



FARM SERVICE AGENCY

Montana State
Producer Handbook



October 2009

Fact Sheet
Indian Tribal Land
Acquisition Program –
According to the 2008 Farm Bill

Overview

The Farm Service Agency (FSA), an agency of the U.S. Department of Agriculture, extends credit to Indian Tribes or Tribal corporations that do not qualify for standard commercial loans to purchase land within their own reservation or Alaskan community. Nationwide, \$2 million has been authorized for the Indian Tribal Land Acquisition Program each year the program has been in existence. However, funding levels for FY 2010 have not been established.

Eligibility Requirements

Native American Tribes must meet the following eligibility requirements to be eligible for an **ITLAP** loan:

- The application must be submitted on form FSA-2620 (*Indian Land Acquisition Program Application*) and be signed by the Tribe's or Tribal Corporation's authorized representative.
- An acceptable option to purchase or purchase agreement for land to be purchased with the loan funds must be provided along with the loan application.
- The Tribe must show funding from other sources is not available to purchase the real estate. Documents to be furnished include: 1) a current financial statement; 2) a projected cash flow statement; and 3) the past 3 years financial statements and cash flow statements.
- The land must be located within the Tribe's reservation for use by the members of the Native

American tribe or Tribal Corporation.

- The Tribe must provide at least 3 letters from outside lenders, one of which will be from the Bureau of Indian Affairs (BIA), stating funding has been denied to the Tribe.
- A feasibility plan for the use of lands and a method of repayment of the loan funds must be provided.
- The Tribe must be in good standing with all Federal Agencies and not subject to a judgment lien against the Tribe's property due to a debt to the United States.
- The Tribe must not have received a write-down on any other loans within the past 5 years.
- The amount of the loan funds must not exceed the market value of the land determined by the current appraisal.

What the Loan Funds May be Used For

- Purchase of land located within the Tribe's reservation which will be used for the benefit of the Tribe or its members;
- Title clearance, legal services, land surveys, and loan closing;
- Refinance preexisting debts other than from the United States Department of Agriculture which were incurred from land purchases; and
- Pay for the cost of an appraisal.

What the Loan Funds May Not Be Used For

- Land improvements or development purposes;
- Acquisition or repair of buildings or personal property;
- Operating costs;
- Finder's fees, or similar costs; and
- Projects that will contribute to excessive erosion of highly erodible land or for the conversion of wetlands to produce an agriculture commodity.

Funding

Loan approval is subject to the availability of funds and will be funded based on the date FSA approves the application. Loans terms can be up to 40 years from the date the loan application is closed. The interest rate will be fixed for the life of the loan at the current interest rate charged by FSA on the loan closing date.

Security for the Loan

An assignment of Tribal income will be taken as security to ensure repayment of the loan. A mortgage or deed of trust on the land to be purchased will be taken as security for the loan.

For More Information

Additional information may be obtained at local FSA offices or through the Montana FSA Web site at: <http://www.fsa.usda.gov/mt>