

RD AN No 4464 (1942-A)
(3570-B)
(3575-A)

July 16, 2009

TO: State Directors, Rural Development

ATTN: Community Programs Directors

FROM: Tammye H. Trevino *(Signed by Tammye H. Trevino)*
Administrator
Housing and Community Facilities Programs

SUBJECT: Financing Thrift Stores Projects Using Community Facilities Funds

PURPOSE/INTENDED OUTCOME:

This Administrative Notice (AN) is being issued to provide guidance to Rural Development staff regarding financing of thrift store projects with Community Facilities (CF) loan or grant funds. This AN clarifies the eligibility requirements associated with essential community facilities. It provides specific clarification on the necessary components for a thrift store project to be eligible for Community Facilities program funding.

COMPARISON WITH PREVIOUS AN:

This AN replaces RD AN 4355 (1942-A, 3570-B, and 3575-A), dated April 25, 2008, which expired on April 30, 2009.

IMPLEMENTATION RESPONSIBILITIES:

While the specific activities of a thrift stores may vary from region to region, there are some similarities that should be consistent to be considered an essential community facility. It is the Agency's position that the thrift store must accomplish charitable purposes and include other components necessary to enrich the quality of life for local residents such as:

EXPIRATION DATE:
July 31, 2010

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

1. The thrift store shall collect and resell used or donated merchandise to the community's residents. We understand that the thrift store may also provide other services such as job training or food pantry services.
2. The thrift store shall receive donations, gifts, or bequests of money to help fund the organization and its purposes. In order to differentiate between a business venture and a charitable operation, it is important that a significant portion of the merchandise be obtained through donations from the "community" that it serves. This requirement helps to demonstrate significant ties to the local rural community.
3. The profits or excess revenues from the thrift store should be reinvested in the facility or in charitable community activities in the local service area. The reinvestment of proceeds to assist the community helps to ensure that the goals of the organization are met and also demonstrates significant ties to the local rural community.

If you have any questions, please contact Chad Parker, Director, Direct Loan and Grant Division, or Joseph Ben-Israel, Director, Guaranteed Loan Division, Community Programs, by phone at (202) 720-1490, or by fax at (202) 690-0471.