

Branch Chief
Regulations and Paperwork Management Branch
U.S. Department of Agriculture
Stop 0742
1400 Independence Avenue, SW.
Washington, DC 20250-0742

November 23, 2009

To Whom It May Concern:

Opportunity Finance Network appreciates the opportunity to comment on the proposed rules for the Rural Microentrepreneur Assistance Program (RMAP). The network of community development financial institutions (CDFIs) that makes up OFN has significant experience with rural microenterprise development. In 2007, 36 percent of the network's clients were outside a metropolitan statistical area, and more than a quarter of its financing was in small business and microenterprise loans. Several OFN Members are participants in the Small Business Administration (SBA) Microloan program. OFN applauds Congress and the USDA for this effort to expand access to capital, credit, and support to rural microentrepreneurs.

The technical assistance, business counseling, entrepreneurial training, and other support for borrowers and potential borrowers that CDFIs provide is a critical part of their business model. Provision of technical assistance helps reduce delinquency and loan losses, builds strong relationships between borrowers and lenders, helps build strong and well-run businesses, and differentiates CDFIs from conventional financial institutions. Because technical assistance is so crucial, we urge USDA to devote sufficient funding to TA.

OFN offers the following comments on specific aspects of the proposed regulations:

§ 4280.302 (a), general definitions. The U.S. Department of the Treasury's Community Development Financial Institutions Fund (CDFI Fund) uses the following definition of "significant outmigration:" "In counties located outside of a Metropolitan Area, the county population loss during the period between the most recent decennial census and the previous decennial census is at least 10 percent; or (5) In counties located outside of a Metropolitan Area, the county net migration loss during the five-year period preceding the most recent decennial census is at least five percent." OFN urges USDA to adopt this definition.

§ 4280.311 Loan provisions for Agency loans to microlenders. Part (a) states that, "Interest earnings accrued by the RMRF will become part of the RMRF and may be used only for the purposes stated above." Part (f)(3)(iii) states that "interest earnings accrued by the LLRF will become part of the LLRF and may be used only for eligible purposes." CDFIs do often reinvest interest earnings into capital available for lending. However, interest earnings are also a source of operations revenue that help support technical assistance, allow CDFIs to lower the interest rate to borrowers, and otherwise provide products and services to their markets. Especially if the USDA maintains the scoring criteria related to use of administrative funds, it should allow flexibility in the use of interest earned from the RMRF and LLRF. USDA should, in addition, explicitly state that income earned from RMAP loans to microborrowers belongs to the lender and can be used flexibly.



OFN looks forward to a partnership with USDA and applauds efforts to increase support to microenterprise lenders serving rural communities. Please do not hesitate to contact me at mpinsky@opportunityfinance.net or 215.320.4304 if you have questions or would like clarification on these comments.

Sincerely,

Mark Pinsky
President and CEO