

E. Disaster Appropriations for FY 95—September 30, 1995.

1. An appropriation of Section 504 grant funds is available to assist homeowners that suffer uncompensated losses due to a Presidentially declared major natural disaster. These funds are available through September 30, 1995. To be eligible, the homeowner must otherwise qualify for the program, and have an uncompensated loss due to a Presidentially declared disaster.

2. All funds will be retained in the National Office reserve, and the affected States may obligate against that reserve by using type of assistance code 178 on Form FmHA 1940-1, "Request for Obligation of Funds," for a Section 504 grant.

II. State Allocations

All allocations have been developed with the methodology and formulas stated in subpart L of part 1940 of this chapter. The funds distributed to each State for a particular quarter may exceed the funds available nationally for all States. Therefore, if funds become exhausted at the National Office level, some States will not have access to their full distribution for the remainder of the quarter.

A. Section 502 Nonsubsidized Guaranteed RH Loans

1. Amount Available for Allocation.

Total Available.....	\$1,048,781,000
Less National Office Reserve	10,488,000
Less Base Allocation	0
Basic Formula/Administrative Allocation	\$1,038,293,000

2. *Basic Formula Criteria, Data Source, and Weight.* See 1940.563 (b) of subpart L of part 1940 of this chapter. Data derived from the 1990 U.S. Census was provided to each State by the National Office on August 12, 1993, (available in any State Office).

3. *Transition Formula.* Not applicable for use this fiscal year by the National Office or by State Offices.

4. *Base Allocation.* The base allocation is an amount, if any, above the computed formula allocation necessary for each State to receive a total allocation sufficient to run a viable program (at least \$1 million).

5. *Administrative Allocation.* Due to the absence of Census Data, the Western Pacific Areas received an administrative allocation.

6. *General Reserve.* Requests for National Office reserve funds will be considered on a first-come-first-served basis and should be submitted via facsimile (202-720-2232) by the State Director to the National Office, SFHPD.

7. *Pooling of Funds.* Funds will be pooled and redistributed. There will be

no mid-year pooling. States will make a decision and negotiate with the Administrator by May 15, 1995, on returning money that cannot be utilized, and on requesting additional funds in this fiscal year. Year-end pooling is tentatively scheduled for close of business on August 14, 1995. Pooled funds will be placed in the National Office reserve and will be made available administratively.

8. *Availability of the Allocation.* Funds will be distributed by quarters as follows: 45 percent through the first quarter, 75 percent through the second quarter, 95 percent through the third quarter, and 100 percent in the fourth quarter until the National Office year-end pooling date.

9. *Suballocation by the State Director.* The State Director will retain these funds at the State Office level. Funds will *not* be suballocated to District or County Offices. Block allocations for lenders are no longer authorized.

B. Section 502 Direct RH Loans

1. *Amount Available for Allocation.*

Total Available.....	\$933,991,000
Less General Reserve	29,000,000
Less Designated Reserves	86,000,000
Basic Formula/Administrative Allocation	\$818,991,000

2. *Basic Formula Criteria, Data Source, and Weight.* See 1940.565(b) of subpart L of part 1940 of this chapter. Data derived from the 1990 U.S. Census was provided to each State by the National Office on August 12, 1993, (available in any State Office).

3. *Transition Formula.* Not applicable for use this fiscal year by the National Office or by State Offices.

4. *Base Allocation.* Not applicable for use this fiscal year by the National Office or by State Offices.

5. *Administrative Allocation.* Due to the absence of Census Data, the Western Pacific Areas received an administrative allocation.

6. *Reserve.*

a. *State Office Reserve.* State Directors must:

(i) Maintain an adequate reserve to fund the following applications:

(A) Hardship applications. State Directors must develop their own definition of a hardship case. Hardships as determined by the State Director on a case-by-case basis must include applications from persons living in deficient housing for more than 6 months.

(B) The State's portion of funds for Mutual Self-Help loans.

(C) Subsequent loans for essential improvements or repairs and in connection with transfers with assumptions of the RHCDs indebtedness.

(D) Financing for the purchase of Government owned inventory properties.

(E) Qualified very low- and low-income applicants may be eligible for funding, at time of application, if the Interest Credit formula does not show a reduction in payment.

(ii) Maintain records on how the State Office reserves are utilized, including a justification for each hardship case authorized. Each State Director must establish management controls to make certain that loans are processed only to the point of approval unless allocated funds are available or prior approval has been received for sufficient national office reserve funds to obligate the loans.

b. *National Office Reserves.*

(i) *General Reserve.* The total allocated FY 95 general reserve contains a very limited amount of funds. The reserve funds will be limited to providing funds to States for extreme hardship cases.

(A) For section 502 direct loan programs, an extreme hardship case exists when:

(1) An individual or family who is currently without housing and is unable to find shelter on a temporary basis with other family members, relatives, and/or friends or the applicant is occupying a structure that has been recently condemned by local authorities; and/or

(2) The family is unable to obtain an adequate rental unit because:

(a) Such units are not available in the local Market; or

(b) Documentation exists that the family cannot afford the interim move due to money, health reasons, adequacy of optioned housing, importance of location of optioned house, etc.; and/or

(3) The hardship has been caused by fire, flooding, hurricane, tornadoes, or other causes beyond the applicant's control.

(4) If health conditions exist, the applicant must have written documentation from a licensed physician.

(5) Certain subsequent loans may be made in conjunction with a transfer/ assumption, if the loan amount is very small and the hardship is determined to be unique.

(B) Reserve requests should be submitted via facsimile (202-720-2232) by State Directors to the National Office, SFHPD, on a case-by-case basis. *FmHA Guide Letter 1940-L-1 (available in any Agency office) must be used to submit all hardship requests to the National Office. Requests for loan funds must have complete documentation which includes the applicant's name, case number, amount of request, very low- or*