

“(A) to encourage the orderly development and expansion of a secondary market for loans guaranteed or insured by the Secretary of the Interior; and

“(B) to expand the number of lenders originating loans under the Indian Financing Act of 1974 (25 U.S.C. 1451 et seq.).

“(b) PURPOSE.—The purpose of this Act [see Short Title of 2002 Amendment note set out under section 1451 of this title] is to reform and clarify the Indian Financing Act of 1974 (25 U.S.C. 1451 et seq.) in order to—

“(1) stimulate the use by lenders of secondary market investors for loans guaranteed or insured under a program administered by the Secretary of the Interior;

“(2) preserve the authority of the Secretary to administer the program and regulate lenders;

“(3) clarify that a good faith investor in loans insured or guaranteed by the Secretary will receive appropriate payments;

“(4) provide for the appointment by the Secretary of a qualified fiscal transfer agent to establish and administer a system for the orderly transfer of those loans; and

“(5)(A) authorize the Secretary to promulgate regulations to encourage and expand a secondary market program for loans guaranteed or insured by the Secretary; and

“(B) allow the pooling of those loans as the secondary market develops.”

§ 1486. Loans ineligible for guaranty or insurance

Loans made by any agency or instrumentality of the Federal Government (not including an eligible Community Development Finance Institution), or by an organization of Indians from funds borrowed from the United States, and loans the interest on which is not included in gross income for the purposes of chapter 1 of title 26 shall not be eligible for guaranty or insurance hereunder.

(Pub. L. 93-262, title II, §206, Apr. 12, 1974, 88 Stat. 80; Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095; Pub. L. 109-221, title IV, §401(c), May 12, 2006, 120 Stat. 342.)

AMENDMENTS

2006—Pub. L. 109-221 inserted “(not including an eligible Community Development Finance Institution)” after “Government”.

1986—Pub. L. 99-514 substituted “Internal Revenue Code of 1986” for “Internal Revenue Code of 1954”, which for purposes of codification was translated as “title 26” thus requiring no change in text.

§ 1487. Loans eligible for insurance

Any loans insured hereunder shall be restricted to those made by a financial institution subject to examination and supervision by an agency of the United States, a State, or the District of Columbia, and to loans made by Indian organizations from their own funds to other tribes or organizations of Indians.

(Pub. L. 93-262, title II, §207, Apr. 12, 1974, 88 Stat. 80.)

§ 1488. Lenders authorized to make loans; decrease or increase of liability under the guaranty

Loans guaranteed hereunder may be made by any lender satisfactory to the Secretary, except as provided in section 1486 of this title. The liability under the guaranty shall decrease or in-

crease pro rata with any decrease or increase in the unpaid portion of the obligation.

(Pub. L. 93-262, title II, §208, Apr. 12, 1974, 88 Stat. 80.)

§ 1489. Loans made by certain financial institutions without regard to limitations and restrictions of other Federal statutes with respect to certain particulars

Any loan made by any national bank or Federal savings and loan association, or by any bank, trust company, building and loan association, or insurance company authorized to do business in the District of Columbia, at least 20 per centum of which is guaranteed hereunder, may be made without regard to the limitations and restrictions of any other Federal statute with respect to (a) ratio of amount of loan to the value of the property; (b) maturity of loans; (c) requirement of mortgage or other security; (d) priority of lien; or (e) percentage of assets which may be invested in real estate loans.

(Pub. L. 93-262, title II, §209, Apr. 12, 1974, 88 Stat. 80.)

§ 1490. Maturity of loans

The maturity of any loan guaranteed or insured hereunder shall not exceed thirty years.

(Pub. L. 93-262, title II, §210, Apr. 12, 1974, 88 Stat. 80.)

§ 1491. Defaults; written notification; pro rata payments; subrogation and assignment rights of Secretary; cancellation of uncollectable portion of obligations; forbearance for benefit of borrower; interest or charges cessation date

In the event of a default of a loan guaranteed hereunder, the holder of the guaranty certificate may immediately notify the Secretary in writing of such default and the Secretary shall thereupon pay to such holder the pro rata portion of the amount guaranteed and shall be subrogated to the rights of the holder of the guaranty and receive an assignment of the obligation and security. The Secretary may cancel the uncollectable portion of any obligation, to which he has an assignment or a subrogated right under this section. Nothing in this section shall be construed to preclude any forbearance for the benefit of the borrower as may be agreed upon by the parties to the loan and approved by the Secretary. The Secretary may establish the date, not later than the date of judgment and decree of foreclosure or sale, upon which accrual of interest or charges shall cease.

(Pub. L. 93-262, title II, §211, Apr. 12, 1974, 88 Stat. 80; Pub. L. 98-449, §6, Oct. 4, 1984, 98 Stat. 1725.)

AMENDMENTS

1984—Pub. L. 98-449 struck out proviso at end of second sentence which provided that proceedings pursuant to this section shall be effective only after following the procedure set out in section 386a of this title.