



***WALKING WITH NATIVE CDFI'S***  
*"Helping Guarantee the Economic  
Future of Indian Country"*

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**INDIAN LOAN GUARANTEE AND INSURANCE PROGRAM**  
25 U.S.C. §1481 et seq, 25 CFR Part 103

**DIVISION OF CAPITAL INVESTMENT  
OFFICE OF INDIAN ECONOMIC DEVELOPMENT  
U.S. DEPARTMENT OF THE INTERIOR**

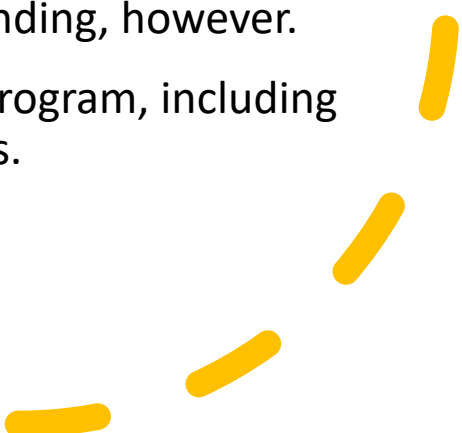
# Who is DCI... I thought you were BIA?

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- The Program is no longer under the purview of the BIA. It is a standalone federal program under DCI/IA.
- The Division of Capital Investment manages the Indian Loan Guarantee and Insurance Program (Program,) which breaks through the conventional financing barriers for tribes and individual Indians.
- It is not a grant program. Rather, the Program helps borrowers obtain loan financing from private lenders when they would be unable to do so otherwise.
- The Program helps reduce lender risk so that borrowers can secure funding at reasonable interest rates. We bring lenders and borrowers together so that all may prosper.



# Common Features of Loan Guarantees and Insurance

- Up to 90% of outstanding principle, unpaid interest and authorized fees on a loan
  - Federally-recognized Tribes and Alaska Native groups, their individual members, and organizations, whether for profit or nonprofit, are eligible to participate. Borrowers need to be at least 51% native-owned (or in the case of nonprofits, 51% native controlled) to be eligible.
  - Borrowers must have at least 20% equity in the project being financed and the project must benefit the economy of a reservation or tribal service area.
  - Loans can be used for operating capital, equipment purchases, construction, business acquisition, refinancing, lines of credit, and other needs
  - Individuals are limited to loans of \$500,000 or less. No Program limit to loan amounts for Tribes and business entities consisting of at least two persons. There are limits based on Program funding, however.
  - Most lending organizations are eligible under the Program, including US-based banks, CDFIs, and some non-bank lenders.
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# Loan Guarantees vs Loan Insurance



## Loan Guarantees

- Authorized guaranteed lenders can apply. All Loan requests are submitted to DCI's credit committee
- Loan Guarantee premium of 2%

## Loan Insurance

- Pre-authorized insured lenders are given a level of coverage for the fiscal year. For loans of \$250,000 or less, DCI credit committee is *not* required.
- Loan Insurance premium of 1%

# In the Event of Default



## Loan Guarantees

- Lender has the option to liquidate all collateral before submitting a claim for loss on any remaining debt or submit a claim for loss and immediately receive a payment on the loss
- Payment based on percentage of Guarantee (up to 90%)

## Loan Insurance

- Lender *must* liquidate all collateral, first, before submitting a claim for loss on any remaining debt
- Insured losses are limited to the lesser of 90% of the lender's loss on the insured loan or 15% of the value of that lender's entire portfolio of Program-insured loans



# Getting Started

- Borrowers apply for a loan to the lender of their choice. As long as that lender is regularly engaged in making loans, it is probably eligible to use the Program (if not already authorized). Becoming authorized is a fairly quick and easy process.
- Lenders should only apply for a loan guarantee or obtain loan insurance when it would not otherwise approve the borrower's loan application
- To apply, here are some of the necessary steps:
  - ✓ The borrower must develop a business plan and submit it to the lender, together with a completed loan application.
  - ✓ The lender must submit Indian Affairs Form RGI10 to the DCI Zone Manager where the business is to be located.
  - ✓ The lender's application must include the proposed loan terms, all materials the borrower supplied in its loan application, the lender's analysis of the borrower's prospects and collateral, and a recent credit report. If the loan is for refinancing or construction, there are additional requirements.



- If the loan is for \$250,000 or less, the process can be even easier. If an approved lender with loan insurance authority cannot offer its best terms without Program insurance, it can simply use a portion of its authority and close the loan, without prior review by DCI's credit committee. The lender simply sends in the required premium and paperwork afterwards to comply with Program requirements, and the loan is insured.
- There is no reason a lender cannot have in place both a Loan Guarantee Agreement and a Loan Insurance Agreement with DCI, so that it can choose which product to use as circumstances warrant.

# Frequently Asked Questions

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- How do I obtain a guarantee?
  - Loan guarantee applications are made by the lender to DCI if, after doing its own underwriting, the lender determines that it cannot make the loan without a guarantee. DCI will guarantee up to 90% of eligible loans. The loan guarantee application consists of a one-page form making the request, as well as a series of documents that most prudent lenders will have already collected from the borrower. Those items are listed in 25 CFR 103.12 and 103.26.
- Where and when do I apply?
  - Complete applications can be sent to our Zone Offices. The Lender must state why it is unable to make the loan without a guarantee through the Program. Once a complete application has been received, a written explanation of DCI's decision will be delivered within 30 days.
  - Native CDFIs may close on the loan of \$250K or less and send the 1% premium into DC, the loan will be automatically insured if the CDFI has followed regulations under 25CFR 103
- What happens after the loan has been approved?
  - DCI will sign a loan guarantee certificate with attached, mutually agreed-upon conditions of approval. The certificate is not valid until the loan closes and the premium payment has been received. DCI staff can work with the lender to make sure that the loan closes in a timely manner.





# Frequently Asked Questions

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- What types of loans are eligible for the Program?
  - The borrower must be at least 51% native-owned and its project must benefit the economy of a reservation or tribal service area. Loans cannot be made for re-lending or gaming purposes, smoke shops, liquor stores, or cannabis operations.
- Do all financial institutions qualify?
  - Most CDFIs, including Native CDFIs, and almost all US-based commercial banks qualify for participation in the Program. Non-bank lenders can also be eligible, but they must meet the requirements of 25 CFR 103.10. All lenders must sign a Loan Guarantee Agreement or Loan Insurance Agreement or both, before participating. Credit Unions do not qualify unless they have CDFI status.
- Is any equity required by the borrower?
  - The borrower must be projected to have at least 20 percent equity in the business being financed, immediately after the loan is funded. If a substantial portion of the loan is for construction or renovation, the borrower's equity may be calculated based upon the reasonable estimated value of the borrower's assets after completion of the construction or renovation.





# Lavender's Bleu

Literacy Market

- Children's bookstore in Tulsa Oklahoma
- Offers tutoring for literacy including specialization in dyslexia and special education
- Event space for theme specific parties and events

\* Cherokee Nation Economic Development Trust Authority \*





- Coffee roasting company based in Winterhaven, CA
- All Native staff
- Coffee is roasted to order and shipped anywhere in the US

\* Native Capital Access \*





# EspinoVR

VIRTUAL REALITY  
CENTER

- Family entertainment center specializing in virtual reality and social gaming
- Located in Mishawaka, IN
- \*Chi Ishobak\*





- Italian Eatery locates in Rapid City, SD
- Owner, Stacey Livermont worked at the restaurant for 20 years before working with Lakota Funds to buy out the owner
- \*Lakota Funds\*

## Little Traverse Bay Band of Odawa Indians GNI Phase 1 LLC – Marriott Courtyard, Petoskey, MI

- Loan \$21,000,000 in Fiscal Years 2018 /2019
- Build out 144-unit Marriott Courtyard and 6,000 sq. ft retail strip mall





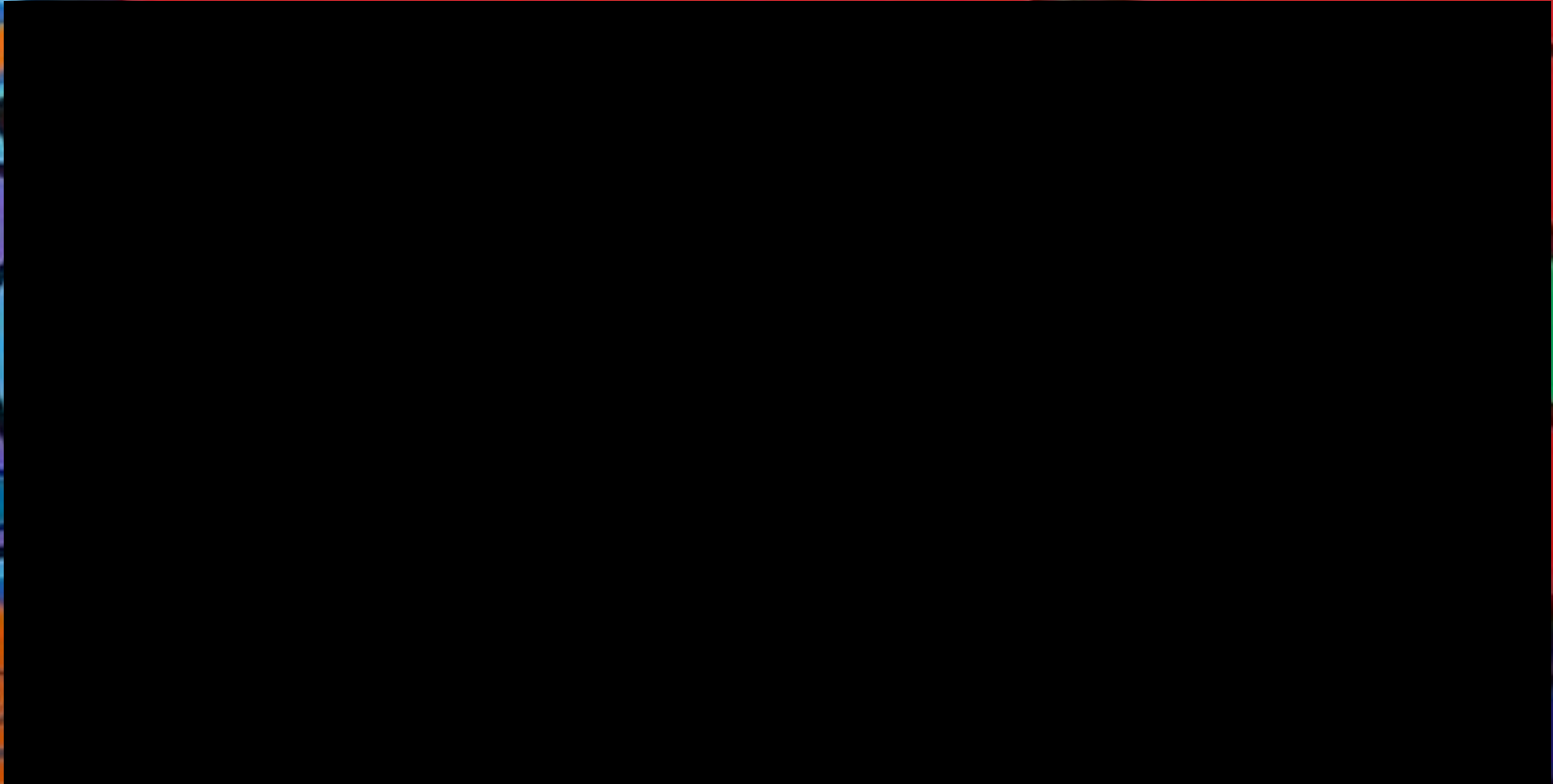
# Victories Square in Petoskey, MI

- 6,000 sq. ft. retail strip mall anchored by 2,000 sq. ft. Starbucks

Compass by Margaritaville

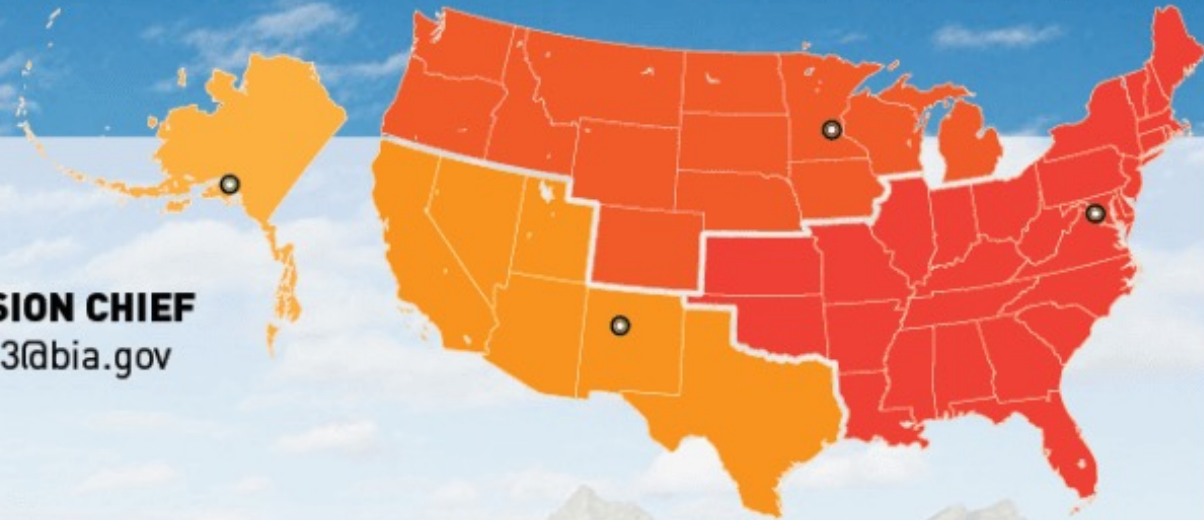
Coquille Indian Tribe

Medford, Oregon



fineart  
jimi america





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## Credit Offices

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