

Minority Business Micro Loan Program

The Minority Business Loan Program, administered by the Mississippi Development Authority provides a funding source for businesses needing financing for small projects. Loan amounts for projects range from \$2,000 to \$35,000 and owner's equity injection (i.e. cash, tangible equity such as land, building or equipment) is as low as 5 percent. Loan proceeds are not intended for use as GAP financing and shall not be used along with any other financing. These funds may be used for purchasing fixed assets such as equipment, used as working capital, or inventory purchase.

Eligibility

A minority business is a socially and economically disadvantaged small business concern organized for profit as defined under the Small Business Act, 15 U.S.C.S., Section 637[a]), and performing a commercially useful function. The business must have one or more minority or female owners with controlling interest. A business is required to obtain [certification as a Minority Business Enterprise](#) by the Minority Business Enterprise Division prior to consideration for the loan.

Borrowers must be creditworthy, demonstrate the ability to repay the loan, and must not be in default of any previous loan from the state or federal government. Minority businesses not eligible to participate in the program are; charitable institutions, nonprofit enterprises, enterprises through which editorial opinions are expressed, or businesses engaged in lending.

Loan proceeds may not be used for debt consolidation purposes or to finance real estate held primarily for sale or investment.

Terms

The maximum MDA micro loan amount is \$35,000. Repayment terms relating to the loan amount and collateral are not to exceed seven years. All loan proceeds must be adequately secured to include a first lien on all assets acquired with proceeds. If the loan is for working capital, collateral will include liens on available businesses and/or personal assets.

The interest rate of the Micro Loan is fixed at 4% over the Federal Reserve Discount Rate for the term of the loan.

Statute

The Minority Business Micro Loan Program is authorized under Section 69-2-13, MS Code, Annotated.

Applications

Applications may be obtained from local planning and development district offices or other qualified entities. At a minimum, the following information should be submitted when applying for a Micro Loan:

- Brief business plan including a description of the business and the benefits of obtaining loan;
- Tax returns or financial statement for the past two years (existing business) for new business, statements of two years' projected income;
- Personal financial statements of the owner(s); and,
- Resume of the owner(s).