

Minority Business Enterprise Loan Program

The Mississippi Business Enterprise Loan Program, administered by the Mississippi Development Authority, combines state and private lending sources to assist new and existing minority businesses in gaining access to needed capital in the form of direct low-interest loans.

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.

Minority businesses not eligible to participate in the program are; charitable institutions or nonprofit enterprises, newspapers, magazines, radio or television broadcasting companies or similar enterprises through which editorial opinions are expressed, or businesses engaged in lending directly or indirectly. Loan proceeds may not be used for debt consolidation purposes or to finance real estate held primarily for sale or investment.

Business Ownership

For the purpose of pursuing financing through the Minority Loan Fund, ownership must be at least 60 percent minority or female. Sole proprietors must be a resident of the state of Mississippi, and corporations and partnerships require that 50 percent of the owners be Mississippi residents.

The borrower must have at least 5 percent equity in the business (i.e., cash or tangible assets such as land, building, or equipment), must be credit worthy,

demonstrate the ability to repay the loan, and must not be in default of any previous loans from the state or federal government.

Terms

The maximum MDA loan amount to any one borrower is \$250,000 or 50 percent of the total project cost, whichever is less. Maximum terms are seven years for working capital, ten years for machinery and equipment, and fifteen years for land and buildings.

The maximum interest rate charged on the MDA portion of the loan is 2 percent above the Federal Reserve discount rate, and the minimum is 2 percent below the discount rate.