1. This Transmits HUD Handbook 6400.1, REV-1, Urban Homesteading Program

2. Explanation of Significant Changes: This Handbook has been completely revised to reflect legislative, policy and procedural changes in the Urban Homesteading Program. The most significant changes are itemized below.

(a) The requirement for an annual LUHA on-site inspection to verify the continued occupancy of the property by the homesteader during the 5 year conditional conveyance period.

(b) New application requirements and certifications for LUHAs.

(c) A new Urban Homesteading Program Participation Agreement.

(d) The elimination of a funds reservation for each LUHA and the introduction of an individual property reservation on a first-come, first-served basis.

(e) The increase in the as-is value from $20,000 to $25,000 for the first unit, and from $5,000 to $8,000 for each additional unit (up to four units).

(f) The replacement of a three-pronged priority for homesteader selection by a single priority for lower-income families.

(g) Procedures under which a qualified community organization (private non-profit corporation) may be designated as a Local Urban Homesteading Agency (LUHA).

(h) Procedures for handling Section 312 loan delinquencies on urban Homesteading properties.

(i) Definitive procedures for alternative use requests.

(j) New Regional Office monthly and annual, reporting requirements.

(k) Clarification of HUD monitoring requirements and inclusion of a revised in-depth monitoring checklist.
(1) Reservation of Chapter 9 for the inclusion of procedures for
LUHA acquisition of properties held by the Resolution Trust
Corporation (RTC).

3. Cancellations: All of HUD Handbook 6400.1 is cancelled.

Insert HUD Handbook 6400.1 REV-1.