

Rural Microentrepreneur Assistance

What does this program do?

Provides loans and grants to Microenterprise Development Organizations (MDOs) to:

- Provide microloans for microenterprise startups and growth through a Rural Microloan Revolving Fund
- Provide training and technical assistance to microloan borrowers and micro entrepreneurs

Who can apply for this program?

The following are eligible to be an MDO:

- Nonprofits
- Federally recognized Tribes (A list of federally recognized Tribes can be found here: www.bia.gov/bia/ois/tgs)
- Institutions of higher education

The following are eligible to apply for a loan from the MDO as an ultimate recipient:

- Businesses located in an eligible area with 10 or fewer full-time employees

What is an eligible area?

- Rural areas outside cities or towns with populations fewer than 50,000 are eligible to apply. Urbanized areas near cities of 50,000 or more may not be eligible. Check with your local RD office to confirm.
- The borrower's headquarters can be based in a larger city as long as the project service area itself is in an eligible rural area.
- The lender can be located anywhere.

You can check for eligible addresses for Business Programs here: tinyurl.com/3mr6hxp

Are there other requirements?

MDOs must demonstrate experience in managing a Revolving Loan Fund, or:

- Certify that they or their employees have received education and training from a qualified microenterprise development training entity so that the applicant has the capacity to manage such a revolving loan fund; or
- Demonstrate that they are actively and successfully participating as an intermediary lender in good standing under the U.S. Small Business Administration (SBA) Microloan Program or other similar loan programs as determined by the Administrator

How much funding is available to MDOs?

- Annual grants of up to \$100,000 are available to provide technical assistance

to rural microentrepreneurs or microenterprises. Funding at the requested level is not guaranteed, and at least 15 percent in matching funds is required.

- Loans of \$50,000 - \$500,000 can be used to establish a Rural Microloan Revolving Fund managed by the MDO. Total aggregate debt is capped at \$2.5 million.

What are the loan terms for the MDOs?

- Maximum term is 20 years
- 2-year payment deferral
- Must establish a loan loss reserve fund

What terms are required on loans to ultimate recipients?

- Up to \$50,000
- Fixed interest rate
- Limited to 75 percent of project cost

How can funds be used?

Microlenders may make microloans for qualified business activities and expenses including, but not limited to:

- Working capital
- Debt refinancing
- Purchasing equipment and supplies
- Improving real estate

How do we get started?

Applications are accepted on an ongoing basis. Please contact your local state office or additional information and to apply.

Who can answer questions?

Contact your local RD office.

A list is available at this link:

www.rd.usda.gov/about-rd/state-offices

What governs this program?

- Code of Federal Regulations, 7 CFR 4280, subpart D (available at this link: tinyurl.com/5b7ymper)
- This program is authorized by Section 379E of the Consolidated Farm and Rural Development Act (7 USC 2008s)



Website for the
Rural Microentrepreneur
Assistance Program

NOTE: Because information changes, always consult official program instructions or contact your local Rural Development office for help. A list is available at this link: go.usa.gov/xJHPE. You will find additional resources, forms, and program information at rd.usda.gov. USDA is an equal opportunity provider, employer, and lender.

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