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CHAPTER 13. CORRECTIVE AND REMEDIAL ACTIONS AND SANCTIONS

13-1. CORRECTIVE AND REMEDIAL ACTIONS

- A. At any time during the program year when the Urban Homesteading Coordinator discovers or learns of a problem that appears to require corrective or remedial action in a locality's urban homesteading program, immediate action should be taken in accordance with 24 CFR 590.21 or 590.31 and this Handbook.

Technical assistance should always be offered to the LUHA. In cases of suspected fraud, the HUD Office of Inspector General should be informed immediately for further investigation and action.

- B. The Urban Homesteading Coordinator shall document all findings of non-compliance and file them in his/her file on the LUHA along with documentation of all correspondence and efforts to resolve the problem.
- C. As an initial corrective action, except where there is clear and convincing evidence of ongoing statutory non-compliance, a letter of warning signed by the Field office Manager, or designee, shall be sent advising the LUHA of its deficiency(ies), and putting the LUHA on notice that more serious corrective and remedial actions will be taken by HUD if the LUHA does not correct the deficiency or if it is repeated. The letter shall also specify what the corrective and remedial actions will be. Copies shall be sent to the Director of the Urban Homesteading Program, Rehabilitation Loans and Homesteading Division, CPD, Headquarters. See also paragraph 13-2.D.
- D. Letters issuing warnings and specifying corrective and remedial actions should be, detailed and always include schedules for implementation, and penalties for noncompliance, as permitted by 24 CFR 590.21 and 590.31.

13-2. PROCEDURES FOR IMPOSING SANCTIONS

- A. When all reasonable efforts to correct problems have failed, or in all cases where there is clear and convincing evidence of ongoing statutory non-compliance, the Urban homesteading coordinator shall recommend the imposition of sanctions on the LUHA.
- B. Sanctions should be matched to the severity of the problem and may include one or more of the following;
1. temporary suspension of an identified, defective activity, e.g., suspension of property acquisition from the Section 312,
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- FHA, VA and FmHA inventories, until corrective action has been taken (see 24 CFR 590.31(b)).
2. suspension of new, or cancellation of existing reservations of Section 810 funds (24 CFR 590.21) or conditioning the approval of the next annual request for program participation if there is substantial evidence of a lack or progress, noncompliance, or a lack of continuing capacity (24 CFR 590.31(c)). In conditioning cases, HUD shall specify the reasons for the conditional approval and the actions necessary to remove the condition.
  3. repayment to the Section 810 fund if a LUHA has converted a property for a non-homesteading use, received excessive consideration for its conveyance, or failed to adequately preserve and protect the property so that it no longer can be homesteaded or will be affordable to a homesteader. The LUHA may be required to repay to HUD either the amount of compensation that the LUHA received or the amount of Section 810 funds expended for the property, as appropriate (24 CFR 590.31(e)).
  4. termination of the Urban Homesteading Program Participation Agreement and close-out of the program, in cases of continued substantial noncompliance (24 CFR 590.31(d)).
- C. The Field Office Manager, or designee, shall sign all letters notifying the LUHA of sanctions. Field Office Counsel shall review and concur in all letters imposing sanctions under this Paragraph 13-2. Copies shall be sent to the Director or the Urban Homesteading Program, Rehabilitation Loans and Homesteading Division, CPD, Headquarters.
- D. Letters containing warnings and/or specifying sanctions shall also specify remedial actions to be taken and acceptable timeframes for actions to be corrected. In general, unless there, is a danger that the LUHA will take further actions in noncompliance with the Act in the interim, the LUHA should be given 30 calendar days within which to present its point of view and appeal the matter to the Field Office Manager if there is disagreement. In cases where there is clear and convincing evidence of ongoing statutory non-compliance, an interim sanction, such as suspension, shall be imposed immediately to maintain the status quo until a permanent sanction goes into effect, or the noncompliance is resolved.