

THE AVAILABILITY OF FUNDS AT THE NATIONAL LEVEL.

A. Section 502 Nonsubsidized Guaranteed RH Loans.

1. Amount Available for Allocation.

Total Available	\$1,700,000,000
Less National Office Reserve	255,000,000
Less Base Allocation	0

Basic Formula—Administrative Allocation	\$1,445,000,000
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2. Basic Formula Criteria, Data Source, and Weight. See 7 CFR

1940.563(b) Data derived from the 1990 U.S. Census was provided to each State by the National Office on August 12, 1993.

3. *Transition Formula.* Will not be used in FY 1996.

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 will receive an administrative allocation.

6. *General Reserve.* Requests for National Office reserve funds will be considered on a first-come-first-served basis.

7. *Pooling of Funds.* There will be no mid-year pooling. Year-end pooling is tentatively scheduled for close of business on August 12, 1996. 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 cumulatively 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.

B. Section 502 Direct RH Loans

1. Amount Available for Allocation.

Total Available	\$1,016,244,245
Less General Reserve	30,000,000
Less Designated Reserves	120,000,000

Basic Formula—Administrative Allocation	\$866,244,245
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2. Basic Formula Criteria, Data Source, and Weight. See 7 CFR

1940.565(b). Data derived from the 1990 U.S. Census was provided to each State by the National Office on August 12, 1993.

3. *Transition Formula.* Will not be used in FY 1996.

4. *Base Allocation.* Will not be used in FY 1996.

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

6. Reserve.

a. *State Office Reserve.* State Directors must maintain an adequate reserve to fund the following applications:

(i) *Hardship applications.* Hardship is determined by the State Director on a case-by-case basis and must include applications from persons living in deficient housing for more than 6 months.

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

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

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

(v) State Directors are required to set aside not more than 20 percent of their initial low-income allocation for participation in leveraging Section 502 Direct loan funds. A reserve for very low-income participation is not required, but may be established if significant activity is anticipated by the State Director.

b. National Office Reserves.

(i) *General Reserve.* The total allocated FY 1996 general reserve contains \$30 million. The reserve funds will be limited to providing funds to States for extreme hardship cases. FUNDING WILL NOT BE AVAILABLE UNTIL THE BEGINNING OF THE THIRD QUARTER.

(A) For the Section 502 Direct Loan Program, an extreme hardship case exists when:

(1) An individual or family is currently without housing and is unable to find shelter on a temporary basis with other family members, relatives, or friends, or the applicant is occupying a structure that has been recently condemned by local authorities; 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) The family cannot afford the interim move due to money, health reasons, adequacy of optioned housing, importance of location of optioned house, etc.; or

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

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

(C) 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.

(ii) Designated Reserves.

(A) *Targeted Reserve.* Of the FY 1996 Section 502 funds, \$46 million will be held in the National Office reserve for targeted counties. Designated funds will be allotted 60 percent for low-income and 40 percent for very low-income applicants. These funds will be subject to year-end pooling requirements.

(1) Funds will be distributed cumulatively 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.

(2) The targeted reserve must be set aside and used for areas identified in the States' FY 1996 annual performance goals such as the underserved counties; nonmetro counties with persistent poverty; Indian reservations; colonias; Empowerment Zones/Enterprise Communities (EZ/ECs), Pacific Northwest areas; the Appalachia; Mississippi Delta Region; and communities with special needs that have not been adequately served during the last 5 years.

(B) *Demonstration Housing Program:* Section 502 RH funds in the amount of \$4 million have been set aside for demonstration housing concepts which were identified by the National Office for approval in FY 1995. 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 7 CFR part 1940 subpart L.

(C) *Matching Funds for States with Approved Mutual Self-Help Housing Grants.* THE AMOUNT OF \$70 MILLION OF FY 1996 SECTION 502 FUNDS HAS BEEN SET ASIDE FOR MATCHING FUNDS ON THE BASIS OF THE NATIONAL OFFICE CONTRIBUTING 75 PERCENT FROM THE NATIONAL OFFICE RESERVE TO AN INDIVIDUAL STATE CONTRIBUTING 25 PERCENT OF ALLOCATED SECTION 502 RH FUNDS USED OR THE GRANTEE