



Rural Microentrepreneur Assistance Program (RMAP)

A new program created in the 2008 Farm Bill

This overview is based on the Section 6022 of the 2008 Farm Bill statute *
... and a proposed implementing regulations published in the Federal Register on October 7, 2009. **
Public comments will be accepted on the proposed rule through **November 23, 2009**.
Final implementing regulations will be issued sometime thereafter, taking into account comments received.

Loans to capitalize revolving microloan funds

Grants for microlenders to assist their applicants & borrowers and to build their own capacity.

RMAP's goal is to help new & existing rural microentrepreneurs by providing funds to microenterprise development organizations for microlending and technical assistance to their microloan prospects & borrowers.

Definitions

A "**rural microenterprise**" is located in a rural area (undefined) and employs 10 or less full time employees.

A "**microloan**" is a loan of \$50,000 or less. It must carry a fixed interest rate.

A "**microenterprise development organization**" is a nonprofit, tribe, or institution of higher learning.

Funds available

\$4 million in mandatory funding will be available in FY2009, 2010, and 2011; and \$3 million in FY2012.
Congress has discretion to budget up to an additional \$40 million per year.

RMAP Loans

Maximum loan: \$500,000

Low interest, 20 year loans – with 2-year deferral of payments – to capitalize a revolving microloan fund.

The microlender must establish & maintain a 5% loss reserve from their own funds.

Loan proceeds are to be used for relending as fixed rate microloans (\leq \$50,000) to rural microentrepreneurs.

RMAP Grants

Technical Assistance (TA) Grants (\$100,000 maximum size) to allow a microlender to

- provide technical assistance to their microloan borrowers
 - can pay administrative expenses of the microlender, but not more than 10% of grant
- Maximum TA grant award is \leq 25% of microlender's RMAP loan portfolio.

Enhancement Grants (\$25,000 maximum size) to allow a microlender to increase its capacity to serve rural microenterprises. Enhancement grant awards are *not* tied to the operation of an established RMAP loan fund.

RMAP grants cannot provide more than 75% of the cost of the project.

Award criteria

Preference given to microlenders serving areas with outmigration

Preference given to microlenders serving areas racially and ethnically diverse populations.

* **Reference:** Read the entire Farm Bill statute on line at: http://www.usda.gov/documents/Bill_6124.pdf
The Rural Microentrepreneur Assistance Program is under Section 6022.

****Reference:** Read the Proposed Rule on line at: <http://edocket.access.gpo.gov/2009/pdf/E9-24025.pdf>