

Approved by Council this 3rd of July, 2012.
Amended and approved this 6th day of October 2020.
Amended and approved this 2nd day of May 2023.

NIPISSING FIRST NATION SMALL BUSINESS LOAN POLICY

Program Description and Purpose

The Small Business Loan Program is administered by Nipissing First Nation ("NFN") and distributed by the Business Licencing Committee. These guidelines as set forth in the following policy provide the eligibility criteria, program design, rules, and policies, which govern the Small Business Loan Program.

This program aims to provide funding to registered members of Nipissing First Nation to assist with the creation or expansion of a small business. The Small Business Loan Program has greater flexibility regarding repayment schedules and security than traditional lending institutions. These funds will be used to encourage registered NFN members to become self-employed, develop home-based businesses, build equity and gain experience; to support businesses that generally have a difficult time obtaining financing due to the amount of equity invested; the type of security offered; or the sophistication of the business practices.

1. Eligibility

To be considered for funds under this program, the applicant must, as a minimum:

- (a) Must be a registered member of Nipissing First Nation;
- (b) Have no outstanding arrears on debts with Nipissing First Nation;
- (c) Demonstrate the ability to repay the loaned funds;
- (d) Demonstrate an equity investment in the proposed business;
- (e) Posses a valid business licence if conducting business within Nipissing First Nation;
- (f) Undergo a credit approval process with the Economic Development Officer.

2. Application Process

The application process for this program requires four steps:

- 1) All applicants must complete and submit a Small Business Loan Application form to the Economic Development Department. Please contact the Economic Development Department for an application form or visit <https://nfn.ca/business>.
- 2) The Business Licensing Committee will meet monthly to review all Small Business Loan applications to determine the viability of each proposal.
- 3) The Business Licensing Committee will address Chief and Council with a memo requesting final approval of a Small Business Loan for all successful applicants.
- 4) Upon being informed of approval, applicants will have 60 days to accept the financing offer and receive an electronic transfer or cheque of the loaned funds.

3. Eligible Use of Funds

The Business Licencing Committee shall have the discretion to determine eligible uses of funds provided under this program. Priority will be given to applications that involve a request for funds to leverage additional funds from other sources.

Funds shall not be provided as a line of credit, or as a grant or forgivable loan. Funds will not be loaned where there is no reasonable expectation that the proposed business will be viable and self-sustaining.

4. Maximum Funds

The total maximum amount of funds available under this program to any successful applicant may not exceed \$20,000 at any one time.

5. Types of Financing Available

Financing for commercial business purposes may at the discretion of the Business Licencing Committee be available in the following categories:

- (a) Short and medium term loans;
- (b) Long-term loans secured by equitable assets.

6. Terms of Financing

The Loan Committee shall have the discretion to determine the terms of financing for loaned funds. The following criteria may be used as a guideline:

- (a) The date for first payment of principal and interest will generally commence 30 days from the date of disbursement;
- (b) The borrower must make payments on principal and interest, at least monthly;
- (c) All loans must have regular payment intervals;
- (d) Long-term loans should be restricted to the purchase of land, buildings and large equipment;
- (e) The minimum interest rate will be either 5% or the Bank of Canada Prime rate plus 2% simple interest, whichever is lower.
- (f) A loan greater than \$5,000 shall be supported by security.

7. Loan Security

The Business Licensing Committee will secure each loan in a commercially responsible manner. Such securities may include, but are not limited to, collateral that is equal to, or more than, the lending amount, assignment of insurance, general security agreements and personal guarantees.

8. Other Conditions

The Loan Committee shall have the discretion to determine any conditions to the loans. The following conditions may be used as a guideline:

- (a) Time-limits on acceptance of offer of financing;
- (b) Disbursements of funds by borrower;
- (c) Specific purposes for which funds are advanced;
- (d) Permissions for NFN to have access to the accounting records and books of the borrower;
- (e) A provision for the borrower to provide NFN with regular financial statements not less than annually if requested by the Business Licencing Committee;
- (f) Annual financial statements submitted within 120 days of the client's fiscal year end.
- (g) Review of the borrower's financial statements within 150 days of his/her fiscal year end;
- (h) An assignment of life insurance if the borrower is a sole proprietorship;
- (i) The right to enter the borrower's place of business at their discretion;
- (j) An administration fee on approved loans;
- (k) Security registration fees including legal fees as the responsibility of the borrower;
- (l) Other conditions as the Loan Committee deems appropriate.

9. Loan Arrears

9.1) A loan shall be deemed in arrears if no payment has been received within thirty days of the due date or immediately if a cheque issued by a borrower has been confirmed as not redeemable because of insufficient funds (NSF). One reminder notice will be issued to the borrower by registered mail. The borrower will be required to submit an NSF fee of \$35.00.

9.2) Should the borrower make the required arrears payment in a timely manner before a default letter is issued, the borrower shall only be charged an administration fee of \$15.00 for the late payment.

9.3) If the required payment is not received within thirty days, the loan will be deemed to be in default and immediately after a five-day grace period for mail, a letter shall be issued to the borrower by registered mail indicating that:

- (a) the loan is in default and the full balance of the loan is due and payable;

(b) and that if the full balance of the loan is not paid within thirty days of the date on the default letter, collection will be initiated and/or repossession action per the loan agreement through legal counsel.

10. Business Licencing Committee

The authority to implement this policy rests with the Business Licensing Committee. All Business Licensing Committee members shall be appointed by Nipissing First Nation Chief and Council. All Business Licensing Committee meetings require a minimum of three members to be duly convened. The quorum for all meetings shall require at least 50% attendance. A simple majority of members present will carry out the decisions of the committee at a meeting duly convened.

11. Economic Development Officer

In regard to this program, the Economic Development Officer is to:

- 1) Provide potential applicants with information required to access this program;
- 2) Conduct the initial assessment of application under the program;
- 3) Act as secretariat to the Business Licencing Committee;
- 4) Assist with implementing the terms of approved loans;
- 5) Perform credit evaluations for all applicants.
- 6) Register all security documents;
- 7) When requested, assist the applicant with applying for other sources of financing:
 - (a) Banks, credit unions, mortgage companies;
 - (b) Business Development Bank of Canada (BDC) for loans related to land, buildings or equipment;
 - (c) Federal and provincial development corporations for grants or loans (i.e. for small manufacturing, high technology, tourism oriented business proposals, etc.);
 - (d) Farm Credit for agricultural business proposals;
 - (e) Canadian Youth Business Foundation;
 - (f) Northern Ontario Heritage Fund Corporation;
 - (g) Aboriginal Affairs and Northern Development-ABC.

12. Confidentiality

All information acquired relating to the application for funds under this program shall be confidential and shall not be released to any third party without the prior consent of its owner.

13. Appeal Process

Should the applicant's proposal for financial assistance be declined by the Business Licencing Committee, the applicant shall have the option of appealing the decision to the Loan Committee and the NFN. If the application appeal is subsequently declined the applicant shall have no further recourse to appeal.

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