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## CHAPTER 4. APPLICATION REVIEW AND PROCESSING

### 4-1. PREAPPLICATION PROCEDURES

#### A. Technical Assistance

When a State or unit of general local government indicates a desire to participate in the HUD Section 810 Urban Homesteading Program, the Urban Homesteading Coordinator shall explain the statutory, regulatory, and program management requirements. The Coordinator may request the technical assistance of Field Office specialists, e.g., FHEO, Regional or Field Counsel's Office, etc., to provide advice to the State or unit of general local government. Additionally, the help of other local officials who have experience in administering a homesteading program may be called upon to provide valuable insights for their peers.

#### B. Planning Information

If the State or unit of general local government wishes to apply to participate in the program, the Coordinator shall provide the prospective applicant with a copy of this Handbook and shall specifically:

1. Explain the program application requirements;
2. Inform the State or unit of general local government of the other Federal requirements that should be considered in the planning stages, e.g., Flood Disaster Protection Act, lead-based paint, affirmative marketing, etc;
3. Make a preliminary evaluation of the capacity of the State or unit of general local government to initiate a program and provide whatever additional technical assistance on program design and management as may be necessary or requested;
4. Inform the State or unit of general local government that it, or its designated public agency or qualified community organization, must have the legal authority to carry out an Urban Homesteading Program, such as the acceptance and conveyance of properties under the provisions of the Act and 24 CFR Part 590;
5. Inform the State or unit of general local government of the range of funds that would be available in the Field Office based on the timing of program initiation during the fiscal year and the number of available properties currently suitable for homesteading;

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6. Inform the State or unit of general local government that it should be reasonably certain that it will be able to acquire a minimum of five properties each fiscal year. This may not be possible for a LUHA that is approved near the end of the fiscal year, but should occur in subsequent years in order for the program to be cost effective;
  7. Encourage the State or unit of general local government to establish a counseling and/or training program that adequately informs the homesteader of his/her homesteading responsibilities, and how to manage and maintain a home;
  8. Provide a listing of HUD-owned properties in the State, or unit of general local government's jurisdiction not subject to executed repair or sales contracts or leases; and
  9. Have the State or unit of general local government request a similar listing of VA- and FmHA-owned properties from the offices of those agencies having jurisdiction over the locality. No interruption of disposition activities for properties on the lists provided by the Federal agencies shall occur during this preapplication stage.

#### 4-2. APPLICATION SUBMISSION REQUIREMENTS

##### A. Identity of Applicant

The applicable State or unit of general local government must be the applicant seeking approval of the local urban homesteading program from HUD. The State or unit of general local government may directly act as the local urban homesteading agency (LUHA) or it may designate a separate, independent local public body or qualified community organization to act as the LUHA, provided that such body also executes the Urban Homesteading Program Participation Agreement with HUD. In either case, the program application is executed in the name of, and submitted by, the responsible State or unit of general local government itself.

##### B. Submission of Application

The Chief Executive Officer of the State or unit of general local government or his/her authorized representative, may execute and submit an application for the first time at any time during the year to the appropriate HUD Field Office. In subsequent years, the State or unit of general local government will submit an annual request to continue program participation no later than August 1 of each year (see paragraph 4-7). The application or annual request to participate cannot be executed in the name of, or be submitted by, a designated public agency or qualified community organization alone.

C. Content of Application 590.11 (a).

The initial application shall contain:

1. Standard Form 424 (Appendix 2).
  2. A map of each proposed urban homesteading neighborhood with geographic boundaries indicated and census tracts shown.
  3. A statement of the local goals for the homesteading program for each neighborhood selected. Goals should be in conformance with the locality's overall community development goals. This will assist the LUHA and HUD in judging whether the program is achieving the intended results and whether its procedures are consistent with meeting its goals.
  4. A description of the applicant's proposed homesteader selection procedures which complies with Chapter 3, paragraph 3-1, F. and 24 CFR 590.7(b)(2).
  5. The applicant's proposed legal documents for conditional and fee simple conveyance and the Homesteader Agreement, developed pursuant to 24 CFR 590.7(b)(3), (5) and (7).
  6. An estimate of the amount of Section 810 funds to be used during the current Federal fiscal year and a statement describing the basis for the estimate, including the number of properties expected to be acquired during the year prepared after consultation with HUD/FHA, FmHA or VA, as appropriate.
  7. If the applicant itself will be acting as the LUHA, the applicant should identify the department, bureau, or office of the State or unit of local government that will be responsible for the local Urban Homesteading Program. If the applicant will be designating a separate public body or a qualified community organization as LUHA, the applicant must submit a written agreement which meets the requirements noted in Chapter 3, paragraph 3-1, D, and 24 CFR 590.7(c). Identification of the local contact person, and his/her title and telephone number, should be included.
  8. Certifications meeting the requirements, of 24 CFR 590.11(d) signed by the locality's Chief Executive Officer or their authorized representative and the Chief Executive Officer or authorized representative of the designated LUHA (Appendix 3).
  9. Any additional documentation that HUD requests after initial application review pursuant to the standards of 24 CFR 590.13.
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D. Field Office Responsibility

The Urban Homesteading Coordinator shall:

1. Immediately upon receipt of the application in the Field Office, date stamp the application and log it in the Field Office records;
2. Within three days of the log-in date, screen the application for completeness in accordance with the requirements of paragraph C. above; and
3. Within five days of such log-in date, notify the applicant in writing that the application has been received and officially accepted for review or is being returned because there are missing items or deficiencies.

4-3. INITIAL APPLICATION REVIEW

A. Field Office Responsibility

Application reviews shall be made by Community Planning and Development (CPD) staff, Fair Housing and Equal Opportunity (FHEO) staff, the Environmental Clearance Officer (ECO), and consultation with Field Counsel, as appropriate. All reviews shall be completed within 30 calendar days from the date that the Field Office officially accepts the application for review. (See paragraph 4-2(0)(3).)

B. Community Planning and Development Review

1. The Urban Homesteading Coordinator shall review the initial application to determine whether it may be approved under the application review standards of 24 CFR 590.13. This requires the proposed program to comply with all requirements of the Act, 24 CFR Part 590, and any other applicable laws and regulations, and this Handbook. A LUHA may be requested to supplement its application to provide evidence of the legal authority empowering the LUHA to carry out its program, the appropriateness of its program design (including program advertising and marketing methods), or any other data to which the locality certified or is relevant to application approval.
2. The Urban Homesteading Coordinator shall consult with other CPD staff (CPD Representative, Rehabilitation Management Specialist, etc.) to learn if they have any information, based on past experience with the applicant in administering housing rehabilitation and community development programs, which is substantially inconsistent with the applicant's

certification concerning its ability to administer a program in a timely and

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cost effective manner. Specifically, does the applicant or its designated administering agency have the capacity to administer this new program or does it show a demonstrated lack of capacity to undertake this added responsibility.

3. The application must be consistent with all available facts and data. That is,
  - a. Are there monitoring issues, audit findings, etc. related to other HUD programs that should be resolved before this new program is considered for approval?
  - b. If the applicant designates a public agency or a qualified community organization as the Local Urban Homesteading Agency to administer the program, is the agency a legitimate public or non-profit agency? If there is any question about the eligibility of a particular LUHA, the Field Office Counsel should be consulted.
  - c. Does the estimated value of foreclosed Federal properties come within the \$25,000 value permitted under the regulation to acquire a Section 810 property? Is the estimate reasonable in light of property values in the designated urban homestead neighborhoods? If not, will the applicant utilize other community development funds in conjunction with Section 810 funds to acquire the intended federally-owned properties for homesteading. No new program should be approved that requires an authorization to acquire higher value properties upon initial entry into the program (see Chapter 7, paragraph 7-3, B.), unless the LUHA agrees to supplement the Section 810 funds with CDBG or other public funds.

C. Environmental Review

HUD compliance with 24 CFR Part 50 requires that an environmental review be completed either prior to HUD approval of the Urban Homesteading application (and prior to HUD approval of any amendment to add, delete, or alter the boundaries of target urban homesteading neighborhood(s)) or prior to the transfer to the LUHA of any property in a neighborhood which has not had an acceptable environmental review under 24 CFR Part 50.

The environmental review will consist of one of the following:

1. Adoption of a prior environmental review where the State or unit of general local government, for purposes of its separate CDBG, UDAG, Section 312, or Rental Rehabilitation Programs, has completed an environmental assessment or Environmental Impact Statement in the proposed urban homesteading neighborhood(s). This shall include a comprehensive review of environmental

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conditions in the proposed target urban homesteading neighborhood(s) and review of how the proposed urban homesteading actions and all other related public actions impact the environment of the proposed target neighborhood(s).

The Field Office Environmental Officer shall determine whether the review submitted by the State or local government is acceptable. If it is acceptable, the Environmental Officer shall document this in writing; or

2. Where there is no such acceptable prior review, the State or unit of general local government may prepare a new or amended environmental assessment or Environmental Impact Statement for its separate CDBG, UDAG, Section 312, or Rental Rehabilitation Program or independently to include both the urban homesteading neighborhood(s) and activities. If the new or amended environmental assessment or Environmental Impact Statement is found acceptable, the Field Office Environmental Officer shall document this in writing; or
3. If there is no prior environmental review (as in #1 above), or if the State or unit of general local government elects not to prepare an assessment (as in #2 above), a review is required on Peach property that the LUHA identifies on Form 40050 to be transferred. Where the aggregation criteria of 24 CFR 50.21 are applicable, the affected units listed on Form 40050 shall be evaluated together, including pertinent environmental aspects of the community's coordinated approach to neighborhood improvement for the LUHA-designated neighborhood. The LUHA is required to provide documentation that will enable the HUD Urban Homesteading Coordinator to prepare the environmental review in accordance with Part 50. The Field Environmental Office will provide advice and assistance, as necessary.

HUD and LUHA's should be aware that all properties entering the HUD inventory of foreclosed properties are subject to environmental review by HUD Property Disposition staff. Furthermore, later, when the property is transferred to the individual homesteader and the rehabilitation funding source has been identified, an additional review will be necessary if the

funding source is a Section 312 loan. Where Section 312 loans are used, the LUHA or the local processing agency (LPA) will furnish to HUD the appropriate information needed for treatment of rehabilitation activities required for compliance with 24 CFR Part 50.4 and in accordance with the procedures described in the Section 312 rehabilitation Loan Financing Handbook, HUD Handbook 7375.01, Rev-2.

D. Fair Housing and Equal Opportunity Review

FHEO staff shall review the application under the standards in 24 CFR 590.13 with respect to the requirements of 24 CFR 590.11(d)(5)

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and paragraph 3-1, E. of this Handbook for the applicant and LUHA to comply with civil rights laws and do affirmative marketing. This is intended to ensure non-discrimination in the selection of homesteaders and that no eligible person is denied equal opportunity for housing, or excluded from equal participation in the homestead program, on the basis of race, creed, color, national origin, age, sex, handicapping condition, religion, or familial status and that the applicant and LUHA will comply with all requirements of Title VI of the Civil Rights Act of 1964; Executive Order 11063; Title VIII of the Civil Rights Act of 1968, as amended; section 504 of the Rehabilitation Act of 1973; and the Age Discrimination Act of 1975, Section 562 of the Housing and Community Development Act of 1987, and all applicable regulations issued under these authorities, in any activity in its Homestead Program.

E. Legal Review

Legal staff shall review the applicable homesteader conveyance documents, as applicable, contained in the application for compliance with 24 CFR Part 590 and this handbook, and State and local law. Field Counsel shall also review the written agreement between the applicant and the LUHA, if any, for compliance with 24 CFR 590, particularly 590.7(c), and this Handbook. Field Counsel may rely on opinions of public body counsel as to questions of State and local law, or may independently assess these questions, at their discretion.

F. Coordination of Reviews. Completed reviews of the application shall be sent to the Urban Homesteading Coordinator for coordination in completing the approval/disapproval process (or further action in accordance with paragraphs G. and 4-4 below.)

G. Correction of Deficiencies and/or Disapproval of the Application. If information presented in any reviews of the application indicates the applicant does not meet the review standards of

this paragraph (Application Review, paragraph 4-3) and 24 CFR 590.13, the applicant shall be given the opportunity to develop appropriate alternatives.

1. If adequate alternatives can address the deficiencies, a letter for the CPD Director's signature shall be sent to the applicant outlining the recommended changes in the program and requesting a response within 30 calendar days.
2. If there are no workable alternatives, the CPD Director shall send a letter to the applicant stating the specific reason(s) for disapproval of the application, as required by 24 CFR 590.13.

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#### 4-4. APPROVAL OF THE PROPOSED URBAN HOMESTEADING PROGRAM

- A. When the Urban Homesteading Coordinator has reviewed the assessments of the application and all requirements of the statute and regulations have been fulfilled and there appear to be no impediments to a workable program, the program shall be recommended for approval.
- B. If a satisfactory revision to the program is proposed by the applicant in response to HUD recommendations under paragraph 4-3, G.1, the program shall also be recommended for approval.
- C. If a revision to the program is proposed by the applicant which will require time to implement, and the program is feasible to start prior to full correction of the problem area, the program may be recommended for approval, with conditions.
- D. The Urban Homesteading Coordinator shall review the number and estimated fair market value of federally-owned properties in the urban homesteading neighborhood(s); the availability of Section 810 funds to the Field Office; the readiness of the locality to begin property transfers; and the length of time left in the fiscal year to spend funds. Based on this review, the Coordinator shall prepare an approval package for the Field Office Manager's signature which includes:
  1. The CPD Director's recommendation to the Field Office Manager to approve the program;
  2. If funds are available at the time of application approval, an approval letter to the Chief Executive Officer (CEO) of the applicant stating the amount of funds assigned to the Field Office, and that funds will be reserved for specific properties on a first-come, first-served basis upon execution of the Urban Homesteading Program Participation Agreement,



and the assignment of a program number which reflects the current fiscal year (see Chapter 5, Numbering System for Urban Homesteading Documents). The items noted in subsection 4 below must be attached. If a temporary 60-day initial allocation of Section 810 funds is to be made available to the LUHA at this time pursuant to 24 CFR 590.21 and paragraph 6-3.C. of this Handbook, the letter should also discuss that allocation. (Appendix 26C)

3. If funds are not available at the time of application approval, an approval letter to the CEO that assigns a program number to the LUHA (Appendix 26A). The letter shall indicate that there is a delay in funding and the anticipated date of when funds will be available in the Field Office. The items noted in subsection 4 below must accompany this first letter to the CEO. Upon availability of Funds, a second letter shall be

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sent to the CEO that states the amount of Section 810 funding assigned to the Field Office (Appendix 26B). This letter shall state that funds will be reserved for the LUHA for specific properties on a first-come, first-served basis, upon execution of the Urban Homesteading Agreement. If a temporary 60-day initial allocation of Section 810 funds is to be made available to the LUHA at this time pursuant to 24 CFR 590.21 and paragraph 6-3.C. of this Handbook, the letter should also discuss that allocation.

4. An original and two copies of the HUD-40051, Urban Homesteading Program Participation Agreement (Appendix 4).
- E. The approval package shall be transmitted to the Field Counsel for concurrence.
  - F. When the approval package has been concurred in by the Field Counsel, the package shall be submitted to the Field Office Manager for signature. Upon execution of the approval package, the Urban Homesteading Coordinator shall send the approval letter, including items listed in paragraph 4-4, D. 4, above to the Chief Executive Officer (CEO) of the applicant. The CEO of the applicant, or the authorized representative, and the CEO or the authorized representative of any separate public agency or qualified community organization designated to administer the program, if applicable, will sign the Urban Homesteading Program Participation Agreement, return the original copy to the Urban Homesteading Coordinator and retain a signed copy.
  - G. When the Urban Homesteading Program Participation Agreement is executed and returned to the Field Office by the applicant, the Urban Homesteading Coordinator shall:

1. Forward copies of the Agreement to the Regional Accounting Director and the Regional Director for Community Planning and Development;
2. Send one copy of the Agreement, Standard Form 424, application and approval letter to the Director, Urban Homesteading Program, Rehabilitation Loans and Homesteading Division, Office of Urban Rehabilitation, CPD, Headquarters; and
3. Give a copy of the Standard Form 424 to the FORMS/CPD Data Base Manager who will enter the appropriate information on the C24 management information system (See Chapter 11, Reporting and Recordkeeping).

In subsequent approvals of any Program Amendments as noted in paragraph 4-6 below, the Urban Homesteading Coordinator shall provide approval documentation to the same offices as stated in this paragraph.

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#### 4-5. URBAN HOMESTEADING PROGRAM PARTICIPATION AGREEMENT

- A. The Urban Homesteading Program Participation Agreement, HUD Form 40051 (Appendix 4), executed by the Field Office Manager, the CEO of the applicant, or the authorized representative, and the CEO or the authorized representative of any independent public agency or qualified community organization designated as a LUHA, if applicable, shall be valid until the local urban homesteading program is closed out by HUD. (Agreements are not executed on an annual basis.) The Agreement is re-executed by all parties only when the administering agency for the local program changes (See paragraph 4-6, G).
- B. The Agreement does not obligate HUD, the VA or FmHA to transfer title to a specific number of properties or particular properties identified in the application; and it does not legally obligate HUD to expend a specific amount of Section 810 funds in connection with the program.
- C. The regulations in 24 CFR Part 590 become part of the Agreement.

#### 4-6. PROGRAM AMENDMENTS

- A. At any time during the year the Chief Executive Officer, or authorized representative, of the State or unit of general local government may submit proposed amendments to a HUD-approved local urban homesteading program. HUD approval is required before the State or unit of general local government changes the size,

location or number of urban homesteading neighborhoods; the public agency or qualified community organization designated to administer the program; the goals of the program; the homesteader selection procedures; or substantially changes the legal documents transferring the property to the homesteader.

B. Requests for HUD approval of program amendments shall include, as applicable:

1. a cover letter explaining the reasons for the requested revision,
2. a Standard Form 424 attaching, to the extent applicable:
  - a. a revised goals statement for the neighborhood(s);
  - b. a map of the revised urban homesteading areas;
  - c. a revised LUHA designation;
  - d. a description of the revised homesteader selection procedures;

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- e. the applicant's revised legal documents for conditional and fee simple conveyance and the Homesteader Agreement.

C. The Urban Homesteading Coordinator will have the requested amendments to the initial application (see paragraph 4-2, C.) (except funding) reviewed by the original application reviewers, to the extent necessary, in accordance with 24 CFR Part 590.13(b) and paragraph 4-3, taking into account the overall performance of the applicant under the performance standards in 24 CFR 590.29(a) as well as the nature of the amendments themselves.

D. Reviews based on the following criteria should be completed within 30 calendar days. Additional data needed for the reviews may be requested from the State or unit of general local government.

1. Altering Target Neighborhood Boundaries. Reviews of requests to enlarge or contract approved urban homesteading neighborhood boundaries should focus on whether the applicant's stated goals for the program can continue to be achieved in a cost-effective manner; whether appropriate supporting activities and services will continue to be supplied; whether properties suitable for homesteading are available; and whether sufficient financial resources to support the required rehabilitation are available. Above all, approval of proposals to alter or change neighborhoods

should take into consideration the LUHA's prior performance in selecting properties and moving them through the homesteading process.

2. Changing Target Neighborhoods. Reviews of requests to add or delete urban homesteading neighborhoods should focus on the same criteria as paragraph 1 above, with particular emphasis on the goals of the applicant and the suitability of the new neighborhood(s) for the type of treatment proposed.
3. Changing Neighborhood Goals. Reviews of requests to change the applicant's goals for the urban homesteading target neighborhood(s) should focus on the consistency of the new goals with the statutory goals of the program as stated in 24 CFR 590.1(b); that is, the purpose of the program is to use existing housing stock to provide homeownership opportunities primarily for lower-income families, and encouraging public and private investment in the homestead neighborhood(s) thus assisting in their preservation and revitalization. The new goals should be achievable in a timely manner consistent with the resources of the applicant; economic and neighborhood conditions; the state of the housing market; the ability of public and private supporting agencies to perform for the applicant; and the likelihood of the other public and private investment materializing.

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4. Changing Homesteader Selection Procedures. Reviews of homesteader selection procedures must focus on compliance with 24 CFR 590.7(b)(2) and paragraph 3-1, D. and E. of this Handbook.
  5. Changing Legal Documents. Review of these documents should be conducted under the principles stated in paragraph 4-3, E. of this Handbook.
  6. Changing Designated Administrative Agencies. Reviews of requests to change the applicant's designated agency should focus on the legal and administrative capacity of the new agency to carry out the program in a timely and cost-effective manner. Specifically, Field Counsel should also review the written agreement with the LUHA under the principles stated in paragraph 4-3, E. of this Handbook and, in addition, shall assure that appropriate provisions are included to transfer interests in homestead properties held by the former LUHA to the new LUHA in accordance with 24 CFR 590.7(c)(3)(iii).
- E. As a result of periodic performance monitoring, deficiencies in program operation may require HUD to recommend or require program

revisions in addition to providing technical assistance. The Urban Homesteading Coordinator should inform the locality of any recommendations and provide the necessary technical assistance.

- F. The procedures for program disapproval or approval actions in paragraphs 4-3. G. and 4-4 above shall be followed for program revisions that are basically application changes.
- G. The Urban Homesteading Agreement shall be amended to reflect the approved change in the designation of a new administering agency for the local urban homesteading program and shall be re-executed by the Field Office Manager, the Chief Executive Officer of the applicant, or the authorized representative, and the CEO or the authorized representative of the administering agency.

#### 4-7. ANNUAL REQUEST FOR PROGRAM PARTICIPATION

- A. The Chief Executive Officer or authorized representative of the State or unit of local government (the applicant) shall, no later than August 1 of each succeeding Federal fiscal year, send a request to the Field Office Manager for continued program participation. A Standard Form 424 is not required to continue in the program unless the LUHA is also making program revisions at this time (see paragraph 4-6).
  - 1. If the applicant wishes to actively participate in the program with federally-owned properties, the letter for continued program participation must contain an estimate of the Section 810 funds needed for the year, along with a brief description

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of the basis for the estimate, including the number of properties expected to be acquired during the year prepared after consultation with HUD/FHA, FmHA or VA, as appropriate. Additionally, if the applicant wishes to make amendments to its HUD-approved program at this time, the procedures listed in paragraph 4-6 above should be followed and the additional information attached to the letter.

- 2. If the applicant wishes to maintain HUD approval of its Urban Homesteading Program, but anticipates that it may be inactive in the beginning of the fiscal year because there are few or no federally-owned properties suitable for homesteading that are available at the time of the annual request to participate, the situation should be described briefly in the letter. If a LUHA remains inactive for more than two years and local market conditions demonstrate that an insufficient number of affordable, federally-owned properties is likely to be available for the next Federal fiscal year, the Urban

Homesteading Coordinator should implement the close-out procedures stated in Chapter 14.

- B. If the applicant submits an annual request for program participation, the Urban Homesteading Coordinator should review the request as follows:
1. Program amendments submitted with the annual request for program participation should be reviewed and acted upon as in paragraph 4-6 above.
  2. Annual performance reviews shall be conducted by the Urban Homesteading Coordinator in accordance with Chapter 12 of this handbook, and the applicant's compliance with monitoring findings and conditions on the Urban Homesteading Agreement shall be investigated. If the applicant has made satisfactory progress in meeting the conditions and resolving the findings, its continued participation in the program should be recommended for approval to the CPD Director. If management problems have yet to be resolved, but they do not seriously inhibit the successful operation of the program, and they are scheduled to be addressed during the upcoming program year, a conditional approval of continued participation should be recommended. If the program is plainly inconsistent with available facts and data, or the applicant's past performance does not meet the standards in 24 CFR 590.29(a) (see Chapter 12), and is not likely to be corrected in a reasonable period of time, the request for continued program participation should be disapproved and the applicant shall be advised in writing of the specific reasons for disapproval pursuant to 24 CFR 590.13(b). Action shall then be taken to close out the program in accordance with 24 CFR 590.23 and Chapter 14 of this Handbook.

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3. The Section 810 funding request should be reviewed in coordination with the HUD Property Disposition staff and the VA and FmHA Property Management staffs to ascertain whether the applicant's estimate of the number of suitable federally-owned properties proposed to be available during the program year is realistic, and whether the estimates of average fair market values are correct. In general, a LUHA should be able to anticipate homesteading a minimum of five properties per year in order for its program to be cost effective and have a discernable neighborhood impact.
  4. While the Regional and Field Offices are awaiting Headquarters approval for the new Fiscal Year funding, the Urban Homesteading Coordinator shall prepare the annual program participation approval package. The package shall include:

- a. The recommendation of the CPD Director to the Field Office Manager that the LUHA be approved to participate in the Urban Homesteading Program for the new Fiscal Year;
  - b. An approval letter to the Chief Executive Officer of the applicant stating that the funding level for Section 810 funds has not been established at this time, but they will be notified in writing of funding availability at a later date, and the program number reflecting the new fiscal year for which the funds are provided (Appendix 26D);
  - c. If a program amendment designating a new administering agency is approved at this time, an amended Urban Homesteading Program Participation Agreement, HUD-40051, shall be prepared and processed as in paragraph 4-6 above.
5. The approval letter shall be completed and the relevant items processed in the same manner as in paragraph 4-4, D., E., F. and G. and the applicant notified of approval no later than October 1, the first day of the new Federal fiscal year. The FORMS/CPD Data Base Manager shall be informed of the LUHA's new Fiscal Year project number, and any other changes, as appropriate.
  6. HUD's Notification to Congress -- HUD-40052. Since LUHAs will receive Section 810 funds only as individual properties are acquired on a first-come, first-served basis, HUD's notification to Congress will occur upon obligation of all funds for the LUHA for that Fiscal Year.

When all LUHAs within the Field Office have acquired all the properties that they will be able to acquire for the Fiscal Year or there are no longer funds available to acquire

additional properties, the Urban Homesteading Coordinator shall prepare a separate HUD Notification to Congress, HUD-40052, for each LUHA which will state the amount of Section 810 funds expended (see Appendix 5). The HUD-40052's shall be batched and sent to the Director, Urban Homesteading Program, Headquarters. A copy shall be sent to the Regional Director, CPD. Upon receipt of all HUD-40052's from all Field Offices, the Director, Urban Homesteading Program, will batch them and send them to the Assistant Secretary for Legislation and Congressional Relations (LCR). (No individual HUD-40052 is to be faxed directly to LCR.)

