Office of Indian Energy and Economic Development

Division of Capital Investment

Guidance for the Tribe, Tribal Enterprise, or Indian-Owned Business as Borrower

Is your Tribe thinking of expanding a small business or tribal enterprise, and can not find financing on reasonable terms and conditions? The Indian Affairs Loan Guarantee Program may be able to help! We facilitate access to capital through Loan Guarantees. We are not a grant program; instead we assist Indian-owned businesses receive financing for their projects by guaranteeing loans made by banks and other lenders. The size of a loan to a Tribe or tribal enterprise is not limited by our regulations, but is subject to availability of Program resources.

First, make sure your project qualifies under the Program's regulations.

Some key requirements include:

-The borrower requesting the loan must be either a federal recognized Tribe, an individual member of a federal recognized Tribe, or an entity that is at least 51% owned by members of federally recognized Tribes.

-The owner must have at least 20% tangible equity in the project being financed.

-The project must benefit the economy of a reservation or tribal service area.

In order to obtain a guaranteed loan, you will need to develop a business plan and work with your bank or other qualified lending institution. That lender will make the request for a guarantee so that it can lend you capital for your business. You do not need to be turned down by a bank in order to use our program. Instead, if you are having trouble finding a bank willing to finance your project, inform possible lenders about our program, and suggest that they contact us or visit our website. The Loan Guarantee Program is designed to lower the amount of risk taken by the lender, thus giving it more incentive to finance the project.

Indian Affairs can guarantee up to 90% of an eligible loan. This means that if your business defaults on its debt to the lender, the lender can then ask the government to reimburse up to 90 percent of the unpaid principal and accrued interest due on a loan. When that happens, the lender then assigns its rights to the government, and the government becomes the new lender. The borrower will still be liable for the outstanding amount owed.

If you would like to learn more about participating in our Program, please contact:

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