



# United States Department of the Interior

BUREAU OF INDIAN AFFAIRS  
Washington, D.C. 20240



IN REPLY REFER TO:

## National Policy Memorandum

**Bureau of Indian Affairs  
Director**

**Number: NPM-TRUS-6**

**Title: Acquiring Fractionated Interests Within the  
Flathead Reservation at Fair Market Value Only**

**Effective: May 20, 2005**

**Expires: May 20, 2006**

### 1. Purpose

The purpose of this policy is to purchase fractionated interests from willing sellers only at the established fair market value. No premium value will be paid by the ILCC.

Section 2212 of The Indian Land Consolidation Act Amendments of 2000 (the Act) created an Indian Land Consolidation Program (ILCP) to pilot the effort to purchase fractional interests (both surface and subsurface) in trust or restricted lands from willing sellers at the discretion of the Secretary of the Interior (the Secretary). In April 2003, the Bureau of Indian Affairs (BIA) established the Indian Land Consolidation Center (ILCC) to provide policy guidance, establish procedures and manage the ILCP as it was expanded nationally.

All funding expended through ILCO is carefully monitored by the Department of the Interior (the Department) and the Office of Management and Budget (OMB) against the results exhibited by the program. ILCP has, since its inception in April 1999, emphasized the acquisition of small fractionated interests (both surface and subsurface interests) that represent 2 percent or less of a parcel of trust or restricted land. The appraisal reports provided by the Confederated Salish and Kootenai Tribe's (the Tribe) appraisal department establish the fair market value of the tracts in which the ILCP will purchase the interests at their pro-rata share. The goal is to purchase fractionated interests from willing sellers ONLY at the established fair market value and no premium value will be paid by the ILCC.

### 2. Scope

This policy applies to the Flathead Agency of the Northwest Region.

### 3. Policy

Effective immediately, the following acquisition policy is in affect for the ILCP located within the Flathead Reservation.

The Indian Land Consolidation Act of 2000 allows the Secretary to purchase undivided trust land interests from willing sellers at the estimated fair market value. The estimated fair market value is determined by a

market study/tract appraisal of the purchase area. Each tract to be purchased is prorated to each fractional interest within that tract and establishes the purchase price for that interest. The purchase price offered by the ILCP to the interest holder is not negotiable.

However, in some cases the Tribe has made the decision to pay a premium to an owner of a desired fractional interest in order to entice a sale from that interest owner. It is the position of this office that the premium (that value above the determined fair market value) would not be paid from project funding, but would need to come from Tribal funds. The amount paid through the project for the interest(s) would appear on the deed. The amount transferred by the 1081 Form from the federal appropriation to the individual's account must be recovered through a management activity, unless waived by the Secretary. The premium or "signing bonus" would be a separate agreement and not subject to the lien on income or repayment to the acquisition fund.

The goal is to obtain the most benefit for the cost incurred and to have the greatest impact on reducing the rate of fractionation and the Department's administrative burden. ILCP's first priority will be to target highly fractionated ownership interests that are 2% or less from willing sellers. The purchase of interests greater than 2 percent should be considered only after review of the case file and a clear determination is made that the cost incurred will include a cost savings to the Federal Government such as when a total "buy out" of an owner's interests will result in the closure of his/her IIM account, elimination of trust oversight and/or elimination of probate responsibilities.

Any unresolved issues or questions should be referred to ILCC for final resolution.

#### **4. Roles and Responsibilities**

Director, Bureau of Indian Affairs (BIA). The BIA Director is responsible for the development of National Policy affecting Indian lands.

Director, Indian Land Consolidation Center, The ILCC Director is responsible for coordinating the Bureau's nationwide program to consolidate fractionated interests in Indian lands pursuant to statutory requirements.

Deputy Director, Field Operations, BIA. The BIA Deputy Director of Field Operations is responsible for overseeing the Regional Directors and disseminating policy to them.

Deputy Director, Trust Services, BIA. The BIA Deputy Director of Trust Services is responsible for assisting in the dissemination of trust resource policy and information to the Regional Directors.

Regional Directors, BIA. The BIA Regional Directors are responsible for carrying out policy as directed, and for overseeing the implementation of policy either directly or via Agency Superintendents.

#### **5. Approvals**

/sgd/

William Pat Ragsdale  
Director, Bureau of Indian Affairs

5/25/05

Date