

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 may apply for this program?

The following are eligible to be an MDO:

- **Nonprofits**
- **Federally recognized Tribes**
- **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 a city or town with a population of less than 50,000. Urbanized areas near a city of 50,000 or more may not be eligible
- The borrower's headquarters may be based within a larger city so long as the project service area is located in an eligible rural area
- The lender may be located anywhere

Check eligible addresses for Business Programs

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?

- Grants are available to provide technical assistance to rural microentrepreneurs or microenterprises, up to \$205,000 annually. Funding at the requested level is not guaranteed, and at least 15 percent matching funds are required
- Loans of \$50,000 - \$500,000 may 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 may funds be used?

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

- Working capital
- Debt refinancing
- Purchase equipment and supplies
- Improve real estate

How do we get started?

Applications are accepted on an ongoing basis. Please reach out to your local **state office** for additional information and to apply.

Who can answer questions?

Contact your local RD office.

What governs this program?

- Code of Federal Regulations, 7 CFR 4280, subpart D
- This program is authorized by Section 379E of the Consolidated Farm and Rural Development Act (7 USC 2008s)

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NOTE: Because citations and other information may be subject to change, please always consult the program instructions listed in the section above titled “*What Governs This Program?*” You may also contact your local office for assistance. You will find additional forms, resources, and program information at rd.usda.gov. *USDA is an equal opportunity provider, employer, and lender.*