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Commissioner of Indian Affairs Morris Thompson announced today that proposed regulations for the implementation of the Indian Financing Act are being published in the Federal Register September 3, 1974.

Thompson said that full funding of $80 million is being sought for the Act, which was approved by President Nixon April 12, 1974.

The Indian Financing Act of 1974 itself:

1. Consolidates existing Indian revolving loan funds already administered by the Bureau of Indian Affairs and authorizes the appropriation of an additional $50 million for the consolidated fund from which direct Federal loans will be made to Indian organizations and individuals.

2. Creates a new Indian Loan Guaranty and Insurance Fund under which up to $200 million in loans made by private lenders to Indian tribes or tribal members can be guaranteed or insured for up to 90 percent of the unpaid principal and interest due.

3. Provides for interest subsidies to reduce the cost of borrowing from private lenders under the Loan Guarantee and Insurance Fund.

4. Establishes the Indian Business Development program which will stimulate and increase Indian entrepreneurship and employment by providing equity capital through non-reimbursable grants to-Indians and Indian tribes to establish and expand profit-making Indian-owned economic enterprises that benefit Indian reservations and communities. The act authorizes appropriations of up to $10 million for Indian Business Development Program grants for each of the next three fiscal years.

Parts 80, 91, and 93 of Title 25, Code of Federal Regulation’s -- the first two of which are revisions -- will implement these provisions. Part 80 sets forth regulations on the Indian Business Development Fund, Part 91 the Revolving Loan Fund, and part 93 the Loan Guarantee and Insurance Fund.

Written comments, suggestions, or objections regarding these parts must be made to the Director, Office of Tribal Resources Development, Bureau of Indian Affairs, Washington, D.C. 20245 within 30 days after the date published in the Federal Register.

Each of the proposed parts defines "Indian" as any person who is a member of any Indian tribe, band, group, pueblo, or community recognized by the Federal Government as eligible for services from the Bureau of Indian Affairs and any citizen of the United States who is one-fourth degree or more Alaska Indian, Eskimo, or Aleut. "Tribe" is defined as any Indian tribe, band, group, pueblo, community, or any Alaska Native village recognized by the Federal Government as eligible for services from the Bureau of Indian Affairs.

When loans are involved, they will be made only when there appears to be a reasonable chance of payment. The applicant must first try to get financing at reasonable rates from other Government

sources, such as Farmers Home Administration or Small Business Administration, and usual commercial sources such as banks, and other savings and loan institutions.

Loans from the revolving loan fund will be made only when the applicant is unable to obtain a guaranteed or insured loan. Grants will be made only if they contribute to the economy of a reservation. They are limited to the lesser of $50,000 or 40 percent of the total cost of the project.