

U.S. Department of Housing and Urban Development  
Community Planning and Development

---

Special Attention of: Transmittal Handbook No.: 6400.1 REV-1

CPD Staff Issued: March 1990  
CPD Urban Homesteading Coordinators  
Local Urban Homesteading Agencies (LUHAs)

---

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.
4. Filing Instructions: Remove Handbook 6400.1 dated April 1980.  
Insert HUD Handbook 6400.1 REV-1.

---

Handbook

6400.1 REV-1

U.S. Department of Housing and Urban Development  
Office of Community Planning and Development

---

Program Participants  
and Departmental  
Staff

---

March 1990

Urban Homesteading  
Handbook

---