

RD AN No. 4648 (4280-D)
May 30, 2012

TO: State Directors, Rural Development
ATTN: Business Programs Director
SUBJECT: Rural Microentrepreneur Assistance Program
Guidance on Reactivation of Activities

PURPOSE/INTENDED OUTCOME:

This Administrative Notice (AN) is being issued to provide guidance on all Rural Microentrepreneur Assistance Program (RMAP) activities that were suspended on December 6, 2011.

The Agency took this action because guidance was needed on how to interpret section 726(11) of FY 2012 Agricultural Appropriation Act (“GP 726”) as it relates to RMAP. Specifically GP 726 provided a limitation on the use of Agency FY 2012 salaries and expense funds to carry out RMAP.

COMPARISON WITH PREVIOUS AN:

No previous AN has been issued on this subject.

IMPLEMENTATION:

On February 13, 2012, the Agency received direction on how to proceed with RMAP for FY 2012 in light of GP 726.

You now have the authority to reactivate RMAP in order to complete all the projects approved and obligated prior to November 18, 2011, the passage of the FY 2012 Agricultural Appropriation Act. The Agency will not publish a Notice of Funding Availability in FY 2012 nor accept or process any RMAP loan or grant applications, or make any new loan or grant commitments for the balance of FY 2012, pursuant to GP 726.

EXPIRATION DATE:
June 30, 2013

FILING INSTRUCTIONS:
Preceding RD Instruction 4280-D

Following is guidance to complete all RMAP loans and grants that were obligated prior to November 18, 2011:

1. FY 2010 Technical Assistance (T/A)-Only Grants

- a. If the 12-month term of the Grant Agreement expired prior to November 18, 2011, final disbursement of grant funds may be made only for reimbursement of eligible expenses incurred within the 12-month term of the Grant Agreement.
- b. If the 12-month term of the Grant Agreement expired after November 18, 2011, the Grant Agreement may be extended for the equivalent of time period lost while program activity was suspended, but not to exceed the amount of time remaining in the original 12-month term of the Grant Agreement. For example, if on December 6, 2011, (the date all RMAP activities were suspended) the project had 30 days remaining in the 12-month term of the Grant Agreement, the Grant Agreement may be extended for an additional 30 days from the date of notification.

2. FY 2011 T/A-Only Grants

- a. If the Grant Agreement was executed prior to November 18, 2011, and the Microenterprise Development Organization (MDO) started incurring expenses prior to suspension of RMAP activities, you are authorized to extend the Grant Agreement for the equivalent of the time period lost while program activity was suspended (December 6, 2011, through the date you are notifying the MDO to restart their RMAP activity). The Grant Agreement may be extended for the equivalent of the time period lost while program activity was suspended, not to exceed the amount of time remaining in the original 12-month term of the Grant Agreement. For example, if on December 6, 2011, (the date all RMAP activities were suspended) the project had incurred 1 month of expenses, the Grant Agreement will expire in 11 months from the date of your written notification to the MDO that the suspension of RMAP activity has been lifted.
- b. If the Grant Agreement was executed prior to November 18, 2011, and the MDO did not start the project and did not incur any expenses that will be reimbursed with grant funds, you are authorized to extend the Grant Agreement for a term not to exceed 12 months from the date of your written notification to the MDO.
- c. If the Grant Agreement has not been executed, RD Instruction 4280-D, section 4280.313(c)(1) sets the term of the Technical Assistance-Only grant to 12-months from the date of the Grant Agreement. Advise the MDO to execute the Grant Agreement when they are ready to start their project. The 12-month term of the Grant Agreement cannot be extended.

The legal authority allowing the Agency to extend grants can be accessed at:

<https://rd.sc.egov.usda.gov/teamrd/BP/BP/SPD/RMAP/Shared%20Documents/Forms/AllItems.aspx>

3. FY 2010 Loans with Grants

- a. Advise the MDO the suspension of RMAP activities has been lifted and they may submit requests for loan and grant funds in accordance with RD Instruction 4280-D.
- b. If the grant funds are not fully expended you are authorized to extend the term of the Grant Agreement as needed by the MDO.
- c. The 2-year deferral period of principal and interest payments cannot be extended beyond the 24th month of the original Note date.

4. FY 2011 Loans with Grants

- a. If the Loan and Grant were closed prior to Nov. 18, 2011:
 - i. Advise the MDO the suspension of RMAP activities has been lifted and they may submit requests for loan and grant funds in accordance with RD Instruction 4280-D.
 - ii. You are authorized to extend the term of the Grant Agreement as needed by the MDO.
 - iii. The 2-year deferral period of principal and interest payments cannot be extended beyond the 24th month of the original Note date.
- b. If the Loan and Grant has not closed, advise the MDO that the suspension of RMAP activities has been lifted and they may prepare for loan closing. The 90-day window for loan closing has been extended. (Section 4280.311(e)(8) requires the “loan closing between the microlender and the Agency must take place within 90 days of loan approval or funds will be forfeited and the loan will be deobligated.”) You are authorized to extend loan closing up to 90 days from the date of receipt of the memo sent to MDOs in February 2012. *Loan closing between the microlender and the Agency must take place within 90 days of receipt of the memo by the MDO or funds will be forfeited and the loan and grant will be deobligated.*

5. FY 2012 MDO annual T/A grants will be authorized using FY 2011 carryover funding. Verify that all MDOs have submitted their quarterly report for the period ending March 31, 2012.

6. Subsequent Annual Microlender Technical Assistance Grants in accordance with RD Instruction 4280-D, section 4280.313(b)(2), “Microlender T/A grants will be limited to an amount equal to, but not more than 25 percent of the total outstanding balance of microloans made under this program and active by the microlender as of the date the grant is awarded for the first \$400,000, plus an additional 5 percent of the loan amount owed by the microborrowers to the lender under this program over \$400,000 up to and including \$2.5 million. Funds cannot be used to pay off the loans. . . Any grant dollars obligated, but not spent, from the initial grant, will be subtracted from the subsequent year[’s] grant to ensure that obligations cover only microloans made and active.” To determine the Microlender T/A grant allocation for FY 2012, the Agency will use the Microlender’s outstanding balance of microloans as of the date the MDO’s request is made. The MDO will be eligible for one grant. The loan balances and grant balances will be verified by using the Guaranteed Loan System (Active Portfolio Summary screen) and quarterly reports. Awards will be determined non-competitively based on carryover dollars from FY 2011 and awarded in accordance with RD Instruction 4280-D, section 4280.313(b)(2) subject to availability of funding. The MDO must submit a worksheet listing outstanding balance of their microloans and unexpended grant funds as of the date of their request, with a letter certifying that their organization still meets all the requirements set forth in 7 CFR 4280, and that no significant changes have occurred within the last year that would affect its ability to carry out their MDO functions. Requests for annual grants will be accepted under two cycles for the remainder of FY 2012. Loan and grant balances, etc. must be verified and submitted to National Office for funding consideration by May 31st and July 31st. Any unused monies will carry over to FY 2013.

If you have questions, contact the Specialty Programs Division, at (202) 720-1400.

(Signed by John C. Padalino)

John C. Padalino
Acting Administrator
Rural Business-Cooperative Service

Attachment

Annual Grant Calculation for MDO Worksheet

Name of MDO _____

Borrower ID _____

Date of Request for Annual Grant by MDO _____

Original Loan Amount _____

Outstanding Portfolio Balance as of Date of Request (A) _____

Line (A) x 25% = (B) Gross Amount of Annual Grant to MDO _____

Amount of Original Grant (C) _____

Total Amount of Grant Disbursed to MDO as of Date of Request (D) _____

Total Amount of Grant Disbursed to MDO Held as cash by MDO as of Date of Request

(E) _____

Line (C) - Line (D) + (E) = (F) Total Unused Grant _____

Line (B) - Line (F) = (G) Amount of Annual Grant MDO Qualifies for _____

Amount of Grant Requested by MDO (Amount cannot be greater than amount on line (G))

Attachments: Print screen of GLS report GLSR096 for the specific RMAP loan

I have reviewed the request by the MDO and concur in the recommendation to award

Authorized RD State Office Representative

Recall Spd/Rob F/RMAP/Annual Grant