

RD AN No. 4804 (1942-A)  
(1942-C)  
(3570-B)  
(3575-A)

June 1, 2016

TO: State Directors  
Rural Development

ATTN: Community Program Directors

FROM: Tony Hernandez /s/ *Tony Hernandez*  
Administrator  
Housing and Community Facilities Programs

SUBJECT: Definition of an Essential Community Facility

**PURPOSE/INTENDED OUTCOME:**

The purpose of this Administrative Notice (AN) is to clarify the definition of essential community facilities for the purpose of loan eligibility under RD Instruction 1942-A, section 1942.17(d)(1)(i)(B) and RD Instruction 1942-C, section 1942.112(a)(1). The term “facility” contained in RD Instruction 1942-A, Section 1942.17(b), is also clarified.

**COMPARISON WITH PREVIOUS AN:**

This AN replaces and updates RD AN No. 4767 (1942-A, 3570-B and 3575-A), dated June 25, 2014, which expired on June 30, 2015. Reference to RD Instruction 1942-C is added.

**IMPLEMENTATION RESPONSIBILITIES:**

An essential community facility that meets all of the following criteria is eligible for funding under the Community Facilities loan program:

1. Is a function customarily provided by a local unit of government;
2. Is a public improvement needed for orderly development of a rural community;
3. Does not include private affairs, commercial or business undertakings (except for limited authority for industrial parks);

EXPIRATION DATE:  
April 30, 2017

FILING INSTRUCTIONS:  
Preceding RD Instructions  
1942-A, 1942-C, 3570-B, and  
3575-A

4. Is operated on a nonprofit basis; and
5. Is considered to be in the area of jurisdiction or operation for the public bodies eligible to receive assistance or a similar local rural service area for a not-for-profit corporation owning and operating an essential community facility. A community may be a small city or town, county, or multi-county area depending on the type of essential community facility. RD Instruction 1942-A, section 1942.17(b) (4), contains requirements regarding the legal authority and responsibility that an applicant must exercise to be eligible under the Community Facilities loan program. The term facility, as used in these sections, refers to the physical structure financed or the resulting service provided to rural residents.

If you have any questions, please contact Karla Peiffer, Regional Coordinator, at (515) 284-4729 or [karla.peiffer@wdc.usda.gov](mailto:karla.peiffer@wdc.usda.gov).