

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

- 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.

LOAN TERMS

- 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, except 30 years is the maximum maturity term.
- Interest rates for a 90 percent guaranty may not exceed New York prime rate plus 1¹/₂ percent. Interest rates for loans guaranteed at a lesser percentage rate may not exceed prime rate plus 2³/₄ percent.
- An interest subsidy may be provided, based on borrower need, but may not exceed five years.
- Lenders will require borrowers to give security, if available, up to an amount adequate to protect the loan without consideration of the guaranty.

APPLICATION PROCESS

- Borrowers will work directly with lenders for guaranteed loans. Upon a lender's approval of an application for a guaranteed loan, the lender will request a loan guaranty from the Bureau of Indian Affairs office where the business is located.

Complete guidelines can be obtained by contacting your respective Area or Agency office.

APPLICATION REQUIREMENTS

The application for a loan guaranty must include the following:

1. The name and address of the borrower with the tax identification number if the borrower is an organization or the social security number if an individual;
2. The loan amount, interest rate, term, repayment schedule, and the percentage of guaranty requested, if applicable;
3. Sources and uses of funds, with specific reference to the total project cost, the borrower's equity or personal investment, and any interest subsidy required;
4. An itemized description of loan collateral offered to secure the loan, the value and the method used to value the collateral, the date of such valuation, who performed the valuation, and details concerning any existing liens;
5. A business plan for the economic enterprise, including proposed management, a marketing strategy, and financial need;
6. Financial statements of the borrower and any principals of the borrower for the current and the past three years, to the extent available;
7. The borrower's income tax returns, balance sheets, and operating statements for the three preceding years, to the extent available;
8. The borrower's pro forma balance sheets, operating statements and cash flow statements for at least three years, including a detailed description of key revenue and expense assumptions;
9. How title will be taken to any property purchased with loan proceeds;
10. Types and amounts of insurance to be carried;
11. The lender's evaluation of the economic feasibility of the enterprise and its internal loan analysis;
12. A statement signed by the borrower stating whether the borrower is delinquent with any Federal tax or other obligations, or has ever defaulted on a federal direct or guaranteed loan; and,
13. A current credit bureau report on the borrower.

BUREAU OF INDIAN AFFAIRS



LOAN GUARANTY PROGRAM

BUREAU OF INDIAN AFFAIRS LOAN GUARANTY PROGRAM

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

ELIGIBILITY REQUIREMENTS

- Any lender regularly engaged in making loans, possessing the capacity to accept, process, and service loans, and satisfactory to the Bureau of Indian Affairs may obtain a guaranty.
- The borrower must be a federally recognized tribe or Alaska Native group, member of such tribe or group; or an Indian-owned organization.
- A minimum of 20 percent equity, in either cash and/or unencumbered assets to be used in the business being financed, is required.
- The business must be located on or near a reservation or recognized service area and contribute to the economy of the reservation.
- The borrower may not be delinquent on any federal financial obligation. The borrower may not obtain a loan if there is any outstanding unresolved federal debts.

LOAN PURPOSE

- Loans may be made to finance Indian-owned businesses organized for profit, provided that eligible Indian ownership constitutes not less than 51 percent of the business.

LOAN AMOUNT

- \$500,000 is the maximum loan that can be guaranteed for individuals, partnerships and corporations.
- \$5.5 million is the maximum loan that can be guaranteed for Tribes.

OFFICE OF ECONOMIC DEVELOPMENT

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Washington, DC 20240
(202) 208-5324
Fax: (202) 208-7419
www.1stsource.kc.frb.org
www.doi.gov/bureau-indian-affairs.html

AREA CREDIT OFFICES

ABERDEEN AREA CREDIT OFFICE

Federal Building
115 4th Avenue, SE
Aberdeen, SD 57401-4382
(605) 226-7381
Fax (605) 226-7392

ALBUQUERQUE AREA CREDIT OFFICE

PO Box 26567
Albuquerque, NM 87125-6567
(505) 346-7581
Fax (505) 346-7530

ANADARKO AREA CREDIT OFFICE

PO Box 368
Anadarko, OK 73005
(405) 247-6673, ext. 240
Fax (405) 247-9240

BILLINGS AREA CREDIT OFFICE

316 North 26th Street
Billings, MT 59101
(406) 247-7963
Fax (406) 247-7978

EASTERN AREA CREDIT OFFICE

3701 N Fairfax Drive, Suite 260
Arlington, VA 22203
(703) 235-1303
(703) 235-5565

JUNEAU AREA CREDIT OFFICE

PO Box 25520
Juneau, AK 99802-5520
(907) 586-7103
Fax (907) 586-7037

MINNEAPOLIS AREA CREDIT OFFICE

Bishop Henry Whipple Federal Building
One Federal Drive, Room 550
Fort Snelling, MN 55111-4007
(612) 713-4400, Ext. 1181
Fax (612) 713-4453

MUSKOGEE AREA CREDIT OFFICE

101 North 5th Street
Muskogee, OK 74401-6206
(918) 687-2377
Fax (918) 687-2267

NAVAJO AREA CREDIT OFFICE

PO Box 1060
Gallup, NM 87305
(505) 863-8336
Fax (505) 863-8342

PHOENIX AREA CREDIT OFFICE

PO Box 10
Phoenix, AZ 85001
(602) 379-6624
Fax (602) 379-6765

PORTLAND AREA CREDIT OFFICE

911 NE 11th Avenue
Portland, OR 97232-4169
(503) 231-6754
Fax (503) 231-6731

SACRAMENTO AREA CREDIT OFFICE

Federal Office Building
2800 Cottage Way
Sacramento, CA 95825
(916) 978-6050
Fax (916) 978-6055