

partnerships and create new partnerships, such as the following:

(i) Department of Treasury, Community Development Financial Institutions (CDFI)—Funds will be available to fund leveraged loans made in partnership with the Department of Treasury CDFI participants.

(ii) Partnership initiatives established to carry out the objectives of the rural home loan partnership (RHLP).

d. *Designated Reserve for Self-Help.* \$100 million dollars has been set aside for matching funds to assist participating Self-Help applicants. The matching funds were established on the basis of the National office contributing 75 percent from the National office reserve and States contributing 25 percent of their allocated Section 502 RH funds.

e. *Underserved Counties and Colonias.* An amount of \$51,893,320 has been set aside for the 100 underserved counties and colonias.

f. *Empowerment Zone (EZ) and Enterprise Community (EC) or Rural Economic Area Partnership (REAP) earmark.* An amount of \$45,505,725 has been earmarked until June 30, 2003, for loans in EZ, EC or REAP Zones.

g. *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.)

h. *Suballocation by the State Director.* The State Director may suballocate to each area office using the methodology and formulas required by 7 CFR part 1940, subpart L. If suballocated to the area level, the Rural Development Manager will make funds available on a first-come, first-served basis to all offices at the field or area level. No field office will have its access to funds restricted without the prior written approval of the Administrator.

B. *Section 504 Housing Loans and Grants.* Section 504 grant funds are included in the Rural Housing Assistance Grant program (RHAG) in the FY 2003 appropriation.

1. *Amount available for allocation.*

Section 504 Loans

Total Available—\$34,772,498
Less 5% for 100 Underserved Counties and Colonias—\$1,738,624
EZ, EC or REAP Zone Earmark—\$1,400,000
Less General Reserve—\$1,500,000
Basic Formula—Administrative Allocation—\$30,133,874

Section 504 Grants

Total Available—\$31,324,797
Less 5% for 100 Underserved Counties and Colonias—\$1,566,239
Less EZ, EC or REAP Earmark—

\$596,100

Less General Reserve—\$1,629,458
Basic Formula—Administrative Allocation—\$27,533,000

2. *Reserves and Set-asides.*

a. *State Office Reserve.* State Directors must maintain an adequate reserve to handle all anticipated hardship applicants based upon historical data and projected demand.

b. *Underserved Counties and Colonias.* Approximately \$1,738,624 and \$1,536,434 have been set aside for the 100 underserved counties and colonias until June 30, 2003, for the Section 504 loan and grant programs, respectively.

c. *Empowerment Zone (EZ) and Enterprise Community (EC) or Rural Economic Area Partnership (REAP) Earmark (Loan Funds Only).* \$1,400,000 and \$596,100 have been earmarked through June 30, 2003, for EZ, EC or REAPs for the Section 504 loan and grant programs, respectively.

d. *General Reserve.* \$1.5 million for Section 504 loan hardships and \$1.629 million for Section 504 grant extreme hardships have been set-aside in the general reserve. For Section 504 grants, an extreme hardship case is one requiring a significant priority in funding, ahead of other requests, due to severe health or safety hazards, or physical needs of the applicant.

INFORMATION ON BASIC FORMULA CRITERIA, DATA SOURCE AND WEIGHT, ADMINISTRATIVE ALLOCATION, POOLING OF FUNDS, AND AVAILABILITY OF THE ALLOCATION

#	Description	Section 502 nonsubsidized guaranteed RH loans	Section 502 direct RH loans	Section 504 loans and grants
1	Basic formula criteria, data source, and weight.	See 7 CFR 1940.563(b)	See 7 CFR 1940.565(b)	See 7 CFR 1940.566(b) and 1940.567(b)
2	Administrative Allocation: Western Pacific Area	\$1,000,000	\$1,000,000	\$1,000,000 loan \$500,000 grant.
3	Pooling of funds:			
	a. Mid-year pooling	If necessary	If necessary	If necessary.
	b. Year-end pooling	August 15, 2003	August 15, 2003	August 15, 2003.
	c. Underserved counties & colonias.	N/A	June 30, 2003	June 30, 2003.
	d. EZ, EC or REAP	N/A	June 30, 2003	June 30, 2003.
	e. Credit sales	N/A	June 30, 2003	N/A.
4	Availability of the allocation:			
	a. first quarter	40 percent	50 percent	50 percent
	b. second quarter	70 percent	70 percent	70 percent
	c. third quarter	90 percent	90 percent	90 percent
	d. fourth quarter	100 percent	100 percent	100 percent

1. Data derived from the 1990 U.S. Census was provided to each State by the National office on August 12, 1993.

2. Due to the absence of Census data.

3. All dates are tentative and are for the close of business (COB). Pooled funds will be placed in the National office reserve and made available administratively. The Administrator reserves the right to redistribute funds based upon program performance.

4. Funds will be distributed cumulatively through each quarter listed until the National office year-end pooling date.

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