

If the LUHA selects a successor homesteader, it shall require the successor homesteader to assume the original homesteader's remaining obligations under his/her homesteader agreement and conditional conveyance in compliance with this part.

(7) *Fee simple title.* The program shall provide for the conveyance of fee simple title to the property from the LUHA to the homesteader, or successor homesteader, without substantial consideration upon compliance with the terms of the homesteader agreement and conditional conveyance.

(8) *Homesteading infeasible; alternative use.* If completion of homesteading proves, in the judgment of HUD, to be infeasible for any reason after a LUHA has accepted title to a federally-owned property, the LUHA shall not demolish, dispose of, rent or otherwise convert the property to its own use until HUD approves an alternative use.

(c) *Designation of LUHA*—(1) *Responsibilities.* Under the requirements of this § 590.7(c), the applicant shall designate a LUHA, which shall have primary responsibility for administering the local urban homesteading program for the applicant. Although the applicant may at any time amend its local urban homesteading program to designate a new LUHA, subject to HUD approval, neither the applicant nor the designated LUHA may delegate or contract out to another legal entity the function of accepting and conveying in its own name title to properties for homesteading purposes under this part. To the extent permitted by the applicant, the LUHA may use third parties as contractors, consultants, or agents to assist in carrying out other functions and responsibilities with respect to the local urban homesteading program, by entering into a written agreement between the LUHA and the third party. No such agreement shall be deemed to relieve the LUHA or the applicant of responsibility for the third party's actions in connection with the local urban homesteading program.

(2) *Identity of LUHA.* The LUHA must have legal authority to carry out a local urban homesteading program as described in this part, including the authority to accept and convey title to properties under paragraph (b) of this

§ 590.7. To the extent consistent therewith, the applicant State or unit of general local government may:

(i) Act as LUHA in its own name, while identifying within its administrative organization a lead department or agency to act as the primary contact point for HUD;

(ii) Designate, and enter into a written agreement with, a legally separate public body or agency to act as LUHA in accordance with this part; or

(iii) Designate, and enter into a written agreement with, a qualified community organization (as defined in the Act) to act as LUHA in accordance with this part.

[54 FR 23937, June 2, 1989, as amended at 56 FR 6808, Feb. 20, 1991; 61 FR 7062, Feb. 23, 1996]

§ 590.9–590.18 [Reserved]

§ 590.19 Use of section 810 funds.

Participants receiving Community Development Block Grant (CDBG) funds may charge eligible administrative expenses incurred in operating their urban homesteading programs to their otherwise available CDBG administrative funds, provided such administrative expenditures would satisfy other title I requirements.

[56 FR 6809, Feb. 20, 1991, as amended at 61 FR 7062, Feb. 23, 1996]

§ 590.21 [Reserved]

§ 590.23 Program close-out.

(a) *Initiation of close-out.* The LUHA shall institute close-out procedures, as prescribed by HUD.

(b) Close-out may be subject to later audit in accordance with § 590.27(b).

(c) *Close-out conditions.* Upon completion of HUD close-out review, HUD will send the LUHA a letter of completion, which HUD may condition. Conditions may reflect unmet obligations, deadlines to meet them, and a statement of any required interim reporting procedures. In addition to any other conditions that may be specifically set forth in the letter of completion, the LUHA remains responsible after close-out to take whatever actions may be necessary to enforce the homesteader agreement and complete final fee simple conveyance to the homesteader or a