

ALL NATIONS TRUST COMPANY



FIRST CITIZENS' FUND BUSINESS LOAN PROGRAM

Loan Program Description And Guidelines

Revision: October 17, 2019

THE FIRST CITIZENS' FUND

The First Citizens' Fund (FCF) is a perpetual fund that was established by the Government of British Columbia in 1969, with an initial allocation of \$25 million. In 2001, the Government of British Columbia doubled the existing value of the fund, and the First Citizens' Fund is now approximately \$72 million.

The interest earned by the fund each year provides money to enhance economic development, cultural, social and educational opportunities for North American Indigenous people (Status, Non-Status, Métis and Inuit) living in British Columbia.

The First Citizens' Fund currently supports seven program areas:

- Business Loans
- Business Services Officers
- Business Advisory Centres in Prince George, Cranbrook and Fort St. John
- Elders Transportation
- Student Bursaries
- Friendship Centres (Program Directors)
- Heritage, Language and Culture

For complete information, visit the First Citizens Fund website at:

<http://www.gov.bc.ca/arr/economic/fcf/default.html>

Business Loan Program

The Business Loan Program, in combination with the Business Support Officers and Business Advisory Centres, provide support for Indigenous economic development by:

- assisting with the expansion of existing Indigenous businesses;
- supporting the establishment of successful new businesses that are owned and operated by Indigenous people;
- supporting Indigenous people to acquire existing businesses;
- supporting the development of Indigenous business management abilities; and
- creating employment opportunities for Indigenous people.

How much assistance is available?

The lifetime maximum program loan amount for any Borrower is \$76,125.00 (inclusive of a 1.50% Borrower's fee in the amount of \$1,125.00 that subsidize the costs of the Aboriginal Capital Corporations to deliver the Loan Program) of which 40% can be forgiven by the FCF Loan Program. The forgiven contribution is applied by installments on a pro-rata basis over the term of the loan.

What can loans be used for?

The business loan program is available for the creation, expansion, upgrading or purchase of Indigenous businesses. The business loan program is open to all types of businesses but will not provide financing for revolving lines of credit or for refinancing of existing businesses.

Are you eligible?

You or your company are eligible for a First Citizens' Fund business loan if:

- You are an individual of North American Indigenous ancestry (Status, Non-Status, Métis and Inuit) who lives in British Columbia.
- Your business or organization is at least 51% owned and operated by North American Indigenous people living in British Columbia. The business may be operated as a proprietorship, partnership, cooperative, or an incorporated company. An organization may include Indigenous non-profit societies that intend to organize and run a separate business.
- You submit a detailed, workable business plan that fully explains your business proposal.
- Your business plan shows that your proposed business can lead to permanent employment opportunities.
- Your head office and main business operation is in British Columbia.
- You meet equity and security requirements as defined by the Aboriginal Capital Corporation to which you are applying.
- You have not already received your "Lifetime Maximum Amount" of \$76,125.00 which is the total maximum amount in Program Loans that a Borrower is eligible to receive under the Loan Program.

How is the Lifetime Maximum Amount Determined?

Lifetime Maximum Amount is determined to be the total amount in Program Loans taken out by a Borrower as a sole owner or partner in any business, project or business venture under the program. Any Borrower who is an owner, in whole or in part, at the time any loan is received under the program will have the proportionate loan value applied against their allowable Lifetime Maximum Amount. You will be asked during the application process to identify any other loans you received under this program.

Where do I apply for a loan?

Submit your loan application to one of the Aboriginal Capital Corporations listed at the back of this brochure. These Aboriginal Capital Corporations are under contract to the Province and are the only agencies that will accept and review loan applications. They have the knowledge necessary to assess applications both for their viability and for how well they fit the program's criteria. They are located throughout British Columbia and can be contacted easily.

What is the role of the First Citizens Fund office?

The First Citizens' Fund office contracts delivery of the programs with Aboriginal Capital Corporations, monitors the success of businesses that receive loans, and sets program policy. It does not accept and review loan applications and does not influence or become involved in loan decisions.

How are loans awarded?

A budget is negotiated with each Aboriginal Capital Corporation each fiscal year (April 1 - March 31). Each institution makes its own decisions about how to distribute these funds. Each Aboriginal Capital Corporation will:

- assess loan applications
- approve or deny loans
- establish repayment terms and security requirements
- obtain required legal documents
- be responsible for the collection of loans and take legal action, if necessary.

First Citizens' Fund loans will be advanced when the required equity has been invested, when other outside financing (if any) has been confirmed, and when necessary security documentation is in place. All loans will be monitored by the Aboriginal Capital Corporation and the provincial government or its designate(s).

What terms can be negotiated?

Time

Your loan repayment schedule will be based on the needs of your proposal. You and your Aboriginal Capital Corporation will both agree on the term of your loan. Normally, loans are for terms of less than 10 years. Carefully consider the length of time you need to repay your loan, so that you pay off your debt as quickly as possible without burdening your business with payments that are too large.

Interest Rate

The interest rate on the loans will be set by the Aboriginal Capital Corporation. The interest rate will reflect both the risks that the Aboriginal Capital Corporation must assume in making the loan and administrative expenses. Interest rates are usually higher than those charged by chartered banks, but the effective rate of interest is lower if the First Citizens' Fund deferred contribution is factored into the rate. You are responsible for all your loan related legal fees.

Borrower's Fee

Approved business loans will include a borrower's fee that equals one and a half percent (1.5%) of the total loan amount. For example: the lifetime maximum program loan amount is \$76,125.00, which includes a borrower's fee of \$1,125.00. The borrower's fee helps subsidize the costs for Aboriginal Capital Corporations to deliver the program.

Deferred Contributions

The First Citizens' Fund may pay off 40% of your loan principal in deferred contributions to your loan after you have met principal and interest payments. All these payments must be made according to the loan schedule. The schedule of deferred contributions can vary for each Aboriginal Capital Corporation and may depend on the amount and term of your loan.

Loans that are repaid ahead of schedule will not be eligible for deferred contributions. If you repay early, you must pay the entire amount of the loan, unless prior written approval is received by the Aboriginal Capital Corporation. Early repayment will only be allowed in cases of severe financial or personal hardship, subject to the recommendation of your business services officer.

Transferring Loans

Please note that the First Citizens' Fund business loan cannot be transferred to any other individual or organization. You are responsible for the entire loan amount.

What do applicants contribute?

You must share some of the risk for the success of your business by making financial contribution (known as equity) to your business operation. Equity may be cash, equipment or assets that you already have. Generally, you will be asked to contribute about 15% of the total loan amount. Much of this will be personal cash, but existing equipment, grants from other sources and "sweat equity" may be counted as part of your contribution.

The amount and type of equity you need to contribute will be determined by your Aboriginal Capital Corporation. Your past credit history, the viability of your business plan, your business knowledge and experience, and nature of securities offered will influence this decision.

All assets must be fully secured and fully insured. Security must be in the form of a promissory note, a charge on assets or corporate and/or personal guarantees, as determined by the Aboriginal Capital Corporation. Be sure that you fully understand your contractual obligations. Do not be afraid to ask questions or get professional advice.

What services are provided by the Business Services Officer? Am I eligible?

To help support your development as a business manager and the viability and success of your business, all participants in the program have access to professional business advisory and support services from their Aboriginal Capital Corporation or local Business Advisory Centre at no additional charge whenever you may need it.

A Business Services Officer will be assigned to you as soon as your loan is approved. Your Aboriginal Capital Corporation will give you the name and telephone number of the Business Services Officer providing business support and advisory services in your region. They will either be located with your Aboriginal Capital Corporation or with your local Business Advisory Centre. The Business Services Officer will contact you to introduce themselves and provide more information about the services that are available to you.

Activities and assistance by the Business Services Officer are available in the following areas:

- Business services – including planning, development and financing
- Business counselling – including advice on marketing, human resources, financial management, operations, and strategic planning
- Business training workshops
- Aftercare and mentoring

Aboriginal Capital Corporations

All Nations Trust Company

520 Chief Eli LaRue Way
Kamloops, BC V2H 1H1 Phone:
(778) 471-4110
Toll Free: 1-800-663-2959
Fax: (250) 372-2585
Email: antco@antco.ca
Website: www.antco.ca

Tribal Resources Investment Corporation

100 Grassy Bay Lane
Prince Rupert, BC V8J 3T1
Phone: (250) 624-3535
Toll Free: 1-800-665-3201
Fax: (250) 624-3883
Email: tricorp@citytel.net
Website: www.tricorp.ca

Nuu-Chah-Nulth Economic Development Corporation

P.O. Box 1384
7563 Pacific Rim Highway
Port Alberni, BC V9Y 8Y5
Phone: (250) 724-3131
Toll Free: 1-866-444-6332
Fax: (250) 724-9967
Email: nedc@nedc.info
Website: www.nedc.info

Tale'awtxw Aboriginal Capital Corporation

508 – 100 Park Royal South
West Vancouver, BC V7T 1A2
Phone: (604) 926-5626
Toll Free: 1-800-779-7199
Fax: (604) 926-5627
Email: info@tacc.ca
Website: www.tacc.ca

