

§ 25.402

must demonstrate continual involvement of all segments of the community, including low income/disadvantaged residents, in the implementation of the Strategic Plan.

§ 25.402 Validation of designation.

(a) *Reevaluation of designations.* On the basis of the performance review described in § 25.401 of this part, and subject to the provisions relating to the revocation of designation appearing at § 25.403 of this part, USDA will make findings as to the continuing eligibility for the validity of the designation of any Empowerment Zone or Enterprise Community. Determinations of whether any designated Empowerment Zone or Enterprise Community remains in good standing shall be promptly communicated to all Federal agencies providing assistance or administering programs under which assistance can be made available in such Zone or community.

(b) *Modification of designation.* Based on a rural Zone or community's success in carrying out its strategic plan, and subject to the provisions relating to revocation of designation appearing at § 25.403 of this part and the requirements as to the number, maximum population and other characteristics of rural Empowerment Zones set forth in § 25.100 of this part, the Secretary may modify designations by reclassifying rural Empowerment Zones as Enterprise Communities or Enterprise Communities as Empowerment Zones.

§ 25.403 Revocation of designation.

(a) *Basis for revocation.* The Secretary may revoke the designation of a rural area as an Empowerment Zone or Enterprise Community if the Secretary determines on the basis of the periodic monitoring and assessments described in § 25.401 of this part, that the applicant or the State(s) or local government(s) in which the rural area is located:

- (1) Has modified the boundaries of the area;
- (2) Has failed to make satisfactory progress in achieving the benchmarks set forth in the strategic plan; or
- (3) Has not complied substantially with the strategic plan.

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(b) *Warning letter.* Before revoking the designation of a rural area as an Empowerment Zone or Enterprise Community, the Secretary will issue a letter of warning to the applicant and the nominating State(s) and local government(s):

(1) Advising that the Secretary has determined that the applicant and/or the nominating local government(s) and/or State(s) has:

(i) Modified the boundaries of the area; or

(ii) Is not complying substantially with, or has failed to make satisfactory progress in achieving the benchmarks set forth in the strategic plan prepared pursuant to § 25.200(d) of this part; and

(2) Requesting a reply from all involved parties within 90 days of the receipt of this letter of warning.

(c) *Notice of revocation.* After allowing 90 days from the date of receipt of the letter of warning for response, and after making a determination pursuant to paragraph (a) of this section, the Secretary may issue a final notice of revocation of the designation of the rural area as an Empowerment Zone or Enterprise Community.

(d) *Notice to affected Federal agencies.* USDA will notify all affected Federal agencies providing assistance in a rural Empowerment Zone or Enterprise Community of its determination to revoke any designation pursuant to this section or to modify a designation pursuant to § 25.402 of this part.

Subpart F—Special Rules

§ 25.500 Indian reservations.

No rural Empowerment Zone or Enterprise Community may include any area within an Indian reservation.

§ 25.501 Governments.

If more than one State or local government seeks to nominate an area under this part, any reference to or requirement of this part shall apply to all such governments.

§ 25.502 Nominations by economic development corporations.

Any rural area nominated by an economic development corporation chartered by a State and qualified to do