



- Credit
- Collateral
- Growth
- Access
- Capacity

The Office of Indian Energy and Economic Development

The Office of Indian Energy and Economic Development (IEED) was created by the Secretary of the Interior to address the overarching issue of economic development in Indian Country so that tribes would have a solid economic foundation to achieve self-governance. The mission of IEED is to enhance the quality of life and promote economic opportunity for American Indians and Alaska Natives in balance with meeting the responsibility to protect and improve their trust resources. IEED believes that vigorous economic development and creation of new jobs are the best antidotes to combat the economic and social malaise in Indian Country through consultation and outreach to Native American leaders, Indian Affairs policy-makers and decision-makers, and Indian people. ●



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Capital Investment

Helping Guarantee the Economic Future of Indian Country

The Division of Capital Investment manages the Indian Loan Guaranty, Insurance and Interest Subsidy Program which breaks through the conventional barriers to financing for tribes and individual Indians.



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Twelve BIA regional offices located across the United States, in coordination with the Division of Capital Investment in Washington, D.C., operate the Indian Loan Guaranty, Insurance and Interest Subsidy Program.

Program Overview

The Indian Loan Guaranty, Insurance and Interest Subsidy Program provides opportunities to a historically underserved community by providing federal guaranties and insurance for loans to Indian-owned businesses. In turn, these businesses create job opportunities in areas of high unemployment.

Few traditional lenders operate on or near reservations, compared with non-Indian communities. Confusion over the application of tribal law, and the perceived inability to use reservation land as collateral due to its trust status, has kept most lending institutions wary of making traditional loans in Indian Country.

In 1974, the Indian Financing Act established the Program to allow the federal government to assume some of the risk of lending to Indian-owned businesses and to stimulate capital investment on or near reservations. The program is open to federally recognized American Indian tribes or Alaska Native groups, individually enrolled members of such tribes or groups, or a business organization with no less than 51% ownership by American Indians or Alaska Natives. The borrower's business must be located on or near a federally recognized Indian reservation, or recognized service area, and must contribute to the economy of the reservation or service area.



Areas of current and future emphasis include (1) loans to Indian tribes for use in the promotion of energy resource development on Indian Land and (2) loans for the building of correctional facilities. The first is encouraged by the Energy Policy Act of 2005 and the second supports the Safe Indian Communities Initiative.

Length of loans and interest rates are determined by the lending institution and the borrower. However, the loan term cannot exceed 30 years and interest rates are subject to reasonable limitations established by policy.

Application Process

Tribes or individuals must apply for a loan through any lender that regularly engages in making loans. A lending institution should only apply for a loan guaranty when it would not otherwise approve a borrower's loan application.

To apply for a loan guaranty, the approved lending institution must submit a request on Government Form 5-4755 to the Program regional office where the business is to be located, along with standard documentation which the lending institution will require. This will likely include a complete loan application, an independent credit analysis of the borrower's business and collateral, and a recent, original credit report from a nationally recognized bureau.

The lender must describe the borrower's 20% equity in the business being financed and must estimate its loan-related fees

and costs. If the loan will be used for refinance, construction, renovation, or demolition work, there are additional paperwork requirements. This can all be done using the lender's own forms, along with a commitment letter from the bank to the borrower which states the loan amount, purpose of the loan, interest rate, schedule of payments, security, and the terms and conditions of the loan.



Left Photo: A marina on the Crow Reservation, Montana. **Top Right and Bottom Right Photos:** New business construction in Washington State.

Division of Capital Investment

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