

LRCC Business Grant & Loan – Information Sheet

How do the programs work?

- The business grant and loan programs are designed to provide the financing required to start, expand, or acquire your business. For example, the financing breakdown for a \$100,00.00 start-up may look like:
 - Client Cash Equity Requirement (10%) = \$10,000.00
 - Business Grant = \$30,000.00
 - Business Loan = \$60,000.00.

Why is there a loan included?

- The entire purpose of LRCC's business grant is to provide additional client equity to help you access a business loan. As such, our business grant and loan programs work together to provide the financing required to start, expand or acquire your business.

When should I apply for the grant/loan?

- We strongly recommend applying 2-3 months before you expect to carry out your project if possible. This will generally allow for sufficient time for an application to be approved, fulfil any conditions and disburse the grant & loan funds accordingly.
- Commercial credit is much more complex compared to personal credit. To avoid delays in processing your application please submit the documentation on the Application Checklist located on the final page of the Business Grant & Loan Application.
- Delays in receiving required documentation will result in delays in approval and subsequent disbursement of funds.

Are there any Metis ownership requirements?

- All businesses must be majority (51%+) Metis owned in order to apply for funding.
- A business must have at minimum one Metis owner that is full-time engaged in the business on a day to day basis and have the skills specific to the industry in which the company operates.

Why do I need 10% cash equity towards my project?

- Banks and credit unions typically require at minimum 30-35% equity towards a project to obtain a commercial loan.
- LRCC is generally willing to take on additional risk compared to these financial institutions, lowering our requirement to 10%. This lowers the required equity barrier for our Metis citizens while ensuring that the ownership group is still devoted to the business.

How is my grant calculated?

- The grant portion of your financing is calculated based on a number of factors including:
 - The types of costs related to your project.
 - The % of Metis ownership (51% minimum).
 - Previous received grant funding if applicable.
 - The financial strength of the business and its owners.
 - Please note that in cases of high net worth, a grant may be deemed ineligible based on a lack of need.

Is there a minimum credit score required to access funds?

- LRCC is willing to work with our Metis citizens that may have past credit issues. While there is no minimum credit score required to access credit, it is an important factor in assessing the risk of any project.
- Significant credit issues may result in an inability to access a grant & loan until your credit score improves. LRCC staff can provide advice on how to improve your credit score.

Is there a maximum amount I can apply for?

- LRCC has a maximum grant amount of \$99,999.00 and a loan amount of \$250,000.00 however we have the ability to co-lend with another Metis financial institution for loans up to \$500,000.00. Loans above this amount may also be looked at on an exception basis.

I haven't registered my business yet or opened a bank account, can I still apply?

- Yes, however you will need to register your business and open an account before we can provide an approval so this should be done sooner than later.

What sort of rate, amortization, payments, etc. will there be on the loan?

- Every loan is risk scored based on multiple factors including credit history, financial performance, security, market risk, personal net worth, debt serviceability, etc.
- Rate and payment terms will be finalized upon approval of the loan and will be communicated at that time.

Can I pay back my loan early?

- Yes, LRCC does not charge any fees/penalties related to early prepayments.
- If grant funding has been provided, a commercial loan must remain in place for a minimum of three years.

Will I be required to put down security against the loan?

- LRCC typically requires loans to be secured with assets valued by at least 75% of the amount of the loan.
- Common types of security are real estate, machinery/equipment, vehicles and non-registered investments. LRCC may utilize a combination of commercial and personal assets if required.
- If the borrower is a corporation, personal guarantees are also required by all principal owners of the corporation.

Are there any insurance requirements by LRCC to obtain the loan?

- Yes, all principal owners of the company will be required to obtain life insurance assigned to Louis Riel Capital for at least the amount of the loan. LRCC has the ability to provide life insurance for up to \$150,000.00 without medical questions and up to \$300,000.00 with medical questions. Amounts above this will need to be obtained by a third party provider.
- The business will also be required to assign Louis Riel Capital Corporation to your commercial property & liability insurance policy. This insurance must be provided through a third party provider.
- If you do not currently have these insurance policies in place, we recommend reaching out to an insurance agent to gather quotes and begin the process of obtaining insurance. Please contact us if you require a referral.
- **Obtaining and assigning third party insurance can take several weeks. Delays in obtaining and assigning insurance to Louis Riel Capital Corporation will delay the disbursement of loan proceeds.**

How are the grant & loan funds disbursed?

- The majority of loan funds are disbursed direct to vendor(s). LRCC will require quotes/invoices from the vendor(s) in order to cut cheques.
- In some cases, a portion of the loan may be directed to the applicant's business for working capital purposes.
- Grant funds are either directed to vendors or paid back to the company on a reimbursement basis.
- Funds are provided either through Electronic Fund Transfer (EFT) or cheque.

Are certain projects ineligible for grant/loans through LRCC?

- LRCC cannot provide grant & loans towards:
 - An enterprise where the majority of revenue is obtained through liquor sales, tobacco sales, or gambling (including VLTs)
 - An enterprise involved with sexually explicit/exploitive material.
 - Non-business related reasons (eg. the purchase of a home, personal vehicles, etc.).
 - The purchase of real estate for the purpose of income generation (flipping homes, rental homes, etc.).
 - Industries that may be of harm to the Metis Community.
 - Businesses located out of the Province of Manitoba.
 - Louis Riel Capital Corporation may cancel the agreement and/or require immediate repayment of any money contributed to you if: a) The Metis applicant obtains their First Nation Status under the Indian Act, meaning they become a status Indian or registered Indian b) You cease to be a Red River Metis Citizen within the term of the loan.

**Any project costs that are incurred prior to funding approval will not be eligible for support.
We recommend reaching out to LRCC to discuss your project before applying.**