

September 23, 2010

Honorable Tom Vilsack
United States Secretary of Agriculture
1400 Independence Avenue, Suite 200
Washington, DC 20250

Dear Mr. Secretary,

We, the undersigned organizations, are writing to express our deep concern regarding the Interim Final Rule for the Rural Microentrepreneur Assistance Program.

The fact that applications submitted by the original deadline request less than half the loan funds available demonstrates that the rule is not responsive to our needs as service providers in reaching the intended clientele.

To increase the number of quality loan applications and more fully realize the potential of this program, we have the following recommendations:

- Allow microlenders to use interest earnings for any purpose consistent with the purposes of RMAP;
- Remove the “first lien” requirement, as it greatly hinders the ability to partner with local banks as lenders;
- Conform to the law as written in the Food, Conservation, and Energy Act of 2008 by providing a technical assistance grant equal to 25% of the *entire* loan;
- Eliminate the 75% cap on loan funds provided through this program;
- Impose an interest rate more in line with what the law intended, at or close to one percent.

In addition, we urge that grants be made for training of microentrepreneurs as dictated by Section 6022(b)(4)(A) of the Farm Bill. The failure of the rule to provide support for business training reflects a misunderstanding of the needs of microentrepreneurs and grossly undervalues human capital development.

Training and technical assistance in business planning, marketing and financial management are critical to empowering rural people to succeed as entrepreneurs. Without business skills and technical assistance, borrowers who receive RMAP loans would have great difficulty repaying, especially considering that they are only eligible for the loans if first deemed unworthy of commercial credit.

Setting difficult and unfavorable loan terms and under-funding training and technical assistance disregards the letter of the law and clear intent of Congress. We strongly urge you to consider these modifications so that more rural microentrepreneurs will benefit from this much needed program.

Sincerely,

American Independent Business Alliance (AMIBA); Bozeman, MT
Business Seed Capital, Inc.; Roanoke, VA
California Certified Organic Farmers (CCOF); Santa Cruz, CA
California Association for Microenterprise Opportunity, San Francisco, CA
CASA de Llano; Hereford, TX
Center for Rural Affairs, Lyons, NE
Center for Rural Outreach & Public Services; South Knox, IN
Central Wisconsin Community Action Council; Necedah, WI
Chester County Economic Development Council; Exton, PA
Coastal Enterprises, Inc.; Wiscasset, ME
Colorado Enterprise Fund; Denver, CO
Community Energy Partners; Freeport, ME
Cooperstown-Griggs County Economic Development Corp., Cooperstown, ND
Entrepreneur's Assistance Network; Montevideo, MN
Farm to Table; Santa Fe, NM
Grow Iowa; Greenfield, IA
Grow Your Small Market Farm; Ames, IA
Illinois Stewardship Alliance; Springfield, IL
Impact 7; Almena, WI
Institute for Agriculture and Trade Policy; Minneapolis, MN
Institute for Sustainable Living, Art & Natural Design (ISLAND); Bellaire, MI
Jefferson Economic Development Institute; Mount Shasta, CA
Kansas Rural Center; Whiting, KS
Lac qui Parle County Economic Development Authority; Madison, MN
Latino Economic Development Center; Minneapolis, MN
Leopold Group, SE Iowa Chapter, Iowa Sierra Club; Fairfield
Maude's Market; St. Louis, MO
Michael Fields Agricultural Institute; East Troy, WI
Michigan Land Use Institute; Traverse City, MI
Micro Enterprise Institute; New Orleans, LA
Middle Peninsula Business Development Partnership; Saluda, VA
National Sustainable Agriculture Coalition; Washington, DC
Nebraska Enterprise Fund; Oakland, NE
Needful Provision, Inc.; Tahlequah, OK
Northeast Entrepreneur Fund; Duluth, MN
Oregon Microenterprise Network; Portland, OR
Oregon Rural Development Initiative; Eugene, OR
PPEP Microbusiness and Housing Development Corp; Tucson, AZ
Practical Farmers of Iowa; Ames, IA
Rural Enterprises of Oklahoma, Inc.; Durant, OK
Sheridan County Economic Development Corp; McClusky, ND
Small Planet Institute; Brooklyn, NY

South Dakota Rural Enterprise; Sioux Falls, SD
Southern Minnesota Initiative Foundation; Owatonna, MN
Southwest Initiative Foundation; Hutchinson, MN
Southwest Wisconsin Community Action Program; Dodgeville, WI
The Carrot Project; Somerville, MA
The Second Chance Foundation; New York, NY
West Central Wisconsin Community Action; Glenwood City, WI
Western Dairyland; Independence, WI
Wisconsin Community Action Program Association; Madison, WI
Wisconsin Women's Business Initiative Corp.; Racine, WI
Women, Food and Agriculture Network; Ames, IA
Women, Work, and Community; Augusta, ME
Women's Business Center; Mobile, AL
Women's Rural Entrepreneurial Network; Bethlehem, NH
Xola Consulting, Inc.; Moab, UT