

Department of the Interior Indian Loan Guaranty and Interest Subsidy Program

The program was established by the Indian Financing Act of 1974 to stimulate and increase American Indian entrepreneurship and employment through establishment, acquisition or expansion of Indian-owned or Native Alaskan owned economic enterprises.

Eligibility Requirements

- ♦ Any lender including Community Development Financial Institutions (CDFI's) regularly engaged in making loans, with an acceptable capacity for evaluating and servicing loans, which is satisfactory to the program may obtain a guaranty.
- ♦ The borrower must be projected to have at least 20 percent equity in the business being financed immediately after the loan is funded.
- ♦ The business must be located on or near a federally recognized reservation or recognized service area and must contribute to the economy of the reservation or service area.
- ♦ A borrower must be a federally recognized American Indian tribe or Alaska Native group or an enrolled member of such tribe or group; or a business organization with no less than 51 percent ownership by American Indians or Alaska Natives.
- ♦ The borrower may not be delinquent on any federal obligation.

Loan Purpose

Loans may be made to finance Indian-owned businesses that significantly contribute to a Tribe's economy.

Loan Amount

- \$500,000 is the maximum loan that can be guaranteed for individuals.
- The program can guarantee loans of greater amounts for tribes, tribal enterprises, or a business entity, subject to program and policy limits.

Division of Capital Investment

1951 CONSTITUTION AVENUE, NW

RM 20-SIB

WASHINGTON, D.C. 20240

(202) 513-7681 Fax: (202) 208-6512

Regional Credit Offices

Great Plains Regional Office (605) 226-7381
115 4th Avenue SE (605) 348-3680
Aberdeen, South Dakota 57401 Fax (605) 226-7392

Southwest Regional Office (505) 563-5471
1001 Indian School Rd. NW Fax (505) 563-5472
Suite 131
Albuquerque, New Mexico 87104

Southern Plains Regional Office (405) 247-6140
Hwy 281 & Riverside Drive Fax (405) 247-2581
Anadarko, Oklahoma 73005

Rocky Mountain Regional Office (406) 247-7963
316 North 26th Street Fax (406) 247-7978
Billings, Montana 59101

Northwest Regional Office (503) 231-6754
911 NE 11th Avenue Fax (503) 231-6731
Portland, Oregon 97232-4169

Alaska Regional Office (907) 271-4018
3601 C Street, Ste 1100 Fax (907) 271-1750
Anchorage, Alaska 99503

Midwest Regional Office (612) 725-4506
Bishop Henry Whipple Fed. Bldg Fax (612) 713-4401
One Federal Drive, Room 550
Ft. Snelling, MN 55111-4007

Eastern Oklahoma Regional Office (918) 781-4685
3100 W. Peak Blvd Fax (918) 781-4624
Muskogee, Oklahoma 74401

Navajo Regional Office (505) 863-8336
301 West Hill Avenue Fax (505) 863-8292
Gallup, New Mexico 87301

Western Regional Office (505) 563-5471
400 North 5th Street Fax (505) 563-5472
Phoenix, Arizona 85004

Eastern Regional Office (615) 564-6790
545 Marriott Drive, Suite 700 Fax (615) 564-6701
Nashville, Tennessee 37214

Pacific Regional Office (916) 978-6050
2800 Cottage Way, Room 2619 Fax (916) 978-6055
Sacramento, California 95825

Percentage of Guaranty

The percentage of a loan that is guaranteed is the minimum necessary to obtain financing, but may not exceed 90 percent of the unpaid principal and interest on a loan.

Premium Charges

The lender must pay a one-time premium payment of 2 percent of the guaranteed portion of a loan. The lender may charge the premium to the borrower as a one time fee, or add the premium to the loan.

Loan Terms & Interest Subsidy

- ◆ The maturity of the loan is determined by the lender based upon the use of the loan proceeds and the repayment capacity of the borrower. The loan term may not exceed 30 years.
- ◆ Interest rates are determined by the lender, subject to reasonable limitations established by policy.
- ◆ In some cases, the program can provide an interest subsidy. An interest subsidy is a rebate to the borrower of the difference between the lender's interest rate and the rate set for Indian loans by the U.S. Treasury, for up to five years.
- ◆ Lenders must obtain security, if available, up to an amount adequate to protect the loan without consideration of the guaranty.

Application Process

A lender should apply for a loan guaranty only when it would not otherwise approve a borrower's loan application. The lender should submit its application to the Regional office where the business is to be located.

Complete guidelines can be obtained by contacting your respective Regional Office.

Lender Guaranty Request

To apply for a loan guaranty, a lender must submit a loan guaranty request on **Government Form 5-4755** together with the following:

1. A written explanation from the lender why the lender requires a guaranty for the loan, and the minimum loan guaranty percentage it will accept.
2. A copy of the borrower's complete loan application;
3. A description of the borrower's equity in the business being financed;
4. A copy of the lender's independent credit analysis of the borrower's business, ability to service the debt, and loan collateral.
5. A credit report from a credit bureau, dated within 90 days of the application package, providing a credit history of the borrower, and each co-maker or guarantor of the loan.
6. A copy of the lender's commitment letter to the borrower, reflecting the proposed loan amount, purpose, interest rate, schedule of payments, security, and lender's terms and conditions.
7. The lender's estimate of any loan related fees and costs the lender will charge.
8. If any significant portion of the loan will be used to finance construction, renovation, or demolition work, the lender must provide:
 - ◆ Insurance and bonding requirements for the work
 - ◆ Proposed draw requirements, and
 - ◆ Proposed work inspection procedures.

Department of the Interior
Division of Capital Investment

1951 Constitution Avenue NW
Room 20-SIB
Washington DC 20240

Phone: 202-513-7681
Fax: 202-208-6512



Department of the
Interior
Division of Capital
Investment

**Indian Loan
Guaranty
&
Interest Subsidy
Program**



(202) 513-7681