

SUBCHAPTER II—LOAN GUARANTY AND  
INSURANCE

**§ 1481. Loan guaranties and insurance**

**(a) In general**

In order to provide access to private money sources which otherwise would not be available, the Secretary may—

(1) guarantee not to exceed 90 per centum of the unpaid principal and interest due on any loan made to any organization of Indians having a form or organization satisfactory to the Secretary, and to individual Indians; or

(2) insure loans under an agreement approved by the Secretary whereby the lender will be reimbursed for losses in an amount not to exceed 15 per centum of the aggregate of such loans made by it, but not to exceed 90 per centum of the loss on any one loan.

**(b) Eligible borrowers**

The Secretary may guarantee or insure loans under subsection (a) to both for-profit and non-profit borrowers.

(Pub. L. 93-262, title II, §201, Apr. 12, 1974, 88 Stat. 79; Pub. L. 98-449, §4, Oct. 4, 1984, 98 Stat. 1725; Pub. L. 109-221, title IV, §401(a), May 12, 2006, 120 Stat. 341.)

AMENDMENTS

2006—Pub. L. 109-221, §401(a)(1), (2), (4), inserted section catchline, designated existing provisions as subsec. (a) and inserted heading, substituted “the Secretary may—

“(1) guarantee”

for “Secretary is authorized (a) to guarantee”, and added subsec. (b).

Pub. L. 109-221, §401(a)(3), which directed substitution of “members; or

“(2) insure”

for “members; and (b) in lieu of such guaranty, to insure”, was executed by making the substitution for “and (b) in lieu of such guaranty, to insure” to reflect the probable intent of Congress and the amendment by Pub. L. 98-449. See 1984 Amendment note below.

1984—Pub. L. 98-449 struck out “who are not members of or eligible for membership in an organization which is making loans to its members” before “; and (b)”.

**§ 1482. Premium charges; deposits in Indian Loan Guaranty and Insurance Fund**

The Secretary shall fix such premium charges for the insurance and guarantee of loans as are in his judgment adequate to cover expenses and probable losses, and deposit receipts from such charges in the Indian Loan Guaranty and Insurance Fund established pursuant to section 1497(a) of this title.

(Pub. L. 93-262, title II, §202, Apr. 12, 1974, 88 Stat. 79.)

**§ 1483. Interest rate**

Loans guaranteed or insured pursuant to this subchapter shall bear interest (exclusive of premium charges for insurance, and service charge, if any) at rates not to exceed such per centum per annum on the principal obligation outstanding as the Secretary determines to be reasonable taking into consideration the range of interest rates prevailing in the private market for similar loans and the risks assumed by the United States.

(Pub. L. 93-262, title II, §203, Apr. 12, 1974, 88 Stat. 79.)

**§ 1484. Application for loan; approval by Secretary; issuance of certificate; limitations on amount of loans to individual Indians or economic enterprises; review by Secretary**

The application for a loan to be guaranteed hereunder shall be submitted to the Secretary for approval. The Secretary may review each loan application individually and independently from the lender. Upon approval, the Secretary shall issue a certificate as evidence of the guaranty. Such certificate shall be issued only when, in the judgment of the Secretary, there is a reasonable prospect of repayment. No loan to an individual Indian may be guaranteed or insured which would cause the total unpaid principal indebtedness to exceed \$500,000. No loan to an economic enterprise (as defined in section 1452 of this title) in excess of \$250,000, or such lower amount as the Secretary may determine to be appropriate, shall be insured unless prior approval of the loan is obtained from the Secretary.

(Pub. L. 93-262, title II, §204, Apr. 12, 1974, 88 Stat. 79; Pub. L. 98-449, §5, Oct. 4, 1984, 98 Stat. 1725; Pub. L. 100-442, §1, Sept. 22, 1988, 102 Stat. 1763; Pub. L. 101-644, title III, §303(b), Nov. 29, 1990, 104 Stat. 4668; Pub. L. 107-331, title I, §103(a), Dec. 13, 2002, 116 Stat. 2836.)

AMENDMENTS

2002—Pub. L. 107-331 substituted “\$250,000” for “\$100,000”.

1990—Pub. L. 101-644 struck out “prior” before “approval” in first sentence and substituted “may review” for “shall review” in second sentence.

1988—Pub. L. 100-442 substituted “\$500,000” for “\$350,000”.

1984—Pub. L. 98-449 substituted “\$350,000” for “\$100,000”, and inserted after first sentence “The Secretary shall review each loan application individually and independently from the lender.”

**§ 1485. Sale or assignment of loans and underlying security**

**(a) In general**

All or any portion of a loan guaranteed or insured under this subchapter, including the security given for the loan—

- (1) may be transferred by the lender by sale or assignment to any person; and
- (2) may be retransferred by the transferee.

**(b) Transfers of loans**

With respect to a transfer described in subsection (a)—

- (1) the transfer shall be consistent with such regulations as the Secretary shall promulgate under subsection (h); and
- (2) the transferee shall give notice of the transfer to the Secretary.

**(c) Full faith and credit**

**(1) In general**

The full faith and credit of the United States is pledged to the payment of all loan guarantees and loan insurance made under this subchapter after December 13, 2002.

**(2) Validity**

Except as provided in regulations in effect on the date on which a loan is made, the valid-