is multiplied by the weight factor and summed to arrive at a State factor (SF).

\[ SF = (\text{criterion (b)(1)(i)} \times 50\% \) + \( (\text{criterion (b)(1)(ii)} \times 50\% \) \]

\[ (c) \text{ Basic formula allocation.} \text{ See } \S 1940.552(c). \text{ States receiving administrative allocations do not receive formula allocations.} \]

\[ (d) \text{ Transition formula.} \text{ The transition formula is not used for Rural Business Opportunity Grants (RBOG).} \]

\[ (e) \text{ Base allocation.} \text{ See } \S 1940.552(e). \text{ The administrative allocation is not used for RBOG.} \]

\[ (g) \text{ Reserve. See } \S 1940.552(g). \]

\[ (h) \text{ Pooling of funds. See } \S 1940.552(h). \text{ Funds are pooled near fiscal year-end. Pooled funds will be placed in the National Office reserve and will be made available administratively.} \]

\[ (i) \text{ Availability of the allocation.} \text{ See } \S 1940.552(i). \text{ The allocation of funds is made available to States on an annual basis.} \]

\[ (j) \text{ Suballocation by the State Director.} \text{ Suballocation by the State Director is authorized for this program.} \]

§ 1940.594–1940.600 [Reserved]

EXHIBIT A TO SUBPART L OF PART 1940

[RESERVED]

EXHIBIT B TO SUBPART L OF PART 1940—

SECTION 515 NONPROFIT SET ASIDE (NPSA)

I. Objective: To provide eligible nonprofit entities with a reasonable opportunity to utilize section 515 funds.

II. Background: The Cranston-Gonzalez National Affordable Housing Act of 1990 established the statutory authority for the section 515 NPSA funds.

III. Eligible entities. Amounts set aside shall be available only for nonprofit entities in the State, which may not be wholly or partially owned or controlled by a for-profit entity. An eligible entity may include a partnership, including a limited partnership, that has as its general partner a nonprofit entity or the nonprofit entity’s for-profit subsidiary which will be receiving low-income housing tax credits authorized under section 42 of the Internal Revenue Code of 1986. For the purposes of this exhibit, a nonprofit entity is an organization that:

A. Will own an interest in a project to be financed under this section and will materially participate in the development and the operations of the project; and

B. Is a private organization that has nonprofit, tax exempt status under section 501(c)(3) or section 501(c)(4) of the Internal Revenue Code of 1986; and