§ 162.581 How will BIA decide whether to approve a sublease of a WSR lease?

(a) We may disapprove a sublease of a WSR lease only if at least one of the following is true:

(1) The Indian landowners have not consented and their consent is required;
(2) The lessee’s mortgagees or sureties have not consented;
(3) The lessee is in violation of the lease;
(4) The lessee will not remain liable under the lease; and
(5) We find a compelling reason to withhold our approval in order to protect the best interests of the Indian landowners.

(b) In making the finding required by paragraph (a)(5) of this section, we may consider whether the value of any part of the leased premises not covered by the sublease would be adversely affected.

(c) We will defer, to the maximum extent possible, to the Indian landowners’ determination that the sublease is in their best interest.

(d) We may not unreasonably withhold approval of a sublease.

§ 162.582 May a lessee mortgage a WSR lease?

(a) A lessee may mortgage a WSR lease by meeting the consent requirements in §162.583 and obtaining our approval of the leasehold mortgage under §§162.584 and 162.585.

(b) Refer to §162.574(c) for information on what happens if a sale or foreclosure under an approved mortgage of the leasehold interest occurs.

§ 162.583 What are the consent requirements for a leasehold mortgage of a WSR lease?

(a) Unless the lease provides otherwise, the lessee must notify all Indian landowners of the proposed leasehold mortgage.

(b) The Indian landowners, or their representatives under §162.013, must consent to a leasehold mortgage in the same percentages and manner as a new WSR lease under §162.012, unless the lease:

(1) States that landowner consent is not required for a leasehold mortgage and identifies what law would apply in case of foreclosure;
(2) Provides that individual Indian landowners are deemed to have consented where they do not object in writing to the leasehold mortgage within a specified period of time following the landowners’ receipt of the leasehold mortgage and the lease meets the requirements of paragraph (c) of this section;
(3) Authorizes one or more representatives to consent to a leasehold mortgage on behalf of all Indian landowners; or
(4) Designates us as the Indian landowners’ representative for the purposes of consenting to a leasehold mortgage.

(c) If the lease provides for deemed consent under paragraph (b)(2) of this section, it must require the parties to submit to us:

(1) A copy of the executed leasehold mortgage or other documentation of any Indian landowners’ actual consent;
(2) Proof of mailing of the leasehold mortgage to any Indian landowners who are deemed to have consented; and
(3) Any other pertinent information for us to review.