

low-income category, and extreme hardship justification. Based upon need and projected availability of unobligated funds, the Administrator reserves the right to permit expanded access to funds from the National Office without notice in the **Federal Register**.

(C) All funds allocated to states are subject to the availability of funds at the national level.

(ii) *Designated Reserves*

(A) *Targeted Reserve.* Of the FY 95 Section 502 funds, \$36 million will be held in the National Office's reserve for targeted counties. Designated funds will be allotted 60 percent for low-income and 40 percent for very low-income. These funds will be subject to year-end pooling requirements. Further directions will follow.

(B) *Demonstration Housing Program.* Section 502 RH funds in the amount of \$10 million have been set aside for the demonstration housing program and will be designated on a project-by-project basis. Designated funds will be allotted 60 percent for low-income and 40 percent for very low-income. All funds are subject to the pooling requirements of subpart L of part 1940 of this chapter. A copy of Form FmHA 1944-2, "Single Family Housing Fund Analysis," must be submitted to the National Office, SFHPD for each obligation. Further guidance can be obtained by contacting the SFHPD, Director.

(C) *Matching Funds for States with Approved Mutual Self-Help Housing Grants.* The amount of \$40 million of FY 95 Section 502 funds has been set aside for matching funds on the basis of the National Office contributing 80 percent from the National Office reserve to an individual State's 20 percent of allocated Section 502 RH funds used to assist participating Self-Help families. Funds are to be requested for the participating families at the time of loan approval and are subject to the pooling requirements of subpart L of part 1940 of this chapter.

Requests for matching funds for approved Self-Help obligations should be submitted immediately after obligation and always prior to pooling. Requests for these funds should be submitted in writing by State Directors to the National Office, SFHPD, and include the name and case number of the applicants, total loan amount(s), amount of State contribution, amount requested from the National Office reserve, and applicant income category (very low- or low-income). Not less than 40 percent of these funds (States or reserved) must be very low-income Section 502.

7. *Pooling of Funds.*

a. *State Office Pooling.* If pooling is conducted within a State, it must not take place within the first 30 calendar days of the first, second, or third quarter. (There are no restrictions on pooling in the fourth quarter.) The pooled funds may be redistributed by the State Director provided the State Director has determined that the pooled funds could not be used in the District/County Offices receiving the funds allocated in accordance with subpart L of part 1940 of this chapter. This determination will:

- (i) Be in writing,
- (ii) Be filed in the State Office, and
- (iii) Include a statement that all appropriate efforts were made to use the funds as allocated.

b. *National Office Pooling.* 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 that fiscal year. Year-end pooling is tentatively scheduled for close of business August 14, 1995. Year-end pooled funds will be placed in the National Office reserve and will be made available administratively.

8. *Availability of the Allocation.* The Housing Act of 1949, as amended, provides that not less than 40 percent of the funds be made available for very low-income Section 502 loan applicants. Funds will be distributed by quarters as follows: 40 percent through the first quarter, 70 percent through the second quarter, 90 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 must suballocate to each District Office using the methodology and formulas required by subpart L of part 1940 of this chapter. The District Director will make funds available on a first-come-first-served basis to all County Offices in the district. No County Office will have its access to funds restricted without the prior written approval of the Administrator.

C. *Section 504 Housing Repair Loans and Grants.*

1. *Amount Available for Allocations.*

Section 504 Loans

| | |
|---|--------------|
| Total Available | \$29,498,000 |
| Less General Reserve | 295,000 |
| Less Designated Targeted Reserve | 1,200,000 |
| Basic Formula/Administrative Allocation | 28,003,000 |

Section 504 Grants

| | |
|-----------------------|------------|
| Total Available | 24,900,000 |
|-----------------------|------------|

| | |
|---|------------|
| Less General Reserve | 249,000 |
| Less Designated Targeted Reserve | 1,000,000 |
| Basic Formula/Administrative Allocation | 23,651,000 |

2. *Basic Formula Criteria, Data Source, and Weight.* See § 1940.566 (b) and 1940.567 (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). This data must be used if funds are suballocated to District Offices.

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 hardship applications.
- (ii) Develop their own definition of a hardship case. Hardships will be determined by the State Director on a case-by-case basis.

(iii) Maintain records on how State Office reserves were utilized, including a justification for each hardship case disbursement. Each state director must establish Management controls to make certain that loans and grants 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 or grants.

b. *National Office Reserves.*

(i) *General Reserve.* The total allocated FY 95 funds contain only 1 percent for the general reserve. Use of these reserve funds will be limited to providing funds to States for extreme hardship cases.

(A) For section 504 programs, an extreme hardship case is defined as an individual case with a significant priority in funding, ahead of other requests, due to severe health or safety hazards, and/or physical needs of the applicant or community. the priority may be related to sanitation hazards, or impending climatic hazards which are above average and should receive priority for funds.

(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-2 (available in any Agency office) must be used to submit all hardship requests to the National