(1) Advising that the Secretary has determined that the nominating local government(s) and/or State(s) has:
   (i) Modified the boundaries of the area without written approval from HUD; or
   (ii) Is not complying substantially with, or has failed to make progress in implementing the strategic plan; and
(2) Requesting a reply from the nominating entities within 90 days of the receipt of this letter of warning.

(c) Notice of revocation. To revoke the designation, the Secretary must issue a final notice of revocation of the designation of the urban area as an Empowerment Zone, after allowing 90 days from the date of receipt of the letter of warning for response, and after making a determination in accordance with paragraph (a) of this section.

(d) Notice to affected Federal agencies. HUD will notify all affected Federal agencies of which it is aware, of its determination to revoke any designation in accordance with this section.

(e) Effect of revocation. Upon revocation of an EZ’s designation, the designation and remaining benefits may be awarded to the next highest ranked Round II applicant.

(f) Publication. The final notice of revocation of designation will be published in the FEDERAL REGISTER, and the revocation will be effective on the date of publication.

(Approved by the Office of Management and Budget under Control Number 2506–0148)

Subpart F—Special Rules

§ 598.500 Indian reservations.

(a) An area within an Indian reservation (as defined in section 168(j)(6) if the Internal Revenue Code, 26 U.S.C. 168(j)(6)) may be included in an area nominated as an Empowerment Zone by State and local governments. An area completely within an Indian reservation may be nominated by the reservation governing body and, in that case, the area is treated as if it also were nominated by a State and a local government. Where two (or more) governing bodies have joint jurisdiction over an Indian reservation, the nomination of a reservation area must be a joint nomination.

(b) For purposes of paragraph (a) of this section, a reservation governing body must be the governing body of an Indian entity recognized and eligible to receive services from the Bureau of Indian Affairs, United States Department of Interior.

Subpart G—Empowerment Zone Grants

§ 598.600 Applicability.

This subpart applies to a project or activity proposed by an Empowerment Zone after January 14, 2008 to be undertaken with funds appropriated by Congress and made available by HUD specifically for use by the EZ. These funds are referred to as “HUD EZ Grant Funds.”