity, or competency and the fact that [HUD-2530](#) approval is granted is not assurance that the Department will grant final approval of the proposal or application. [HUD-2530](#)

procedures are also not a substitute for administrative sanctions. (See Chapter 5 for further discussion on

administrative sanctions Debarment, Suspension and other compliance actions).

This Handbook is designed as a guide for a better understanding of the regulations and as instructions for efficient processing of [HUD-2530](#) by field offices.

Note: The form [HUD-2530](#) has been revised: to clarify regulations and instructions; to meet the requirements of the Paperwork Reduction Act; and to bring it into conformity with Departmental form design standards. (Computer generated versions of this form are acceptable provided they are identical in all respects to the [HUD-2530](#)).

1-2 Policy

It is HUD's policy that participants in its housing programs be responsible individuals and organizations who will honor their legal, financial, fair housing and contractual obligations. ("Responsibility" is a term used by HUD to mean business integrity, honesty and capacity to perform). Accordingly, uniform standards are established in HUD regulations for approval, disapproval or withholding of action on principals for projects in which they apply to participate.

In this procedure the principals are required to disclose all of their prior projects and certify as to their previous record. HUD analyzes that record to evaluate past, present, and future responsibility, performance, participation, and business practices.

An unfavorable record reflects an unacceptable risk to the public interest. Applicants who seek to participate must certify on their [HUD-2530](#) that they do not fall under any standards for disapproval. (See 24 C.F.R. Section 200.230 and the certifications on the [HUD-2530](#)). Approval for new or further participation is a privilege earned with a good record and a history of responsible performance that reflects good prospects for success in the future.

To understand thoroughly the Previous Participation Review and Clearance procedure, first read the regulations (Appendix 1) and then the [HUD-2530](#) instruction sheet (Appendix 2). This Handbook follows these items only as an explanation, summary, and processing guide.

1-3 Key Points for Processing [HUD-2530](#) Under the Automated Procedure

- A. A fully completed [HUD-2530](#) is required as part of the application package for most HUD multifamily housing programs. 24 C.F.R. Section 200.217 . Any portions of the certification that are deleted must be accompanied by a thorough explanation from the applicant.
- B. It must be signed and dated by the principals who propose to participate. Do not process [HUD-2530](#)'s that are not signed and dated. Do not process [HUD-2530](#)'s where there is a clear indication that all principals have not been listed 24 C.F.R. Sections 200.215(e) and 200.218 . Return them to the sender. An example of an indicator would be where only one participant's name is listed with a role/title of Vice President. The role of Vice President is indicative that there are other officers who should have been listed.
- C. All signatures of the principals are not needed if the person who signs is authorized to bind the entity. Evidence of that authority should be obtained and kept in the file. A copy of that authority must also accompany the [HUD-2530](#) when it is sent to Headquarters for further processing. This process assumes that all principals have the same prior record of participation. A separate form must be filed for each principal having a different record of participation.

NOTE: In situations where complex ownership (multiple tiered) structures exist, a description of the ownership structure should be submitted along with the [HUD-2530](#). This description should preferably be provided by an attorney representing the principal. The attorney should supply this information on his or her stationery

and be signed by the attorney. For example, the ownership entity is a Partnership. All principals in this Partnership must be listed on the [HUD-2530](#) -- this is tier one. If any of these principals are Corporations or Partnerships, the principals in these entities must also be listed on the [HUD-2530](#) -- this is tier two. If any of the principals listed in tier two are Corporations or Partnerships, the principals in these entities must be listed on the [HUD-2530](#) -- this is tier three. Principals in a Partnership are all its General Partners, and its Limited Partners with a 25

percent or greater interest.

Principals in a Corporation are all of its officers and directors, and its owners who have a 10 percent or greater ownership interest. It is only necessary to disclose the principals in these various entities through the third tier. In those rare instances where a public corporation is involved as a principal, such corporation's Annual Report must be obtained and the names of all principals (i.e., corporate officers, board members, etc.) of the corporation must be entered into the PPRS for a name match.

D. [HUD-2530](#) approval is required for the following transactions at the times indicated:

1. Projects to be financed with mortgages insured under the National Housing Act or the U.S. Housing Act of 1937 (see Appendix 3) -- With an Application for a Site Appraisal and Market Analysis Letter, Feasibility Letter, Conditional Commitment for Mortgage Insurance, or Firm Commitment for Mortgage Insurance, whichever application is first filed;
2. Officers and directors of both sponsor and owner for projects to be financed pursuant to Section 202 of the Housing Act of 1959, and Section 811 of the National Affordable Housing Act -- With the Application for Conditional Commitment; and
3. Projects in which 20 percent or more of the units are to receive a subsidy as described under 24 C.F.R. Section 200.213(c) -- With the first request for a

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reservation of funds for assistance payments (unless the principals have already been granted [HUD-2530](#) approval to own the particular project receiving new subsidy);

4. Purchase of a project subject to a mortgage insured or held by the Secretary -- With the Application for Transfer of Physical Assets;
5. Purchase of a Secretary-owned project -- With the bid to Purchase;
6. Proposed substitution or addition of a principal, such as management agents or partners -- Prior to the

date that the proposed action or transfer is to become final; and

7. Changes of roles or proposed participation in a different capacity from that previously approved for the same project such as a limited partner becomes a general partner or a management agent becomes a general partner or vice versa -- Prior to the date that the proposed action or transfer is to become final.

Note: These timeframes should be judiciously adhered to and [HUD-2530](#) processing should commence as early in the process as possible to avoid crisis situations. Failure to do so could delay a closing.

- E. The [HUD-2530](#) should not be processed until the field office Housing Director or Multifamily Division Director (as the case may be) staff level designee has decided that the proposed application and the principals involved meet processing requirements.

Note: Under the revised form [HUD-2530](#) the office manager (or successor position) is no longer required to approve the [HUD-2530](#) prior to the commencement of processing. Final approval by management is only required after the form has been processed by staff and reviewed by a supervisor.

- F. The field office Housing Director or Multifamily Division Director (Housing/Multifamily Director) or his/her designee reviews the form to determine whether all principals have been listed on the [HUD-2530](#) (see 1-3(B)) and that all such names have been entered into the PPRS for a possible name match. The form is further reviewed to see if the principals disclosed any adverse information which falls under the Certifications Section of the [HUD-2530](#). Schedule A of the form is also reviewed to determine if any prior projects listed show defaults, unsatisfactory management reviews, assignments, foreclosures, administrative sanctions, or any other problems with respect to their projects. If so, the [HUD-2530](#) should be forwarded to Headquarters with a report stating the reason for the submission (see 2-4 (D)), along with a copy of the Previous Participation Review System (PPRS) printout.

- G. The [HUD-2530](#) also must be reviewed to see if the

principal has participated within programs administered by either the Farmers Home Administration (FmHA) or the States' housing finance agencies. If the [HUD-2530](#) shows that the principal has participated with these agencies, the Housing/Multifamily Director or his/her designee must then telephone such agencies to determine whether or not their performance has been satisfactory. If there are any problems, the Agency should be requested to provide a written report and the principals' names should be entered (flagged) into the updated portion of the PPRS right away. (See Chapters 3, 4, and 5 of the Terminal Operations Guide for System F19, dated July 1992).

Whether or not adverse information is disclosed on the [HUD-2530](#) or by contacting FmHA and State agencies, the form should be given to the PPRS operator who must input the full names of all principals and companies/entities, as well as their social security number or tax identification number, listed on the form for a possible name match. (See Chapter 8, Pages 8-1 through 8-4 of the Terminal Operations Guide).

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NOTE: It is of the utmost importance that all of the names on the [HUD-2530](#) be keyed into the automated system accurately. A check must be made of all names on the hard copy printout against those on the [HUD-2530](#) to be sure all firms and individuals have been entered and that the names of the individuals and firms are spelled correctly. Omitting or misspelling one name or entity could result in approval of someone who has not acted responsibly in prior HUD or FmHA projects.

- H. Once the [HUD-2530](#) has been processed, a Supervisor must check the [HUD-2530](#) for completeness and accuracy and so certify by signing Part II of the form. The [HUD-2530](#) is then forwarded to the Housing/Multifamily Division Director for final approval action.
- I. Never condition a commitment on [HUD-2530](#) approval. [HUD-2530](#) approval should be obtained prior to the issuance of any commitment.
- J. Once [HUD-2530](#) approval is obtained, it remains valid for the life of the project unless the principals are subsequently suspended or debarred, or data initially submitted is discovered to be erroneous, fraudulent or a principal has assumed a participation role not

originally proposed and disclosed on page 1 of the [HUD-2530](#). In these cases, the Multifamily Participation Review Committee (MPRC) may elect to withdraw or modify its approval.

- K. Data disclosed by principals who are individuals on the [HUD-2530](#) is covered by the Privacy Act. All outside inquiries are referred to the Chief Counsel or other designated Field Office Privacy Act Officers for processing in accordance with requirements of the Privacy Act. (See Chapter 5).

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1-4 Who Files and Who Does Not File

For specific details on which program participants must file the [HUD-2530](#), you must review the instruction page attached to it and 24 C.F.R. Sections 200.215, 200.217 and 200.218. However, the following are examples of who must and who need not execute a [HUD-2530](#):

A. Who does not file:

1. Those entities and principals who have already received participation clearance for their specific, respective roles in the following circumstances:
 - a. When an existing project (mortgagor) is being awarded Flexible Subsidy -- Operating Assistance or Capital Improvement Loans.
 - b. When an existing project (mortgagor) is being awarded Loan Management Set Aside Section 8 Assistance.
 - c. When an existing Loan Management Set Aside Section 8 Contract commitment is being increased (number of units or dollar amounts), extended, or renewed.
 - d. When an existing project (mortgagor) is being awarded Drug Elimination Grants.
2. Attorneys and architects who will not have an ownership or management role in the project or in other ways participate as a principal and who are retained for a cash fee solely to render usual services of their profession. 24 C.F.R. Section 200.215(e) (1) .

3. Those who have an interest acquired by inheritance or by Court Degree. 24 C.F.R. Section 200.217(b) .
4. Limited partners with less than 25 percent interest or stockholders who own less than a 10 percent interest. 24 C.F.R. Section 200.215(e) (2) .

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5. Cooperative and condominium home purchasers or owners (of less than 5 units in the same development) and all tenants. 24 C.F.R. Sections 200.215(e) (3) i and ii .
 6. Existing owners and/or principals of insured projects who previously obtained [HUD-2530](#) approval and are only applying for refinancing of the project pursuant to Section 223(a) (7) of the National Housing Act.
 7. Management agents renewing or amending an ongoing management contract.
 8. Principals in projects not insured or financed by HUD where less than 20 percent of units receive HUD assistance such as Section 8 or Rent Supplement Assistance.
 9. Subcontractors.
 10. Nursing home administrators renewing or amending ongoing contracts and nursing home operators renewing or amending ongoing leases or contracts.
- B. The Following Must File [HUD-2530](#)
1. New management agents for proposed and existing projects.
 2. Where an approved principal alters his/her interest in a project or in another approved principal entity or seeks to assume a new role. Examples: A partner in the mortgagor entity seeks approval to become general contractor or a general partner seeks to become the management agent; or when seeking approval for a new Board member in a corporate entity.

Note: When such cases are sent to Headquarters the field office must advise that the change in the role is the reason for the submission.

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3. The successful bidder at sales of Secretary-held projects including "all cash" sales.
4. Those who seek approval to acquire an interest in an existing project, with a mortgage insured or held by HUD, whether or not there is a transfer of physical assets, unless those persons would be limited partners with less than 25 percent interest or stockholders who own less than 10 percent of the common stock.
5. Consultants and packagers for profit motivated projects as well as for nonprofit sponsored projects.
6. New nursing home administrators entering into contract for an existing or proposed nursing home and new nursing home operators entering into lease or contract for an existing or proposed nursing home.

C. Programs Requiring [HUD-2530](#) Approval

See listing in Appendix 3.

CHAPTER 2. MAINTENANCE OF DATA AND PROCESSING
UNDER THE AUTOMATED SYSTEM

2-1 Departmental Data Sources

The automated Previous Participation Review System (PPRS) has data from sources maintained by:

A. HUD's Office of Inspector General (OIG)

The PPRS accesses the OIG Names Indices System (ONIS) for the purpose of matching names where there has been or presently is an investigative case or an audit pertaining to a name on a HUD-2530 transaction.

B. The General Services Administration (GSA)

Information involving individuals and firms who are currently suspended or debarred by Federal Executive Branch Agencies are inputted into the 2530 system, monthly, from GSA's "Lists of Parties Excluded from Federal Procurement or Nonprocurement Programs."

C. Headquarters' Participation & Compliance Division

Inputs data on individuals and firms who have been issued Limited Denials of Participation sanctions by HUD field offices or the Deputy Assistant Secretaries for Multifamily and Single Family Housing. Other administrative sanctions such as Civil Money Penalties and OIG referrals on certain investigations, indictments, convictions and audits. Principals with other adverse information are also inputted into the 2530 system such as names of sanctioned individuals and firms provided by the Resolution Trust Corporation (RTC).

D. All HUD Field Offices

1. Data to be inputted. Principals participating in Departmental programs whose participation and performance fall under any of the elements which are criteria for withholding approval or disapproval as set forth in 24 C.F.R. Sections 200.229 and 200.230.

These criteria are as follows:

- a. All mortgage default(s) or assignment(s) or foreclosure(s), without regard to cause.
- b. Violation of the Regulatory Agreement or non-compliance with any other obligation to HUD that has not been corrected to the satisfaction of the MPRC, at the time of its consideration.
- c. Suspension or termination of payments under any HUD assistance contract.
- d. Default under an obligation covered by a surety or performance bond and/or claims(s) under an employee fidelity bond.
- e. Unresolved findings(s) as a result of HUD or other governmental audits or investigations.
- f. A criminal record or other evidence that the principal's previous conduct or method of doing business has been such that his/her participation in the project would make it an unacceptable risk from the underwriting standpoint of an insurer, lender or governmental agency.
- g. With respect to any HUD-insured or HUD-assisted or Section 202 project, work stoppage for a period in excess of 20 working days, or in the case of an insured project, failure to achieve final endorsement of the mortgage where the project has been substantially completed for more than 90 calendar days, but documents for closing including

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cost certification have not been filed with HUD; such is chargeable to the fault or neglect of the principal.

- h. Any serious and significant violation by a management agent of a project management contract where the contract required HUD or other governmental agency approval at its inception.
- i. Submission of a false or materially incomplete HUD-2530.
- j. Any other significant violation of or non-compliance

with regulations, programs or contract requirements of HUD, Farmers Home Administration or a State or local government's Housing Finance Agency in connection with any insured or assisted project. For example:

- (1) below average and unsatisfactory management reviews, unauthorized secondary financing or unauthorized transfer of physical assets, and unsatisfactory physical inspections.
- (2) violations or deficiencies that were the basis for the issuance of an LDP.

NOTE: Principals participating in Departmental programs whose participation and performance fall under any of the above cited criteria for withholding approval or disapproval MUST be flagged (entered) in the PPRS. These items, however, are to be entered only after the timeframe imposed by the field office, in its notice to the responsible parties, has elapsed and a determination made that there has been no satisfactory response. A satisfactory response should address the findings and provide an acceptable timetable for resolution. If, however, a satisfactory response is subsequently received, the flag should be immediately removed from the system.

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2. Data Not To Be Inputted. Principals participating in Departmental programs whose participation and performance does not fall under any of the elements which are criteria for withholding approval or disapproval as set forth in 24 C.F.R. Sections 200.229 and 200.230. Other examples:
 - a. Names of owners or managers for problems, such as high vacancy rates, if it can not be attributed to mismanagement on their part.
 - b. Entries solely for the purpose of threatening or otherwise attempting to leverage the Department's position.

E. Fair Housing and Equal Opportunity

1. Determining compliance with the Department's Fair Housing and Equal Opportunity requirements is the

responsibility of the Regional Director (or successor position) for Fair Housing and Equal Opportunity. Where voluntary compliance with HUD program requirements or conciliation of fair housing matters is not achieved in the field, the matter is referred to Headquarters for consideration of enforcement action/findings of reasonable cause. Examples of noncompliance or violations are:

- a. Failure to comply with the Fair Housing Act or Executive Order 11063, HUD's Affirmative Fair Housing Marketing regulations or an Affirmative Fair Housing Plan; and
- b. Violation of Title VI of the Civil Rights Act of 1964, section 109 of the Housing and Community Development Act of 1973, section 504 of the Rehabilitation Act of 1973, or the Age Discrimination Act of 1975.

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2. If Headquarters decides to proceed/finds reasonable cause, the Assistant Secretary for Fair Housing and Equal Opportunity may initiate suspension/debarment action or recommend a Limited Denial of Participation under 24 C.F.R. Part 24. If limited denial or suspension/debarment actions are undertaken, the names of the principals involved, who have participated or may be reasonably expected to participate in a HUD multifamily program, should be immediately forwarded to the Participation and Compliance Division for inclusion in the automated HUD-2530 system. Thereafter, if that principal applies for HUD-2530 approval at any field office, the case will be forwarded to Headquarters for appropriate action by the MPRC.

2-2 When To Input Data Into The 2530 System

- A. When the review of project files and other program area files discloses problems or difficulties consistent with the criteria for withholding approval or disapproval (see 2-1(D)(1) above), the names of each principal including firm names and individual names responsible for the difficulties must then be identified. For example, both owners and management agents may share responsibility for unsatisfactory management review reports.

Note: In no event shall the 2530 process be used in a disciplinary or a punitive manner against principals.

- B. The principal's name and social security number (SSN) or tax identification number (TIN) must be entered into the system for each occurrence of a problem or deficiency within a project or a number of projects. For example, if there is a management problem and an owner problem, there should be an entry for each problem even if there is an identity of interest. Another example would be violations or deficiencies that were the basis for the issuance of an LDP.

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These names must be entered into the automated system as soon as a determination is made that the problems or difficulties identified will not be satisfactorily resolved. (See NOTES under 2-1(D)(1)(j)). Failure of one office to flag problems or deficiencies could result in other field offices' approval of someone who has not acted responsibly in prior HUD or FmHA projects.

Note: In the past an "error" message may have been displayed when a principal's name was entered more than once by the same office. The PPRS will now allow each field office to input up to 99 entries on a principal. The system now also has the ability to match names and SSNs or TINs individually or in conjunction with each other. Since this process is new the data base does not currently contain SSNs or TINs. This data base will grow over time as new flags are inputted into the system. Therefore, inputs for name matches should be done using both the principal's name and SSN or TIN. The use of SSNs and TINs should reduce the number of false name matches.

- C. The reason for entering the name, together with the identity of the project involved, should be part of the comments on the Data Entry Screen (See the Operators Guide, Chapter 3, Step 8).

Note: At this phase, specific HUD-2530's have not been received for processing and field counsel review for sufficiency of evidence is not required. The effect of entering a principal's name into the system is not a determination that the principals will be denied HUD-2530 approval, nor does it mean the principal is suspended or debarred. It means that any principal whose name is entered and who files a HUD-2530 must have

the case forwarded to Headquarters for an approval decision.

- D. The Housing/Multifamily Director or his/her designee is required to concur on any entry other than defaults.

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2-3 Removing Data From the 2530 System

Field offices should implement a regular review schedule of its entries in the PPRS and a monitoring system should be established whereby periodic reports are generated showing updates and the reason for each flag being in the system, and routed to the Housing/Multifamily Director or his/her designee for review and removal from the system, when warranted. To facilitate the purging of data the Office of Information Policies and Systems will provide the field with quarterly reports of entries in the system.

2-4 Processing of HUD-2530's

- A. When the field office receives application exhibits including HUD-2530's, the HUD-2530 must be date stamped (logged-in) on the day it is received. Forms not signed or dated by the principals must be returned and not processed any further. All HUD-2530's received in error by other program offices must be hand-carried to the Housing/Multifamily Director or his/her designee the day they are received. A log should be established for tracking HUD-2530's through the review process. (See 1-3 for further processing instructions).

Note: All properly completed and executed HUD-2530's received by the Department must be processed. A HUD-2530 may be withheld or withdrawn from processing only at the request of a principal of the submitting entity.

- B. All cases must be processed (approved in the field or sent to Headquarters) within three working days from the date received. Two exceptions to the timeframe will be permitted.
 - 1. The first exception is for cases which must be referred to the Participation Control Officer. (See 2-6).
 - a. If your office is responsible for the name match being in the system and an explanation is necessary, up to a ten-day turnaround is

acceptable.

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- b. If your response is in the form of a denial recommendation, in addition to appropriate documentation, you must also receive an advisory memorandum from your counsel.

NOTE: Appropriate documentation for cases involving defaults will be the project Analysis Worksheet Form 9815 and the Failing Project Checklist Form 5815. For management reviews and physical inspections, the summary of the findings will be sufficient.

- c. If you are awaiting documentation/verification of adverse information from FmHA or State finance agencies.
- 2. The other exception is for the Consultant in the Sections 202 and 811 Capital Advance Programs. HUD-2530's are received with the sponsor's acceptance of fund reservation.
- C. If a principal inquires as to why his/her HUD-2530 was sent to Headquarters for further processing do not suggest to the principal that the HUD-2530 was denied or indicate that the principal is in some difficulty with the Department. The reasons for a name match are varied and are generally easily resolved. The MPRC or the Participation and Compliance staff have the responsibility to decide whether the principals will be approved and until that decision is made, other activities involving the principals, with the exception of new commitments, may proceed as usual unless you have information that dictates otherwise. (See Chapter 3).
 - D. When HUD-2530's are submitted to Headquarters, the field office should provide any information it may have concerning the reason for the problem or difficulty such as: length of ownership and/or management; how the project was acquired; amount of capital contributions, etc. Such information would be helpful to the MPRC in

making a determination. Further, you must review the principal's explanation on projects under the purview of your office and provide comments, observations and recommendations for the benefit of the MPRC.

2-5 Field Office Approval

Notwithstanding whether there is negative information disclosed by a State Agency's or FmHA's contact, or the HUD-2530 information, all names and SSNs or TINs on the HUD-2530 should be entered into the automated system in accordance with the Operations Guide, (see 1-3(F) and (G)).

NOTE: It is crucial to follow the Guide's instructions that backslashes be used between the names of individuals being cleared through the system. Operators are required to enter an "I" or a "C" in front of each name signifying that the name is that of an individual (I) or company (C). When an "I" is entered a backslash will be required or the system will not carryout processing of the name. The system will continue processing of company names after the "C" is entered without any backslash requirement.

When the system reports that the principal may be granted HUD-2530 approval and there are no qualified certifications or other adverse information (e.g., defaults, foreclosures or assignments) disclosed on Schedule A of the HUD-2530, the field office staff takes the hard copy printout from the system and attaches it to the HUD-2530, and delivers it to the Supervisor who signs Part II of the Certificate and places a check in Block A. Supervisory review also includes a determination that all principals have been listed on the HUD-2530 (see 1-3 (B)) and that all such names have been entered into the PPRS for a possible name match. The Housing/Multifamily Director may then issue an approval under the authority of the Participation Control Officer in Headquarters. If either Blocks B, C or D under Part II is checked, the HUD-2530 is sent to Headquarters for further review. (See 2-6 below).

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- A. Housing/Multifamily Director approval is accomplished when he/she checks the "yes" block in the "APPROVED" section next to his/her signature and date in Part II of the HUD-2530. Such approval action must only be handled

by the Housing/Multifamily Director or his/her Deputy.

- B. Approved HUD-2530 are copied and distributed to the mortgagee and all other necessary parties in the normal manner. A copy of the HUD-2530 along with the automated system printout is then placed in the project processing file in the case of proposed construction, or project management file in the case of existing projects where it is permanently maintained. The original signed HUD-2530, with the approval, is placed in the Washington Docket by field Counsel who is responsible for verifying that all necessary principals have received HUD-2530 clearance. (See 2-SC below). Do not send copies of any approved HUD-2530's to Headquarters.
- C. Field Counsel shall add to their closing checklists the 2530 clearance for each principal involved in the transaction. The field office Housing/Multifamily Director will provide these clearances for your office.

At an initial or initial/final closing, it is the Chief Counsel's responsibility to verify that all principals have received HUD-2530 clearance. A closing may not take place until the Chief Counsel has verified that the principals have received HUD-2530 clearance.

NOTE: To avoid crisis situations, closings should not be scheduled unless you are in receipt of an approved HUD-2530.

2-6 Determination by the Participation Control Officer

The authority of the field office Housing/Multifamily Director to issue HUD-2530 approvals does not apply to all cases. Exceptional cases must be referred to the Participation Control Officer in Headquarters for either final action or referral to the MPRC, (see 24 C.F.R. Section 200.226). Exceptional cases are HUD-2530's where:

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- A. Principals listed on it have been identified by the automated system as being required to be referred. Part II, Internal Processing, must be executed by the Field Office and forwarded to Headquarters with the hard copy printout.
 - B. Principals listed have a history of adverse or unsatisfactory performance as indicated by either the HUD-2530, or as a result of the inquiries to the Farmers

Home Administration (FmHA) or State Finance Agency. These cases must be accompanied by a complete report to the Participation Control Officer with sufficient evidence to support the disapproval. (See 2-4(D)).

2-7 Approvals: Scope and Duration; Modifications and Withdrawals

- A. Approvals will not be modified or withdrawn except in cases where the principal is subsequently suspended or debarred from further participation in any HUD program under 24 C.F.R. Part 24, or is found by the MPRC to have obtained approval based upon submission of a false, fraudulent or incomplete report or HUD-2530 submitted to HUD. In such cases, the MPRC may take such action including modification or withdrawal of approval, as it determines to be in the best interests of the Department and the public. For the purpose of this section, the term approval includes conditional approval.
- B. Principal(s) are not required to file a new HUD-2530 for the same project unless they modify or change their interest or role or withdraw and then seek to reenter. For example, a management agent, once approved, may continue to manage the same project year after year and each time he/she requests HUD approval to renew, amend, modify or extend his/her management contract, he/she does not need a new HUD-2530; he/she only needs approval of the management certification by the Housing/Multifamily Director. In the insured programs, commitments, for example, may be extended and further HUD-2530 approval is not required.

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- C. If, after HUD-2530 approval is obtained, a principal suffers reverses and serious problems with his/her further participation, it is an underwriting or Compliance problem and not subject to HUD-2530 procedure. If a principal has become an unsatisfactory risk since approval, the Field Office will determine if the cause for the condition is a subject for mortgage credit or an administrative sanction under 24 C.F.R. Part 24 (See Chapter 5).

2-8 Master List files in the Field Office

Principals with numerous projects and a long record of participation in HUD multifamily programs may elect to use the Master List System. 24 C.F.R. Section 200.222 .

- A. Master Lists are not for specific projects and are, therefore, not entered into the automated system or processed for approval, but rather are maintained as a source of information for future processing of HUD-2530's filed by the principals for specific projects. The master list is reviewed to see if the principal disclosed any adverse information on HUD, FmHA or State Housing projects.
- B. Do not encourage principals with less than 20 previous projects to file a Master List. Principals file a master list with the Participation Control Officer in Headquarters with one copy to each field office with whom he/she does business.
- C. Master Lists must never leave the field office. They are administratively confidential and are subject to the Privacy Act. After a principal has filed a Master List, each new submission of a HUD-2530 becomes an update of the list on file and includes any changes that have occurred in the principal's record since the date the Master List was signed.

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- D. If the Master List file becomes thick and contains numerous submissions, the office should request the principal(s) to file a revised, updated Master List. Substitution Master Lists are compared to the old and if they appear to be complete and accurate, the old lists are removed and destroyed. They must be updated annually.

2-9 Responding to Inquiries from Headquarters

- A. Inquiries from Headquarters must receive the prompt attention of field staff. Responses should be made within 5 work days. Delays by one office can defeat another office's production targets or goals by delaying approvals of principals who have a previous participation record with the corresponding office. Slow responses also have an adverse impact on the work of the MPRC.
- B. The Housing/Multifamily Director or his/her designee is responsible for assigning the response to the appropriate staff specialist with the response being assigned a high priority for completion. The response is for the signature of the Housing/ Multifamily

Director or his/her (supervisory level) designee.

- C. The assignment should be logged and monitored by the Housing/Multifamily Director or his/her designee, who makes sure that the response is not delinquent.
- D. Electronic cc:Mail may be used in lieu of memoranda. Facsimiles of documents may also be used in emergency situations.

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2-10 Requests for Assistance or Exceptions from Headquarters

- A. For interpretation of regulations or processing problems, the field office staff may telephone the Participation and Compliance Division in Headquarters, for assistance.
- B. Field staff may also contact the Participation and Compliance Division for requests for expediting clearances in cases of emergency. Such requests should be infrequent, and will only be done on an exception basis.
- C. The Participation Control Officer is authorized to waive the signatures on HUD-2530's in certain circumstances 24 C.F.R. Section 218(b) where all principals cannot sign or certify on the form and the principal's record has been disclosed or obtained from other sources. Read the regulations carefully before making such requests.

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CHAPTER 3. HEADQUARTERS PROCESSING

3-1 Participation Control Staff

When the Field Office completes its processing of the HUD-2530 and the review indicates the need to forward the HUD-2530 and any related exhibits to Headquarters, it is received and examined by the Participation Control Staff, Participation and Compliance Division, Office of Housing. The Participation Control Staff then conducts a review of each principal listed on the HUD-2530 where adverse information is indicated. The sources for this review generally fall into one or more of the following categories:

- A. The information disclosed by the principals as set forth on the HUD-2530.
- B. Information disclosed by the field office submitting the HUD-2530 to Headquarters.
- C. Information submitted to Headquarters relating to the principal's performance in Departmental programs by other field offices;
- D. Information flagged in the PPRS; and/or
- E. Information available from the Office of Inspector General concerning completed investigations or audits.

When the Participation Control Staff compiles the information from the above sources, it reviews the results to determine if any adverse information exists that would fall into one or more criteria for withholding or disapproving the principal(s) as outlined in the Regulations. When no such information exists, the Participation Control Officer issues an approval which is transmitted to the field office. When adverse information does exist, the Executive Secretary prepares the case for review by the MPRC.

3-2 Multifamily Participation Review Committee (MPRC)

The MPRC is composed of various housing office and division

directors who are designated by the Assistant Secretary for Housing - Federal Housing Commissioner. The specific offices are set forth in 24 C.F.R. Section 200.93.

The MPRC acts for the Assistant Secretary for Housing in determining the acceptability of those principals submitted by the Executive Secretary. The MPRC, after fully reviewing the information submitted by the Executive Secretary may:

- A. Approve the principal and return a signed copy of HUD-2530 to the field for disposition;
- B. Grant conditional approval subject to special conditions or limitation;
- C. Withhold approval for a temporary period, not to exceed 120 days, pending receipt and review of additional information upon which to base a final decision or pending the outcome of a criminal complaint or indictment; or
- D. Disapprove the principal when standards for disapproval in 24 C.F.R. Section 200.230 are met.

When the Committee's deliberations are completed and its decision is something other than approval, the Executive Secretary notifies the principal(s) by certified mail (at the address they furnished on the HUD-2530) that approval has not been granted, conditions have been imposed, or approval withheld. The Executive Secretary's notice to the principal(s) includes a statement of the reasons for the Committee's decision.

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Upon receipt of the notice, the principal(s) may elect to request reconsideration by the Committee and furnish additional written data, evidence or briefs, or he/she may elect to request an oral hearing before a Departmental Hearing Officer where testimony under oath may be received from witnesses. The hearings are conducted in accordance with the procedures set forth at 24 C.F.R. Part 26. Witnesses can be cross-examined. Principal(s) may represent themselves or employ an attorney.

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CHAPTER 4. RIGHTS OF PRINCIPALS

4-1 Requests for Reconsideration of Decisions

Under HUD-2530 procedures, principals may, in addition to being approved, be granted conditional approval or approval may be withheld or the principal(s) may be disapproved. When a principal is notified that approval is conditional or being withheld or disapproved, the notice informs the principal that he/she may request reconsideration by the MPRC or the principal may request an administrative hearing before a Departmental Officer. If the participant elects the option to request reconsideration by the MPRC, a request for a hearing will not be appropriate until the MPRC has acted. If a request is made for reconsideration, the request must be submitted in writing and addressed to the Executive Secretary and must be submitted within 30 calendar days of receipt of the notice of the MPRC's decision. In the event the principal chooses to have the case reconsidered by the MPRC, he/she may request an administrative hearing if the MPRC does not act favorably on the request for reconsideration.

4-2 Reconsiderations by the MPRC

- A. The principal is given the opportunity to submit for the MPRC's reconsideration all information and exhibits which, support an approval action by the MPRC. This information:
1. May be in the form of additional information not known to the MPRC at the time of its earlier review, or
 2. The reconsideration request may ask that additional weight be placed by the MPRC on facts known to it previously.

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- B. The MPRC does not hear oral testimony from principal(s). It only acts on written submissions presented to it by the principal through the Executive Secretary.
- C. When the MPRC makes a final decision of the reconsideration request, both the principal and the

field office processing the application will be informed of the results of that decision by written notice from the Executive Secretary.

4-3 Administrative Hearing

Principals desiring an administrative hearing must submit a written request to the Docket Clerk, Office of Program Enforcement, within 30 calendar days from the date they receive notice of the decision from the MPRC. 24 C.F.R. Section 200.241(b) . Hearings follow the procedures for administrative hearings, as set forth in 24 C.F.R. Part 26.

- A. Upon receipt, the Docket Clerk will docket the appeal before a Hearing Officer who is then responsible for conducting the hearing. The Office of General Counsel appoints a Departmental Attorney to represent the MPRC at the hearing.
- B. Principal(s) at the hearing may submit both oral and written testimony in support of their appeal of the MPRC's decision. Oral testimony will not be permitted when a disapproval is based solely on a suspension or debarment that has been previously adjudicated.
- C. In the case of a disapproval based upon a suspension which has an appeal pending the HUD-2530 hearing shall be stayed pending the outcome of the suspension hearing.
- D. Hearings may be held at Headquarters or at the field office depending upon the desires of the principals and the determination of the Hearing Officer.

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- E. One important difference between Administrative Sanction Hearings and Previous Participation Hearings is in the rendition of the final decision.
 - 1. With Administrative Sanctions (Suspensions, Debarments, etc.), the Hearing Officer issues a decision which becomes final unless, within 15 days, an appeal is made to the Secretary. The Secretary's review may result in a reversal or modification of the Hearing Officer's decision.
 - 2. In the case of Previous Participation Hearings, the Hearing Officer will determine the facts and the law relevant to the issues and will report the determination in writing to the MPRC which will make

the final decision.

- F. When the MPRC makes the final decision, the principal and the field office are notified in writing of the results. This constitutes a final administrative action. Further appeals are addressed to the courts.

CHAPTER 5. OTHER REQUIREMENTS

5-1 Administrative Sanctions

HUD-2530 procedures are not a substitute for administrative sanctions. Administrative sanctions (Debarment, Suspension, Limited Denial of Participation and other compliance actions) are set forth in Handbook 1300.13 REV-1, "Debarment, Suspension and Ineligibility of Participants and Contractors."

- A. Handbook 1300.13 is designed to provide guidance concerning the nature of administrative sanctions imposed pursuant to 24 C.F.R. Part 24. It provides information to program staff about the availability and effects of sanctions and gives instructions on how and when to make referrals for the sanction process. Administrative sanctions are actions taken by the Department restricting an applicant's participation in not only HUD programs but government-wide programs as well; when such restrictions for a specific period of time are found to be necessary for the protection of the Government. Protection of the Department also includes protection of the public interest as well as those individuals and groups who are the intended beneficiaries of HUD's programs.
- B. Since a HUD-2530 denial only precludes a principal from participating in a specific multifamily project and not from non-multifamily HUD projects or other government-wide programs, field offices should consider sanctions under Part 24, whenever appropriate. Such as:
1. When HUD-2530 disapproval is recommended because of previous or continuous unsatisfactory performance by a principal.
 2. When a Limited Denial of Participation (LDP) has been issued and the principal fails to take necessary and appropriate corrective actions.

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3. Other serious matters, even if corrected, such as misuse of project funds.

5-2 The Privacy Act and the Freedom of Information Act

Both the Privacy Act and the Freedom of Information Act (FOIA) apply to data contained in the HUD-2530 System. For procedures under the Privacy Act, see 24 C.F.R. Part 16; and 24 C.F.R. Part 15 for FOIA procedures.

- A. All Privacy Act inquiries from sources other than HUD, Farmers Home Administration, State and local governments with participation in HUD Housing Programs as co-insurers or finance agencies, should be referred to the field office's designated Privacy Act Officer. The Departmental Privacy Act Officer is also available for consultation at Headquarters.
- B. FOIA requests will be handled by the Participation and Compliance Division in accordance with HUD regulations.

Link to April 2004 version of 24 CFR Part 200

200.210 24 CFR Ch. II (4-1-93 Edition)

Subpart H -- Participation and
Compliance Requirements

Link to 24 CFR Part 200.210 - 200.215

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APPENDIX 1

Office of Assistant Secretary for Housing, HUD

200.217

Link to April 2004 version 24 CFR Part 200.210-200-219

200.218

24 CFR Ch. II (4-1-93 Edition)

Link to April 2004 version 24 CFR _art 200.217-200.224

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APPENDIX 1

Office of Assistant Secretary for Housing, HUD

200.228

Link to April 2040 version of 24 CFR Part 200.222 - 200.228

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APPENDIX 1

200.229

24 CFR Ch. II (4-1-93 Edition)

Link to April 2004 version of 24 CFR 200.225 - 200.230

4065.1 REV-1

APPENDIX 1

Office of Assistant Secretary for Housing, HUD

200.245

Link to April 2004 version of 24 CFR 200.229 - 200.230

Link to April 2004 version of 24 CFR 200.233 - 200.243

Link to April 2004 version of 24 CFR Part 200.245 - 200.420

Previous Participation Certification

U.S. Department of Housing and Urban Development
Office of Housing/Federal Housing Commissioner

U.S. Department of Agriculture
Farmers Home Administration

OMB Approval No. 2502-0118
(exp. 9/30/2009)

Part I To be completed by Principals of Multifamily Projects. See Instructions Reason for Submitting Certification

For HUD HQ/FmHA use only

1. Agency Name and City where the application is filed

2. Project Name, Project Number, City and Zip Code contained in the application

3. Loan or Contract Amount

4. Number of Units or Beds

5. Section of Act

6. Type of Project (check one)

Existing

Rehabilitation

Proposed (New)

List of All Proposed Principal Participants

7. Names and Addresses of All Known Principals and Affiliates (people, businesses & organizations) proposing to participate in the project described above. (list names alphabetically; last, first, middle initial)

8. Role of Each Principal in Project

9. Expected % Ownership Interest in Project

10. Social Security or IRS Employer Number

Certifications: I (meaning the individual who signs as well as the corporations, partnerships or other parties listed above who certify) hereby apply to HUD or USDA-FmHA, as the case may be, for approval to participate as a principal in the role and project listed above based upon my following previous participation record and this Certification.

I certify that all the statements made by me are true, complete and correct to the best of my knowledge and belief and are made in good faith, including the data contained in Schedule A and Exhibits signed by me and attached to this form.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

I further certify that:

1. Schedule A contains a listing of every assisted or insured project of HUD, USDA-FmHA and State and local government housing finance agencies in which I have been or am now a principal.

2. For the period beginning 10 years prior to the date of this certification, and except as shown by me on the certification.

a. No mortgage on a project listed by me has ever been in default, assigned to the Government or foreclosed, nor has mortgage relief by the mortgagee been given;

b. I have not experienced defaults or noncompliances under any Conventional Contract or Turnkey Contract of Sale in connection with a public housing project;

c. To the best of my knowledge, there are no unresolved findings raised as a result of HUD audits, management reviews or other Governmental investigations concerning me or my projects;

d. There has not been a suspension or termination of payments under any HUD assistance contract in which I have had a legal or beneficial interest;

e. I have not been convicted of a felony and am not presently, to my knowledge, the subject of a complaint or indictment charging a felony.

(A felony is defined as any offense punishable by imprisonment for a term exceeding one year, but does not include any offense classified as a misdemeanor under the laws of a State and punishable by imprisonment of two years or less);

f. I have not been suspended, debarred or otherwise restricted by any Department or Agency of the Federal Government or of a State Government from doing business with such Department or Agency.

g. I have not defaulted on an obligation covered by a surety or performance bond and have not been the subject of a claim under an employee fidelity bond.

3. All the names of the parties, known to me to be principals in this project(s) in which I propose to participate, are listed above.

4. I am not a HUD/FmHA employee or a member of a HUD/FmHA employee's immediate household as defined in Standards of Ethical Conduct for Employees of the Executive Branch in 5 C.F.R. Part 2635 (57 FR 35006) and HUD's Standard of Conduct in 24 C.F.R. Part O and

USDA's Standard of Conduct in 7 C.F.R. Part O Subpart B.

5. I am not a principal participant in an assisted or insured project as of this date on which construction has stopped for a period in excess of 20 days or which has been substantially completed for more than 90 days and documents for closing, including final cost certification have not been filed with HUD or FmHA.

6. To my knowledge I have not been found by HUD or FmHA to be in noncompliance with any applicable civil rights laws.

7. I am not a Member of Congress or a Resident Commissioner nor otherwise prohibited or limited by law from contracting with the Government of the United States of America.

8. Statements above (if any) to which I cannot certify have been deleted by striking through the words with a pen. I have initialed each deletion (if any) and have attached a true and accurate signed statement (if applicable) to explain the facts and circumstances which I think helps to qualify me as a responsible principal for participation in this project.

Typed or Printed Name of Principal	Signature of Principal	Certification Date (mm/dd/yyyy)	Area Code and Telephone No.

This form was prepared by (Please print name)

Area Code and Telephone No.

Schedule A: List of Previous Projects and Section 8 Contracts. By my name below is the complete list of my previous projects and my participation history as a principal; in Multifamily Housing programs of HUD/FmHA, State, and Local Housing Finance Agencies. **Note:** Read and follow the instruction sheet carefully. Abbreviate where possible. Make full disclosure. Add extra sheets if you need more space. Double check for accuracy. If you have no previous projects write, by your name, "**No previous participation, First Experience.**"

1. List each Principal's Name (list in alphabetical order, last name first)	2. List Previous Projects (give the I.D. number, project name, city location, & government agency involved if other than HUD)	3. List Principals' Role(s) (indicate dates participated, and if fee or identity of interest participant)	4. Status of Loan (current, defaulted, assigned, or foreclosed)	5. Was Project ever in Default, during your participation?		6. Last Mgmt. and/or Physical Inspctr Rating
				Yes	No If "Yes," explain	

Part II – For HUD Internal Processing Only

Received and checked by me for accuracy and completeness; recommend approval or transferral to Headquarters as checked below:

Date (mm/dd/yyyy)	Telephone Number and Area Code	<input type="checkbox"/> A. No adverse information; form HUD-2530 approval is recommended.	<input type="checkbox"/> C. Disclosure or Certification problem
Staff	Processing and Control	<input type="checkbox"/> B. Name match in system	<input type="checkbox"/> D. Other, our memorandum is attached.
Supervisor	Director of Housing / Director, Multifamily Division	Approved <input type="checkbox"/> Yes <input type="checkbox"/> No	Date (mm/dd/yyyy)

Instructions for Completing the Previous Participation Certificate, form HUD-2530

Carefully read these instructions and the applicable regulations. A copy of those regulations published at 24 C.F.R. 200.210 to 200.245 can be obtained from the Multifamily Housing Representative at any HUD Office. Type or print neatly in ink when filling out this form. Mark answers in all blocks of the form. If the form is not filled completely, it will delay approval of your application.

Attach extra sheets as you need them. Be sure to indicate "Continued on Attachments" wherever appropriate. Sign each additional page that you attach if it refers to you or your record. If you have many projects to list (20 or more) and expect to be applying frequently for participation in HUD projects, you should consider filing a Master List. See Master List instructions below under "Instructions for Completing Schedule A."

Carefully read the certification before you sign it. Any questions regarding the form or how to complete it can be answered by your HUD Office Multifamily Housing Representative.

Purpose: This form provides HUD with a certified report of all previous participation in HUD multifamily housing projects by those parties making application. The information requested in this form is used by HUD to determine if you meet the standards established to ensure that all principal participants in HUD projects will honor their legal, financial and contractual obligations and are acceptable risks from the underwriting standpoint of an insurer, lender or governmental agency. HUD requires that you certify your record of previous participation in HUD/USDA-FmHA, State and Local Housing Finance Agency projects by completing and signing this form, before your project application or participation can be approved.

HUD approval of your certification is a necessary precondition for your participation in the project and in the capacity that you propose. If you do not file this certification, do not furnish the information requested accurately, or do not meet established standards, HUD will not approve your certification.

Note that approval of your certification does not obligate HUD to approve your project application, and it does not satisfy all other HUD program requirements relative to your qualifications.

Who Must Sign and File Form HUD-2530:

Form HUD-2530 must be completed and signed by all parties applying to become principal participants in HUD multifamily housing projects, including those who have no previous participation. The form must be signed and filed by all principals and their affiliates who propose participating in the HUD project. Use a separate form for each role in the project unless there is an identity of interest.

Principals include all individuals, joint ventures, partnerships, corporations, trusts, non-profit organizations, any other public or private entity, that will participate in the proposed project as a sponsor, owner, prime contractor, turnkey developer, managing agent, nursing home administrator or operator, packager, or consultant. Architects and attorneys who have any interest in the project other than an arms length fee arrangement for professional services are also considered principals by HUD.

In the case of partnerships, all general partners regardless of their percentage interest and limited partners having a 25 percent or more interest in the partnership are considered principals. In the case of public or private corporations or governmental entities, principals include the president, vice president, secretary, treasurer and all other executive officers who are directly responsible to the board of directors, or any equivalent governing body, as well as all directors and each stockholder having a 10 percent or more interest in the corporation.

Affiliates are defined as any person or business concern that directly or indirectly controls the policy of a principal or has the power to do so. A holding or parent corporation would be an example of an affiliate if one of its subsidiaries is a principal.

Exception for Corporations – All principals and affiliates must personally sign the certificate except in the following situation. When a corporation is a principal, all of its officers, directors, trustees and stockholders with 10 percent or more of the common (voting) stock need not sign personally if they all have the same record to report. The officer who is authorized to sign for the corporation or agency will list the names and title of those who elect not to sign. However, any person who has a record of participation in HUD projects that is separate from that of his or her organization must report that activity on this form and sign his or her name. The objective is full disclosure.

Exemptions – The names of the following parties do not need to be listed on form HUD-2530: Public Housing Agencies, tenants, owners of less than five condominium or cooperative units and all others whose interests were acquired by inheritance or court order.

Where and When Form HUD-2530 Must Be Filed: The original of this form must be submitted to the HUD Office where your project application will be processed at the same time you file your initial project application. This form must be filed with applications for projects, or when otherwise required in the situations listed below:

- Projects to be financed with mortgages insured under the National Housing Act (FHA).
- Projects to be financed according to Section 202 of the Housing Act of 1959 (Elderly and Handicapped).
- Projects in which 20 percent or more of the units are to receive a subsidy as described in 24 C.F.R. 200.213.
- Purchase of a project subject to a mortgage insured or held by the Secretary of HUD.
- Purchase of a Secretary-owned project.
- Proposed substitution or addition of a principal, or principal participation in a different capacity from that previously approved for the same project.
- Proposed acquisition by an existing limited partner of an additional interest in a project resulting in a total interest of 25 percent or more, or proposed acquisition by a corporate stockholder of an additional interest in a project resulting in a total interest of 10 percent or more.
- Projects with U.S.D.A., Farmers Home Administration, or with state or local government housing finance agencies that include rental assistance under Section 8 of the Housing Act of 1937. For projects of this type, form HUD-2530 should be filed with the appropriate applications directly to those agencies.

Review of Adverse Determination: If approval of your participation in a HUD project is denied, withheld, or conditionally granted on the basis of your record of previous participation, you will be notified by the HUD Office. You may request reconsideration by the HUD Review Committee. Alternatively, you may request a hearing before a Hearing Officer. Either request must be made in writing within 30 days from your receipt of the notice of determination.

If you do request reconsideration by the Review Committee and the reconsideration results in an adverse determination, you may then request a hearing before a Hearing Officer. The Hearing Officer will issue a report to the Review Committee. You will be notified of the final ruling by certified mail.

Specific Line Instructions:

Reason for submitting this Certification: e.g., refinance, management, change in ownership, transfer of physical assets, etc.

Block 1: Fill in the name of the agency to which you are applying. For example: HUD Office, Farmers Home Administration District office, or the name of a State or local housing finance agency. Below that, fill in the name of the city where the office is located.

Block 2: Fill in the name of the project, such as "Greenwood Apts." If the name has not yet been selected, write "Name unknown." Below that, enter the HUD contract or project identification number, the Farmers Home Administration project number, or the State or local housing finance agency project or contract number. Include all project or contract identification numbers that are relevant to the project. Also enter the name of the city in which the project is located, and the ZIP Code of the site location.

Block 3: Fill in the dollar amount requested in the proposed mortgage, or the annual amount of rental assistance requested.

Block 4: Fill in the number of apartment units proposed, such as "40 units." For hospital projects or nursing homes, fill in the number of beds proposed, such as "100 beds."

Block 5: Fill in the section of the Housing Act under which the application is filed.

Block 7: Definitions of all those who are considered principals and affiliates are given above in the section titled "Who Must Sign and File...."

Block 8: Beside the name of each principal, fill in the role that each will perform. The following are possible roles that the principals may perform: Sponsor, Owner, Prime Contractor, Turnkey Developer, Managing Agent, Packager, Consultant, General Partner, Limited Partner (include percentage), Executive Officer, Director, Trustee, Major Stockholder, or Nursing Home Administrator. Beside the name of each affiliate, write the name of the person or firm of affiliation, such as "Affiliate of Smith Construction Co."

Block 9: Fill in the percentage of ownership in the proposed project that each principal is expected to have. Also specify if the participant is a general or limited partner. Beside the name of those parties who will not be owners, write "None."

Block 10: Fill in the Social Security Number or IRS employer number of every party listed, including affiliates.

Instructions for Completing Schedule A:

Be sure that Schedule A is filled-in completely, accurately and the certification is properly dated and signed, because it will serve as a legal record of your previous experience. All Multifamily Housing projects involving HUD/FmHA, and State and local Housing Finance Agencies in which you have previously participated **must** be listed. Applicants are reminded that previous participation pertains to the individual principal within an entity as well as the entity itself. A newly formed company may not have previous participation, but the principals within the company may have had extensive participation and disclosure of that activity is required. To avoid duplication of disclosure, list the project and then the entities or individuals involved in that project. You may use the name or a number code to denote the entity or individual that participated. The number code can then be used in column 3 to denote role.

Column 2 List the project or contract identification of each previous project. **All previous projects must be included or your certification cannot be processed.** Include the name of all projects, the cities in which they are located and the government agency (HUD, USDA-FmHA or State or local housing finance agency) that was involved. At the end of your list of projects, draw a straight line across the page to separate your record of projects from that of others signing this form who have a different record to report.

Column 3 List the role(s) of your participation, dates participated, and if fee or identity of interest with owners.

Column 4 Indicate the current status of the loan. Except for current loans, the date associated with the status is required. Loans under a workout arrangement are considered assigned. An explanation of the circumstances surrounding the status is required for all non-current loans.

Column 5 Explain any project defaults during your participation.

Column 6 Enter the latest Management and/or Physical Inspection Review rating. If either of the ratings are below average, the report issued by HUD is required to be submitted along with the applicant's explanation of the circumstances surrounding the rating.

No Previous Record: Even if you have never participated in a HUD project before, you must complete form HUD-2530. If you have no record of previous projects to list, fill in your name in column 1 of Schedule A, and write across the form by your name – "No previous participation, first experience."

Master List System: If you expect to file this form frequently and you have a long list of previous projects to report on Schedule A, you should consider filing a Master List. By doing so, you will avoid having to list all your previous projects each time you file a new application.

To make a Master List, use form HUD-2530. On page 1, in block 1, enter (in capital letters) the words "**Master List**." In blocks 2 through 6 enter in "N.A." meaning Not Applicable. Complete blocks 7 through 10.

In the box below the statement of certification, fill in the names of all parties who wish to file a Master List together (type or print neatly). Beside each name, every party must sign the form. In the box titled "Proposed Role," fill in "N.A." Also, fill in the date you sign the form

and provide a telephone number where you can be reached during the day. No determinations will be made on these certificates.

File one copy of the Master List with each HUD Office where you do business and mail one copy to the following address:

**HUD-2530 Master List
Participation and Compliance
Division – Housing
U.S. Department of Housing and
Urban Development
451 Seventh Street, S.W.
Washington, D.C. 20410**

Once you have filed a Master List, you do not need to complete Schedule A when you submit form HUD-2530. Instead, write the name of the participant in column 1 of Schedule A and beside that write "See Master List on file." Also give the date that appears on the Master List that you submitted. Below that, report all changes and additions that have occurred since that date. Be sure to include any mortgage defaults, assignments or foreclosures not listed previously.

If you have withdrawn from a project since the date the Master List was filed, be sure to name the project. Give the project identification number, the month and year your participation began and/or ended.

Certification:

After you have completed all other parts of form HUD-2530, including Schedule A, read the Certification carefully. In the box below the statement of certification, fill in the name of all principals and affiliates (type or print neatly). Beside the name of each principal and affiliate, each party must sign the form, with the exception in some cases of individuals associated with a corporation (see "Exception for Corporations" in the section of the instructions titled "Who Must Sign and File form

HUD-2530"). Beside each signature, fill in the role of each party (the same as shown in block 8). In addition, each person who signs the form should fill in the date that he or she signs, as well as providing a telephone number where he or she can be reached during business hours. By providing a telephone number where you can be reached, you will help to prevent any possible delay caused by mailing and processing time in the event HUD has any questions.

If you cannot certify and sign the certification as it is printed because some statements do not correctly describe your record, use a pen and strike through those parts that differ with your record, then sign and certify to that remaining part which does describe you or your record.

Attach a signed letter, note or an explanation of the items you have struck out on the certification and report the facts of your correct record. Item A(2)(e) relates to felony convictions within the past 10 years. If you have been convicted of a felony within 10 years, strike out all of A(2)(e) on the certificate and attach your statement giving your explanation. A felony conviction will not necessarily cause your participation to be disapproved unless there is a criminal record or other evidence that your previous conduct or method of doing business has been such that your participation in the project would make it an unacceptable risk from the underwriting standpoint of an insurer, lender or governmental agency.

The Department of Housing and Urban Development (HUD) is authorized to collect this information by law (42 U.S.C. 3535(d) and 24 C.F.R. 200.217) and by regulation at 24 CFR 200.210. This information is needed so that principals applying to participate in multifamily programs can become HUD-approved participants. The information you provide will enable HUD to evaluate your record with respect to established standards of performance, responsibility and eligibility. Without prior approval, a principal may not participate in a proposed or existing multifamily project. HUD uses this information to evaluate whether or not principals pose an unsatisfactory underwriting risk. The information is used to evaluate the potential principals and approve only individuals and organizations who will honor their legal, financial and contractual obligations.

Privacy Act Statement: The Housing and Community Development Act of 1987, 42 U.S.C. 3543 requires persons applying for a Federally-insured or guaranteed loan to furnish his/her Social Security Number (SSN). HUD must have your SSN for identification of your records. HUD may use your SSN for automated processing of your records and to make requests for information about you and your previous records with other public agencies and private sector sources. HUD may disclose certain information to Federal, State and local agencies when relevant to civil, criminal, or regulatory investigations and prosecutions. It will not be otherwise disclosed or released outside of HUD, except as required and permitted by law. You must provide all of the information requested in this application, including your SSN.

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

A response is mandatory. Failure to provide any of the information will result in your disapproval for participation in this HUD program.

PROGRAMS REQUIRING HUD-2530 APPROVAL

Multifamily Mortgage Insurance Programs

- o Multifamily Rental Housing (Section 207)
- o Manufactured Home Parks (Section 207M)
- o Cooperative Housing (Section 213)
- o Urban Renewal/Declining Area Rental Housing (Section 220)
- o Multifamily Rental Housing for Moderate-Income Families (Section 221(d) (3), (d) (4), and (d) (5))
- o Rehabilitation Sales Projects (Section 221(h))
- o Refinance Projects with Existing HUD-insured Mortgages (Section 223(a) (7))
- o Rehabilitation/Refinance Existing, Declining Neighborhood (Section 223(e))
- o Existing Multifamily Rental Housing (Section 223(f))
- o Mortgage Insurance for Single Room Occupancy Projects (Section 221(d) pursuant to Section 223(g))
- o Mortgage Insurance for Housing for the Elderly (Section 231)
- o Nursing Homes, Intermediate Care Facilities, and Board and Care Homes (Section 232)
- o Experimental Housing (Section 233)
- o Housing for Lower Income Families (Section 236)
- o Supplemental Loans for Multifamily Projects (Section 241)
- o Hospitals (Section 242)
- o Group Practice Medical Facilities (Title XI)
- o Congregate Housing Services
- o HOPE 2: Homeownership of Multifamily Units (Title IV)
- o Low-Income Housing Preservation and Resident Homeownership (Title VI)
- o Emergency Low-Income Housing Preservation (Title II)
- o Risk Sharing Projects Processed by State/Local Agencies (Section 542(c) of The HCD Act of 1992)

Multifamily Direct Loan or Capital Advance Programs

- o Direct Loans for Housing for the Elderly or Handicapped (Section 202)
- o Supportive Housing for the Elderly (Section 202)
- o Supportive Housing for Persons with Disabilities (Section 811)

Multifamily Project-Based Tenant Subsidy Programs

- o Section 8 Community Investment Demonstration
(HUD Demonstration Act of 1993)
- o Section 8 New Construction (24 C.F.R. 880)
- o Section 8 Substantial Rehabilitation (24 C.F.R. 881)
- o Section 8 Property Disposition (24 C.F.R. 886(c))
- o Rent Supplement (Section 101)
- o Section 236 State Agency Non-insured Projects

Note: Other multifamily programs may be added or deleted from time to time.