Indian Affairs - Office of Public Affairs

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Final regulations governing the administration of the Indian Loan Guaranty and Insurance fund have been published in the Federal Register by the Bureau of Indian Affairs.

The Fund, established by the Indian Financing Act of 1974, is to be used to make more feasible normal commercial financing of economic enterprises which will benefit the economy of an Indian reservation. The Act authorized appropriation of $20 million for each of the fiscal years 1975, 1976, and 1977. These funds could generate up to $200 million in additional financing for Indian tribes, organizations and individuals. The $20 million for 1975 has been appropriated.

Loans made under this program may be guaranteed or insured up to 90 percent of the unpaid, principal, and interest. No guaranty or insurance will be provided, however, when financing on reasonable terms and conditions would be available without this assistance.

Loans for housing on reservations can also be guaranteed or insured under certain conditions.

The program also provides for the payment of interest subsidies to reduce the interest rate paid by the borrower to a rate comparable to that paid on loans from the Indian Revolving Loan Fund, established by Title I of the Financing Act.

Loans will be guaranteed or insured only when there is a reasonable prospect of repayment of the loan. Further information about the program can be obtained from BIA Agency or Area Offices.