

FUND DISTRIBUTION PROCESS

Program: Indian Loan Guarantee and Insurance Program

Type of Funding: Non Recurring – One time Support to financial institutions for loan guarantees and insurance

Funding Authority/Responsibility: 25 USC §1481 *et seq.* authorizes the Secretary to issue loan guarantees and insurance. Department Manual provisions at 110 DM 8.4(C)(3) delegate Program management to the Division of Capital Investment (DCI) in AS-IA's Office of Indian Energy and Economic Development. Except for Program administrative funds, however, DCI does not spend or distribute annual Program funding. Program subsidy funds are recorded and moved in the general ledger by AS-IA's Loan Accounting Section.

The Director, Office of Indian Energy and Economic Development has responsibility for this funding.

Criteria for Distribution: Funds are not distributed to Tribes or to individual Indians. Funds are obligated towards guarantees or insurance issued for loans made by private lenders to Indian-owned businesses. Those loans may or may not close and fund thereafter, at which time they become a contingent liability of the U.S. government. Statutes at 25 U.S.C. §1481 *et seq.*, regulations at 25 CFR Part 103, and DCI's Policies and Procedures Manual govern the obligation of Program subsidy.

Distribution Process: Funds are **not** distributed to tribes. In the event of a claim for a loss suffered by a lender guaranteed or insured under the Program, amounts allocated to the cohort year of the loan guarantee or insurance obligation are used to pay the guaranteed or insured portion of the lender's approved claim. Cohort accounts are adjusted annually as necessary to increase or decrease balances needed for any remaining potential loan guarantee or insurance exposure and to account for any sums recovered after a loss payment.