

the Section 306C WWD individual grant program is to facilitate the use of community water or waste disposal systems for the residents of the colonias along the U.S.-Mexico border.

The total amount available to Arizona, California, New Mexico, and Texas will be \$1,255,875 for FY 2003. This amount includes the carryover unobligated balance of \$255,875 and the transferred amount of \$1 million from the Rural Utilities Service (RUS) to RHS for processing individual grant applications.

6. *Section 525 Technical and Supervisory Assistance (TSA) and Section 509 Housing Application Packaging Grants (HAPG)*. \$1,093,978 is available for the TSA and HAPG programs. Funds are available on a limited basis for TSA grants. In accordance with the provisions of 7 CFR 1944.525, funding will be targeted nationally and then on an individual basis to States/areas with the highest degree of substandard housing and persons in poverty eligible to receive Agency housing assistance. The five States with the highest degrees of substandard housing and poverty are: Texas, California, Puerto Rico, North Carolina and Georgia. Funds not to exceed \$150,000 or one project per state will be targeted nationally to these States. From any remaining funds, priority will be given to requests for projects that serve any of the 100 counties with the highest degrees of poverty and substandard housing. States should submit proposals from potential applicants to the National Office for review and concurrence prior to authorizing an application. Applications on-hand as of April 15, 2003, will be funded in the preceding order regardless of date of application.

Requests should be submitted to the National Office for HAPG based on projected usage of these funds for the quarter or as needed. HAPG requests should be submitted using the NORF system. Reserve funds will be held at the National Office and requests from eligible States will be considered on a first-come, first-served basis.

7. *Section 504 housing repair grants (additional)(formerly North Carolina Elderly Modular Housing Demonstration Program)*. Budget authority was earmarked in FY 2001 for the North Carolina Elderly Modular Housing Demonstration Program. These funds were used to provide Section 502 loans and grants for modular housing in North Carolina for very-low and low-income elderly families who lost their housing as a result of a major disaster declared by the President. Section 766, Title III of the 2003 Appropriations Act provides

that "after September 30, 2002, any funds remaining for the demonstration program may be used, within the State in which the demonstration program is carried out, for fiscal year 2003 and subsequent fiscal years to make grants, and to cover the costs \* \* \* of loans authorized, under Section 504 of the Housing Act of 1949 \* \* \*" \$1,176,953 of unobligated funds have been transferred to the Section 504 grant program in FY 2003 for use by the State of North Carolina only.

8. *Natural Disaster Funds*. Funds are available until exhausted to those States with active Presidential Declarations.

9. *Deferred Mortgage Payment Demonstration*. There is no FY 2003 funding provided for deferred mortgage authority or loans for deferred mortgage assumptions.

## II. State Allocations

### A. *Section 502 Nonsubsidized Guaranteed RH (GRH) Loans*.

#### 1. *Purchase—Amount Available for Allocation*.

Total Available—Purchase  
\$2,621,781,311  
Less National Office General Reserve—\$722,420,311  
Less Special Outreach Area Reserve—\$309,609,000  
Basic Formula—Administrative Allocation—\$1,589,752,000  
a. *National office General Reserve*. The Administrator may restrict access to this reserve for States not meeting their goals in special outreach areas.

b. *Special Outreach Areas*. FY 2003 GRH funding is allocated to States in two funding streams. Seventy percent of GRH funds may be used in any eligible area. Thirty percent of GRH funds are to be used in special outreach areas. Special outreach areas for the GRH program are defined as those areas within a State that are *not* located within a metropolitan statistical area (MSA).

c. *National Office Special Area Outreach Reserve*. A special outreach area reserve fund has been established at the National office. Funds from this reserve may only be used in special outreach areas.

#### 2. *Refinance—Amount available for allocation*.

Total Available—Refinance—  
\$223,537,222  
Less National office general reserve—  
\$144,037,222  
Basic formula—Administrative Allocation—\$79,500,000

a. *Refinance Funds*. Refinance loan funds will be distributed to each State at \$1.5 million per State. Additional funds will be distributed based on prior usage of refinance funds.

b. *National office general reserve*. The Administrator may restrict access to this reserve for States not meeting their goals in special outreach areas.

### B. *Section 502 Direct RH loans*.

#### 1. *Amount Available for Allocation*.

Total Available—\$1,037,866,417  
Less Required Set Aside for Underserved Counties and Colonias—\$51,893,320  
EZ, EC and REAP Earmark—\$45,505,725  
Less General Reserve—\$127,000,000  
Administrator's Reserve—\$10,000,000  
Hardships & Homelessness—\$1,000,000  
Rural Housing Demonstration Program—\$1,000,000  
Homeownership Partnership—\$95,000,000  
Program funds for the sale of REO properties—\$20,000,000  
Less Designated Reserve for Self-Help—\$100,000,000  
Basic Formula Administrative Allocation—\$713,467,372

#### 2. *Reserves*.

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

(i) Hardship and homeless applicants including the direct Section 502 loan and Section 504 loan and grant programs.

(ii) Mutual Self-Help loans.

(iii) Subsequent loans for essential improvements or repairs and transfers with assumptions.

(iv) States will leverage with funding from other sources.

(v) Areas targeted by the State according to its strategic plan.

#### b. *National Office Reserves*.

(i) *General Reserve*. The National office has a general reserve of \$127 million. Of this amount, the Administrator's reserve is \$10 million. One of the purposes of the Administrator's reserve will be for loans in Indian Country. Indian Country is defined as land inside the boundaries of Indian reservations, communities made up mainly of Native Americans, Indian trust and restricted land, and tribal allotted lands.

(ii) *Hardship and Homelessness Reserve*. \$1 million has been set aside for hardships and homeless.

(iii) *Rural Housing Demonstration Program*. \$1 million dollars has been set aside for innovative demonstration initiatives.

(iv) *Program Credit Sales*. \$20 million dollars has been set aside for program sales of REO property.

c. *Homeownership Partnership*. \$95 million dollars has been set aside for Homeownership Partnerships. These funds will be used to expand existing