

PROGRAM: BIA Indian Loan Guarantee Fund

AGENCY: Bureau of Indian Affairs (BIA), Division of Financial Assistance

DESCRIPTION: Guaranteed loans that are made by private lenders to eligible applicants for up to 90% of the unpaid principal and interest due.

ELIGIBLE USES:

- Funds may be used to finance Indian-owned commercial, industrial or business activities organized for profit, provided eligible Indian ownership constitutes at least 51% of the business. Loans must benefit the economy of an Indian reservation. Also, interest subsidies might be granted when the business is incurring losses.

PROGRAM/LOAN STRUCTURE:

- Maximum Program Benefit: Individual guarantees are limited to \$500,000; \$5.5 million maximum for tribes or organizations.
- Equity: Minimum of 20% of project funding must be cash or unencumbered assets to be used in the proposed business.
- Term: Varies with use and repayment capacity, but does not exceed 30 years.
- Rates: Variable interest rate to be adjusted no more than quarterly. Maximum interest rate for a 90% loan guarantee is equal to 1.5% above the New York prime; the maximum for an 80% loan guarantee is equal to 2.75% above the New York prime.
- Interest Subsidy: Amount is based on the difference between the Treasury interest rate for direct loans and the interest rate charged by the lender. Currently, a maximum subsidy would reduce the effective interest rate to 6.625%. Subsidies are limited to the first three years of the loan.
- Premium Charges: A one-time premium payment of 2 percent of the guaranteed portion of a loan is charged to the bank. The lender may charge the premium to the borrower.

QUALIFICATION CRITERIA/COMMENTS:

- Applicant must be a federally recognized tribe or Alaskan Native group; a member of such a tribe or group; or an Indian-owned corporation, partnership or cooperative association.
- Indian ownership must be at least 51% of the business.
- Application includes financial statements, resumes and organizational papers.
- For more information visit <http://www.doi.gov/bia/Loan%20Guaranty%20Brochure.pdf> and <http://www.doi.gov/bureau-indian-affairs.html>.
- Contact the office of Economic Development at 1849 C Street, NW, MS 4641-MIB Washington, DC 20240 Phone: (202)2085324 Fax (202)208-7419