

Small / Home-Based Business (SHB) Program – Information Sheet

How does the program work?

- The SHB program is designed to provide the financing required to start or expand your business. For example, the financing breakdown for a \$10,000,00.00 start-up may look like:
 - Client Cash Equity Requirement (10%) = \$1,000.00
 - Business Grant = \$3,000.00
 - Business Loan = \$6,000.00

When should I apply for the grant/loan?

- We strongly recommend applying 4 - 6 weeks 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 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 SHB Application.
- Delays in receiving required documentation will result in delays in approval and subsequent disbursement of funds.

Are there any ownership requirements?

- All businesses must be majority (51%+) Red River Métis owned in order to apply for funding.
- A business must have at minimum one Red River Métis owner that is engaged in the business on a day-to-day basis and have the education and 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 in this program to 10%. This lowers the required equity barrier for our Red River Métis citizens while ensuring that the owner 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 Red River Métis ownership (51% minimum).
 - Previously 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 Red River Métis citizens that may have past credit issues. While there is no minimum credit score required to access the SHB Program, it is an important factor in assessing the risk of any project.
- Significant credit issues may result in an inability to access the SHB program 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?

- The SHB program has a maximum amount of \$30,000.00. Projects that require funding larger than this amount may be referred to other programs that LRCC offers.

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 prior to funding.

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 repayment after 18 months from the date of initial disbursement.

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

- The SHB may require security depending on the risks associated with the business, however this program is much more flexible compared to traditional commercial financing.
- Common types of security are 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.
- The business will also generally be required to assign Louis Riel Capital Corporation to a 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 & grant proceeds.**

How are the grant & loan funds disbursed?

- The majority of loan funds are generally disbursed direct to vendor(s). LRCC will require quotes/invoices/PO's from the vendor(s).
- 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 reimbursed with proof of purchase / receipts.
- Funds are provided either through Electronic Fund Transfer (EFT) or cheque.

Are certain projects ineligible for the SHB through LRCC?

- The SHB cannot provide funding towards:
 - A business with a primary focus of providing liquor, tobacco sales, or gambling (including VLTs),
 - A business involved with sexually explicit/exploitative 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 property, etc.).
 - Industries that may be of harm to the Red River Métis Community.
 - Businesses located out of the Province of Manitoba (at this time).
 - Refinance of existing debts.
 - Non-arm's length transactions.
 - Any assets purchased above fair market value.
 - Louis Riel Capital Corporation may cancel the agreement and/or require immediate repayment of any money contributed to you if: a) The Red River Métis 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 Métis 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.