



# **Business Loans Program Policy**

Revised  
June 2019

Approved by the  
Economic Development Committee  
July 16, 2019

*Ratified by Band Council August 6, 2019*

## VISION STATEMENT

*The Aundeck Omni Kaning First Nation will maintain the ancestral stewardship of their traditional lands as they have for millennia in a manner that will benefit the community while using the land in an environmentally sustainable manner for cultural, social, spiritual and economic independence of its' people always mindful of the need of a harmonious community built on mutual respect and a balance between prosperity and well-being.*

## **BUSINESS LOANS PROGRAM**

### **POLICY STATEMENT**

*The Business Loans Program has been established to support the development of businesses located on Aundeck Omni Kaning First Nation territories which includes Band administered lands, Land Held in Trust, land held by Certificate of Possession and islands adjacent to the First Nation within our jurisdiction and recognized under the 1990 Land Claim Agreement.*

*This document has been created to ensure the protection of our precious resources - LAND, WATER and AIR. All businesses operating on Aundeck Omni Kaning First Nation territories must adhere and comply with federal and provincial regulations specific to their business operations.*

*The Aundeck Omni Kaning First Nation has the final authority to approve/prohibit business development regardless of land ownership.*

*All businesses must have an Aundeck Omni Kaning Business License to operate a business on and from the First Nation.*

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## SCHEDULES

- A Aundeck Omni Kaning Business Loan Application Form
- B Aundeck Omni Kaning Business Permit Application Form
- C Aundeck Omni Kaning Business Permit
- D Aundeck Omni Kaning Business Loan Policy
- E Aundeck Omni Kaning Default Management Policy
- F Aundeck Omni Kaning Tobacco Policy
- G Aundeck Omni Kaning Referendum Policy
- H Aundeck Omni Kaning Land Use Policy (*under development*)

***Mission Statement***

***The Business Loans Program Policy has been created to support Band members' new and existing business development.***

***The Band Economic Development Program is responsible for the management and implementation of this policy. The policy shall be reviewed and updated on an annual basis to ensure its' contents comply with the progressive business nature of the First Nation.***

**1 EXECUTIVE SUMMARY**

- 1.1 Aundeck Omni Kaning First Nation (AOKFN), through its Band Economic Development Program (BEDP) and the Band Economic Development Advisory Committee (BEDAC), promotes business development by providing advisory and financial assistance to the AOKFN membership, both on and off reserve in the province of Ontario, to service and foster entrepreneurial endeavors.
- 1.2 Furthermore, the AOKFN supports the development of summer business opportunities for youth and will make every effort to assist the participation of youth in business.
- 1.3 The Business Loans Program is established to support new business, expansion of existing business and micro businesses. The business loans are subject to the viability of a business plan identifying all aspects of the proposed business and the management capabilities of the AOKFN member. The AOKFN member is required to provide a minimum cash equity position of 10%.
- 1.4 The AOKFN member will be required to provide security on the business loan but, in event of a default, the balance of a debt owing to the AOKFN will remain on the books as a debt owing to the AOKFN until such time as the debt has been paid in full.
- 1.5 The AOKFN will encourage all AOKFN members to use and employ Aboriginal and/or Canadian carriers, suppliers and sub-contractors to the extent that they are competitive and available in the operation of their business.
- 1.6 The BEDAC will strive for the most efficient operation and overall success of the business loans program. The success of the Business Loans Program will be measured by the creation of new and expanded business opportunities, new employment and future business opportunities generated from these initiatives.

**2 PROGRAM OBJECTIVES**

- 2.1 The AOKFN Business Loans Program is a community owned and operated initiative providing financial support and business services to the AOKFN membership. The program supports:
  - 2.1.1 new business;
  - 2.1.2 existing business;
  - 2.1.3 business expansion;
  - 2.1.4 business acquisitions;

- 2.1.5 micro-business;
  - 2.1.6 seasonal business (short term self-employment initiatives); and
  - 2.1.7 youth summer business.
- 2.2 The objectives of the program are to:
- 2.2.1 support small business development initiatives to the registered Aundeck Omni Kaning First Nation membership residing in the province of Ontario;
  - 2.2.2 improve access to business opportunities;
  - 2.2.3 increase self-reliance;
  - 2.2.4 provide a supportive business environment to the AOKFN membership; and
  - 2.2.5 enhance access to capital from external lending sources.
- 2.3 The BEDP and BEDAC will receive, assess and submit recommendations for all business applications to AOKFN Council to support either a business loan or a personal (business) loan. This decision is subject to the specific financial requirements of the client.
- 2.4 Business loans approved by the BEDAC must be ratified by AOKFN Council prior to disbursement of the loan.

### **3 ELIGIBLE APPLICANTS**

- 3.1 To be eligible for support, an applicant must be an AOKFN member of the AOKFN and 18 years of age or older.
- 3.2 An applicant who is between 15 and 30 years of age and is a student in a secondary or post-secondary education program is subject to the Youth Business Policy. *Please refer to Schedule A*
- 3.3 An AOKFN member is a person who is a registered AOKFN member in accordance with the Band Membership Code
- 3.4 The AOKFN member *must not* have outstanding debts (past due accounts) owing to the AOKFN. All outstanding debts must be paid in full prior to consideration of a business application. Examples of outstanding debts include, but are not limited to:
- 3.4.1 housing and rental arrears;
  - 3.4.2 education arrears;
  - 3.4.3 public works arrears;
  - 3.4.4 overpayments from other services such as employment and Ontario Works;
  - 3.4.5 prior business loans.
- 3.5 A business loan application that is received by a AOKFN member who is married or living in a common-law relationship will be considered as a joint application with both parties signing the business loan agreement and accepting the terms and conditions as outlined in the Letter of Offer Agreement.
- 3.6 Any AOKFN member who has a long term debt/arrears with the AOKFN will be considered ineligible for a business loan. Long term debt is defined as a debt in excess of \$1,000.00 and in which a payment has not been received in a consecutive twelve month time frame. *Reference: Default Management Policy: 3 h.*
- 3.7 The AOKFN Council reserves the right to decline a loan request where the AOKFN Council

determines that the intent of the loan is to create self-employment for a person who is not a registered AOKFN member (*Reference 3.2*).

- 3.8 External commercial developers and non-AOKFN members will require AOKFN Council approval and community support, subject to the approval process as stipulated in the Referendum Policy, to establish a business within the First Nation and its' territories. This includes properties owned under Certificate of Possession, Band administered lands, Lands Held in Trust, adjacent islands under Band jurisdiction and external territories. (*AOKFN Consultation Protocol Agreement*).

#### **4 LAND USE POLICY**

- 4.1 The Land Use Policy identifies specific areas allotted for business development, allowable businesses, eligibility criteria and approval process. All business applications will be subject to the business development criteria as identified in the land use policy. No business application will be assessed without written approval and ratification by AOKFN Council.
- 4.2 Any businesses that were operating on Lands Held in Trust by the AOKFN, such as AOKFN rental units and rent to own properties, on the day immediately preceding the date this policy takes effect, will be eligible to continue their business operation by registering for a business license under this policy.
- 4.3 Unless permission is granted by the AOKFN Council, and subject to section 4.2 above, businesses which are being proposed on Lands Held in Trust by the AOKFN, such as AOKFN rental units and rent to own properties, are prohibited.
- 4.4 This section of the Business Loans Program will become into immediate and full affect upon acceptance and ratification of the Land Use Policy by AOKFN Council.

#### **5 BUSINESS LOAN CATEGORIES**

##### **5.1 Capital Start-up and Business Expansion**

- 5.1.1 Capital start-up and business expansion loans are available to support business planning, capital start-up, operational cost (first 3 months), marketing costs and business support (mentorship/training).
- 5.1.2 The loan application must include a business plan and supporting documentation consisting of, but not limited to, the following:
- 5.1.2.1 executive summary;
  - 5.1.2.2 background information pertaining to the business;
  - 5.1.2.3 applicant background information, skills and expertise in relation to the proposed business.
  - 5.1.2.4 information must be provided for each person having ownership of the business;
  - 5.1.2.5 a market research report;
  - 5.1.2.6 an implementation plan;
  - 5.1.2.7 financial information which will include a 12 month cash flow and financial structure;
  - 5.1.2.8 a minimum of three quotations for all capital purchases over \$1,000.00;

- 5.1.2.9 applicants applying for business expansion or acquisition must provide historical financial records for the three years prior;
- 5.1.2.10 businesses are required to have the appropriate business licenses pertaining to federal and provincial laws and any additional licenses required by the Band. Based on business services/products, the following permits may be required:
  - i) Ontario Business License;
  - ii) Tobacco License;
  - iii) AOKFN Business Permit;
  - iv) AOKFN Land Use Permit;
  - v) Land Lease Agreement (if operated on property owned by others);
  - vi) Canadian Environmental Assessment.

## **5.2 Micro Business Loans**

- 5.2.1 Micro business loans are available to AOKFN members who require immediate financial support for capital or operating purposes up to a maximum of \$1,000.00.
- 5.2.2 Micro business are activities that will generate new revenue and these activities include, but are not limited to:
  - 5.2.2.1 arts and crafts;
  - 5.2.2.2 selling food and other products at local festivals and or other events;
  - 5.2.2.3 catering;
  - 5.2.2.4 powwow vendor booths;
  - 5.2.2.5 seasonal services such as lawn care, winter maintenance;
  - 5.2.2.6 other types of legal business which do not operate on a full time basis.
- 5.2.3 To qualify the applicant:
  - 5.2.3.1 must provide a letter of request identifying the amount of financial assistance being requested and what the funds will be used for;
  - 5.2.3.2 must provide an overview of business intent;
  - 5.2.3.3 must provide a quote for each capital item.
- 5.2.4 All micro business loans will be subject to the following:
  - 5.2.4.1 interest rate will be set at 0%;
  - 5.2.4.2 administration fee of \$25.00 will apply;
  - 5.2.4.3 loan must be paid within a six (6) month time frame upon acceptance of the Letter of Offer;
  - 5.2.4.4 late payment fees will apply at a rate of \$20.00 per month.
- 5.2.5 Micro loans are not eligible under the Incentive Program as described in Section 21.

## **5.3 Student Summer Business Program**

- 5.3.1 Secondary and post-secondary student AOKFN members are encouraged to create their own summer job. Students may access a small business loan, to a maximum amount of \$1,500.00, to establish a summer business through the AOK Business Loans Program.
- 5.3.2 Refer to Youth Business Policy attached as Schedule A.



## **6 ELIGIBLE COSTS**

- 6.1 Eligible costs include:
- 6.1.1 studies for feasibility, market assessments, business planning, negotiations, environmental assessments, research and other related activities as deemed necessary to the business which are performed by a qualified third party;
  - 6.1.2 business acquisitions;
  - 6.1.3 capital equipment;
  - 6.1.4 skills upgrades such as entrepreneurship, management and technical training; and,
  - 6.1.5 business advisory services which are performed by qualified third party.

## **7 ASSESSMENT CRITERIA**

- 7.1 The BEDP will use the following assessment criteria as appropriate and relevant to determine the need, amount and level of assistance to be offered to eligible businesses as described in Section 5:
- 7.1.1 business has the potential to generate net economic benefits to the region;
  - 7.1.2 demonstrated skills management capacity;
  - 7.1.3 business expertise in relation to the venture;
  - 7.1.4 ability to secure additional commercial financing for the business (if required);
  - 7.1.5 access to any federal, provincial or other assistance that is relevant to the venture;
  - 7.1.6 financial resources of the eligible recipient to contribute to the project;
  - 7.1.7 the probable cost of each job likely to be created or maintained as a result of the proposed project;
  - 7.1.8 the recipient has demonstrated that the assistance is necessary to ensure that the project or activity proceeds with the desired scope and timing in the desired location;
  - 7.1.9 the probable impact of the proposed project on other commercial operations;
  - 7.1.10 the impact of the proposed project on the environment as set out in the environmental assessment report;
  - 7.1.11 demonstrated market demand.

## **8 ELIGIBLE BUSINESS CRITERIA**

- 8.1 Eligible businesses are required to hold an AOKFN Business License and include, but are not limited to:
- 8.1.1 tourism (products and services, traditional contemporary, destinations and attractions, accommodations, food and beverage establishments, retail outlets and tourism services such as wildlife viewing, canoeing, heli-skiing);
  - 8.1.2 other tourism services (tour operators, outfitters, guides, interpreters, travel agents);
  - 8.1.3 accommodations (hunting and fishing lodges, campgrounds, motels, hotels, resorts, lodges);
  - 8.1.4 transportation (tour buses, water taxis, ferries and taxis);
  - 8.1.5 food and beverage establishments (restaurants, fast food outlets, catering, food and beverage sales);
  - 8.1.6 retail outlets (gift shops, grocery, clothing, hardware, and other services generally not requiring certification or specialized skills to operate);
  - 8.1.7 professionals (legal services - lawyers, accountants, tax preparations, bookkeeping, payroll services, architectural, engineering, automobile repair, surveying and mapping services);
  - 8.1.8 health professionals (doctors, dentists, orthodontists, optometrists and chiropractors);

- 8.1.9 telecommunications (computer services, internet service providers, website developers and web based businesses);
- 8.1.10 marketing (brochures, billboards, advertising, promotions, tradeshow, etc).
- 8.2 Professionals are subject to the standards of governing body of a specific profession to include doctors, dentists, lawyers, accountants, architects and engineers.
  - 8.2.1 Eligibility for the professional and technical services sector the applicant must:
    - 8.2.1.1 be in a profession that requires them to conform into the technical or ethical standards of a national or provincial/territorial governing body;
    - 8.2.1.2 have completed post-secondary education in a relevant discipline (ie. College diploma, University degree or certification), or have an equivalent combination of education and experience); and,
    - 8.2.1.3 be a member of the professional governing body for the profession they are practicing.
- 8.3 The AOKFN may ask non-accredited professionals to submit, in addition to their resume outlining their achievements, business references to assist the Council in determining their credentials.
- 8.4 The AOKFN Council will consider business joint venture and partnership opportunities linked to major developments in the following specific sectors. Areas not identified below are prohibited or are subject to approval by AOKFN Council:
  - 8.4.1 mining;
  - 8.4.2 manufacturing;
  - 8.4.3 environment (recycling, green energy, product development);
  - 8.4.4 industrial;
  - 8.4.5 forestry.
- 8.5 To be eligible for support, a project must fall into one of these categories, and the applicant must demonstrate to the satisfaction of AOKFN that the business activities would:
  - 8.5.1 derive a significant portion of its revenues from these activities;
  - 8.5.2 receive a significant portion of value of its inputs from activities in these sectors;
  - 8.5.3 job creation;
  - 8.5.4 business spin-off opportunities.
- 8.6 The AOKFN Council will not support the development of new businesses which may be detrimental to existing businesses. At the discretion of the AOKFN Council the approval for a business application and/or permit will be subject to the impacts of same or similar businesses existing on AOKFN territories. The applicant will be required to explain how their business differentiates from similar businesses located in AOKFN. A letter of support from these related businesses may be an important factor in the decision making process.

## **9. INELIGIBLE BUSINESS ACTIVITIES**

- 9.1 Ineligible business activities and related costs include:
  - 9.1.1 the cost of acquiring or construction of buildings not specifically used for the venture;
  - 9.1.2 vehicles unless it is determined that they are integral to the business;
  - 9.1.3 bingo halls, casinos and operations offering games of chance as their principle business;
  - 9.1.4 infrastructure development unrelated to the development or expansion of commercial

- 9.1.5 enterprise such as public office buildings, recreation and public halls;
  - 9.1.6 sexually exploitive or explicit operations;
  - 9.1.7 sale of illegal (contraband) tobacco products;
  - 9.1.8 manufacturing of tobacco products;
  - 9.1.9 growing and processing of tobacco;
  - 9.1.10 the purchase of tobacco products for resale;
  - 9.1.11 the establishment of smoke shops regardless of location;
  - 9.1.12 establishments whose main purpose is the sale of alcoholic beverages;
  - 9.1.13 cultural ceremonies and traditions, sacred medicines, production and marketing of healing remedies;
  - 9.1.14 short term events festivals and powwows (not considered on-going commercial activities);
  - 9.1.15 any product or service purchased before Band approval as outlined in the Letter of Offer in an ineligible cost;
  - 9.1.16 businesses which are being proposed on Lands Held in Trust by the AOKFN such as Band rental units and rent to own properties.
- 9.2 As stated in 9.1.6 to 9.1.10 above, the Business Loans Program does not support any form of business relating to tobacco products. Business applications will be prorated accordingly.
- 9.3 The AOKFN Council allocates the distribution of Tax Exempt Tobacco Products. Business may submit a written request to the AOKFN Council for a cigarette quota for the sale of tobacco products. *Please refer to the Tobacco Policy*

## **10 SUPPORT OF GAMING RELATED BUSINESSES**

- 10.1 Businesses that manufacture gaming-related equipment and supplies are eligible for support. Examples of such products are lottery tickets, bingo cards and casino equipment.
- 10.2 Wholesale and retail businesses that sell lottery tickets, under license and for a fixed commission, are also eligible, provided that the project to be funded falls under one of the AOKFN Business Loan Program priorities. The business must neither directly benefit from nor contribute to jackpot awards.
- 10.3 Businesses that offer games of chance as an ancillary component of their business are eligible for support, provided that the project falls under one of the AOKFN Business Loan Program priorities. However, none of the costs associated with the games of chance component of the business are eligible.

## **11 ACQUISITIONS**

- 11.1 AOKFN members may apply for loans to acquire interests or ownership of existing businesses.
- 11.2 The following summarizes eligible acquisition scenarios:
- 11.2.1 AOKFN member plans to purchase majority share (at least 51%) of an existing non-Aboriginal owned business;
  - 11.2.2 AOKFN member plans to purchase an existing Aboriginal business;
  - 11.2.3 AOKFN member minority partner (less than 50% ownership) plans to acquire majority ownership (more than 50%) from non-Aboriginal partner;

- 11.2.4 AOKFN member partner (majority or minority partner) plans to obtain 100% ownership of business from an Aboriginal or non-Aboriginal partner.
- 11.3 Business acquisitions, normally arm's-length transactions, must demonstrate fair market value.
- 11.4 The AOKFN Council will only consider supporting business acquisitions when the agreed upon price is within the range specified in the business valuation.
- 11.5 The appraised value of any personal living space associated with an acquisition is subtracted from the overall value and is not eligible for funding.
- 11.6 At the discretion of the BEDP, a qualified professional (ie. Chartered accountant (CA), Certified Management Accountant (CMA), Certified General Accountant (CGA)) may be used instead of a Certified Business Valuator (CBV) when it is determined that a Certified Business Valuator is not available or necessary for a specific project.

## **12 PROGRAM CRITERIA**

- 12.1 Business applications will be accepted on a monthly basis. All applications will be reviewed based on program criteria. Approvals will be subject to program funding availability.
- 12.2 Application deadline is the first day of each month. In event the first day fall on a weekend or on a day the Band Office is closed the application deadline shall be the immediate day prior to office closure.
- 12.3 All loan applications must include a business plan and supporting documentation. Please refer to 5.1.2. Capital Start-Up and Business Expansion.
- 12.4 AOKFN members that sell taxable goods, provide a taxable service or charge admission to a place of amusement must obtain a vendors permit and are responsible for collecting tax and remitting it on a regular basis to the government.
- 12.5 Fireworks are regulated on a federal level and require a specific license for the storage and sale of fireworks and pyrotechnic articles. Businesses involved in the storage and sale of fireworks must provide a copy of their license.
- 12.6 AOKFN members must adhere to all federal and provincial regulations pertaining to business operations and services.
- 12.7 Once a business loan application is approved the applicant must implement the business in accordance to the proposed business loan agreement.
- 12.8 Any changes to the business plan that will impact the business loan approved must be brought to the attention of the BEDP for approval prior to proceeding.
- 12.9 The AOKFN members must be involved full time within the proposed business in a management capacity.
- 12.10 The business may be operational year round or seasonal.

- 12.11 The AOKFN member must provide verification within the cash flow projections that the business can generate a minimum annual salary to support a wage for the business owner/operator.
- 12.12 The loan repayment amounts may be prorated when the business is seasonal.
- 12.13 The AOKFN member must be able to demonstrate the financial capability at the onset of the business to subsequently supply the minimum equity required for the proposed venture.
- 12.14 The BEDP will assess the probable impact of any proposed business in relation to other local commercial operations. This is of particular importance since there may be detrimental impacts on existing businesses.
- 12.15 The AOKFN member must demonstrate operational and management expertise appropriate to their ownership and control position in the proposed business.
- 12.16 The AOKFN member must provide a financial report to the BEDP on the annual anniversary date of the business loan offer. To be eligible for the Incentive Program the AOKFN member must ensure financial reports are submitted annually for the full duration as indicated in the business loan agreement. *Reference 21.8.10 Incentive Program*

### **13 EQUITY REQUIREMENTS**

- 13.1 The minimum cash equity requirement the AOKFN member must invest in the business is 10% of total project costs.
- 13.2 The AOKFN member may generate cash equity from personal savings. While equity may take a number of forms, it is essential that the AOKFN member put his/her own cash at risk. This creates a heightened attention to management and financial discipline, which ultimately leads to business success.
- 13.3 The amount the applicant invests must be sufficient to offer reasonable protection to the lender, suppliers and other investors. AOKFN member is the last to recover their investment in insolvency, and the one who realizes a profit when the venture is successful.
- 13.4 At least one half of the AOKFN member's equity investment in a project must come from personal resources. Other sources of equity may come from family, friends or public sector provided that the AOKFN member has full discretion over the funds.
- 13.5 All applicants must provide collateral equal to the value of the loan as security when applying for a business loan. The applicant must provide proof of ownership and value of personal assets identified as collateral on their loan. All loans issued will be for business purposes only (start up, expansion, bridge financing).

### **14 IMPORTANT TIME FRAMES**

- 14.1 As stated in 12.2 above, applications for loans will be accepted on a monthly basis. Loan applications will be accepted through the Band Economic Development Office.
- 14.2 Within 2 business days of receiving an application the BEDO will follow-up with a letter to

- acknowledging submission of the application.
- 14.3 Within 10 business days upon receiving a complete application package the BEDO will complete an assessment of the business plan and if required, contact the Client for clarification and/or additional information required to complete the business review.
- 14.4 The BEDO will complete an executive summary of the business application within 20 business days of receiving an application (subject to additional information secured from the Client required for the business plan).
- 14.5 The BEDO may present the business application executive summary report and recommendations to the Band Manager. The Client will be notified immediately thereafter if additional information or clarification is required, prior to AOKFN Council assessment.
- 14.6 The BEDO will request a meeting with the AOKFN Council to present the business case and secure a decision on the recommendation of the BEDAC at the regular monthly AOKFN Council meeting held on the first Monday of each month.
- 14.7 Upon AOKFN Council approval, two original copies of the Letter of Offer will be prepared for signature by the Chief on the following day.
- 14.8 A meeting will be scheduled with the Client to review the Letter of Offer and upon acceptance provide signatures on both original copies.
- 14.9 Once all of the conditions within the Letter of Offer have been met by the Client a cheque requisition will be submitted to the Band Manager for approval and forwarded to the Finance Department for disbursement.
- 14.10 The Client must implement the business within a 3 month time frame upon signing the loan agreement. In event the business plan is not implemented the loan agreement will become null and void and the approved Band member will be required to re-apply for the business loan in full.
- 14.11 A maximum 3 month follow-up will be completed by the Band Economic Development Officer after a business application is approved and operating for this period.

## **15 BUSINESS SIGNAGE**

- 15.1 Signs which are used for the sole purpose of advertising businesses such as billboards, directional signs or temporary signs require pre-approval from the AOKFN Council.
- 15.2 In accordance to the community beautification initiatives of the AOKFN business signs must be of professional quality and appearance.
- 15.3 Signs erected along Highway #540 must not be affixed to, or mounted upon a tree, public utility pole, guard rail, other sign boards or structures except upon approval by the Band.
- 15.4 A sign may be luminous or illuminated provided the lighting does not cause direct or indirect glare that may interfere with traffic safety.

**16 BUSINESS LOAN LEVELS**

- 16.1 All business loans approved will be for business purposes only. The amount of an approved business loan shall not exceed \$25,000.00.
- 16.2 There are five categories in which an Applicant may apply for a business loan:
- 16.2.1 Category One
    - i) Business loan up to a maximum of \$1,000.
    - ii) Term - Six (6) months.
    - iii) An administration fee of \$25 will apply.
  - 16.2.2 Category Two
    - i) Business loan between \$1,001 to a maximum of \$5,000.
    - ii) Term - 2 Years.
    - iii) An administration fee of \$125 will apply.
  - 16.2.3 Category Three
    - i) Business loan between \$5,001 to a maximum of \$10,000.
    - ii) Term - 4 Years.
    - iii) An administration fee of \$250 will apply.
  - 16.2.6 Category Four
    - i) Business loan between \$10,001 to a maximum of \$25,000.
    - ii) Term – 4, 5 or 6 Years.
    - iii) An administration fee of \$250 will apply.
  - 16.2.7 Category Five
    - i) Student Summer Business Loan to a maximum of \$1,500.
    - ii) Term - Six (6) Months (May 1<sup>st</sup> to October 31<sup>st</sup>).
    - iii) An administration fee of \$25 will apply.

**17 INTEREST FEES**

- 17.1 The interest rate will be fixed at rate of 6% for the full duration of the loan regardless of early retirement of the loan.
- 17.2 The interest rate for micro business shall be 0%.

**18 FEES AND CHARGES**

- 18.1 Non-Sufficient Funds will be charged at the rate utilized by the bank in which the AOKFN Administration Office conducts their business.
- 18.2 Applicants who are late making monthly loan payments will be charged \$20.00 per month on overdue accounts until such time as the account are in good standing.
- 18.3 The maximum monthly late fee charges for overdue accounts will not exceed \$20.00.
- 18.4 At the discretion of the AOKFN Council additional fees may be charged, but not limited to, for the following services:
- 18.4.1 environmental fee (client must provide a disposal plan acceptable to the AOKFN);
  - 18.4.2 water fee;
  - 18.4.3 waste disposal fee;
  - 18.4.4 business license fee.

## **19 LOAN DISBURSEMENT PROCESS**

- 19.1 At the discretion of the BEDP, a business loan will be disbursed to the Client based on the following three options:
- 19.1.1 the Client provides the information as stated within the business loan Letter of Offer;
  - 19.1.2 the Clients provides invoices and the Band remits payment;
  - 19.1.3 the Client pays the invoices and submits the paid invoices for reimbursement on a monthly basis;
  - 19.1.4 the Client purchases capital items initially (up to \$5,000) and submits the receipts for reimbursement.

## **20 LOAN PAYMENT STRUCTURE**

- 20.1 All business loans issued will be required to be paid in full as agreed upon in the Letter of Offer.
- 20.2 The method of payment acceptable are post-dated cheques, Bank debit (internal), pre-authorized debit payment and by cash.
- 20.3 Under special circumstances businesses will have the option of restructured lower monthly payments during the off-season. Clients who select this option will be approved one additional year to fulfill the obligations of their loan agreement without penalty and will continue to be eligible under the Incentive Program.

## **21 INCENTIVE PROGRAM**

- 21.1 The purpose of the Incentive Program is to enhance and support the AOKFN member to develop the business skills and becoming more accountable in the day-to-day management of their business affairs.
- 21.2 To qualify for the Incentive Program AOKFN members must operate their business for the full term of the business loan.
- 21.3 AOKFN members who make their monthly loan payments on time each month will be eligible for the Incentive Program.
- 21.4 AOKFN members who have fulfilled the terms of their loan agreement (Letter of Offer) will be eligible for a forgivable contribution of 10% to maximum of \$1,000.00 based on the principle loan amount approved.
- 21.5 The Incentive Program is not available to AOKFN members applying for a micro business loan.
- 21.6 The Incentive Program is not available under the Youth Business Program.
- 21.7 To be eligible for the Incentive Program the business must:
- 21.7.1 be fully operational, to include full time seasonal, for the **full term** of the loan;
  - 21.7.2 the loan must be paid in full (no more than one default);
  - 21.7.3 the loan must be paid on time each month as set out in the loan agreement;
  - 21.7.4 invoices and receipts must be received and recorded by the Band Economic Development Officer for capital start-up costs for the amount of the loan approved.



- 21.8 Clients who have defaulted on their loan payments will be allowed a grace period within a limited time frame to rectify the situation. This is a “one-time-only” clause and payment must be received within ten (10) business days.
- 21.9 Upon allowance of the first grace period of a loan default, clients experiencing financial restraint and unable to make their monthly payment will be given exception permitting they notify the BEDO in writing of their current circumstances five (5) days prior to or earlier and make the necessary arrangements for payment. The payment must be received by the last business day of the month and prior to office closure in which the payment is due.
- 21.10 To maintain eligibility under the Incentive Program businesses must adhere to the following conditions:
- 21.10.1 must provide a criminal reference check;
  - 21.10.2 must have a valid Aundeck Omni Kaning Business Permit;
  - 21.10.3 must have a valid Aundeck Omni Kaning Land Use Permit;
  - 21.10.4 must have a Land Lease Agreement (if applicable);
  - 21.10.5 must provide proof of land ownership (ie. Certificate of possession);
  - 21.10.6 must have a valid Ontario Business License;
  - 21.10.7 must have a valid Tobacco License authorizing the sale of tobacco products;
  - 21.10.8 must have proper business signage as specified under Section 15 above;
  - 21.10.9 must abide by environmental protection laws as required;
  - 21.10.10 must provide annual financial reports on the anniversary date of the business for the full duration of the business loan as indicated in the business loan agreement;
  - 21.10.11 must provide copies of paid invoices within three months of implementation of the business plan based on business loan approval;
  - 21.10.12 person who has been charged and convicted of selling contraband cigarettes will be disqualified;
  - 21.10.13 person who has been charged and convicted with a criminal offense will be disqualified.

## **22 LOAN DEFAULT**

- 22.1 A loan is considered in default when one of the following occurs:
- 22.1.1 client has not made a payment for three (3) consecutive months;
  - 22.1.2 client has used the loan for purposes other specified in the Letter of Offer;
  - 22.1.3 client has knowingly provided false or misleading information with respect to their loan application.
- 22.2 A client who uses the loan for purposes other than what was agreed upon is considered in default and must pay the loan in full immediately and will not be eligible for the incentive program. The client will also be disqualified to access future business loans.
- 22.3 When a loan is in default the following will occur:
- 22.3.1 client will be notified of the default status on their business loan;
  - 22.3.2 client is required to meet with the BEDP at a location convenient to the BEDP to discuss possible solutions;
  - 22.3.3 default status notice will be forwarded to the AOKFN Finance Department;
  - 22.3.4 AOKFN will garnishee wages for loans in default. This will be implemented within Band Administration with clients who secure work through AOKFN.
  - 22.3.5 loan default will be recorded in the AOKFN Financial Statements and Audit Report;
  - 22.3.6 client will remain in default status until such time as the business loan is repaid in full;

- 22.3.7 those who fall within this category will not be eligible for certain programs and services provided by the AOKFN until such time the loan has been paid in full. These include:
- i) future business loan assistance and support;
  - ii) housing assistance (rental/new housing/renovations, etc);
  - iii) education assistance;
  - iv) travel assistance to attend sports and recreation events;
  - v) other financial assistance provided through Aundeck Omni Kaning.
- 22.4 Clients who are in severe arrears are not be eligible for future loans. Definition of severe arrears is when a loan payment has not been received within 12 consecutive months or longer.

## **23 ENFORCEMENT PROCEDURES**

### **23.1 Business Loans Program**

23.1.1 The business loans program was created to support the financial requirements of the business client. Furthermore, other measures will be implemented to ensure the business loan fund is protected. The enforcement process refers to the process in which a business loan will be collected as a result of a business loan in default. *Please refer to Section 22 Loan Default*

### **23.2 Business Permits and Licensing**

23.2.1 All businesses are required to obtain business permits and licensing to operate in the AOKFN territories. The licensing requirements include:

- i) AOKFN Business Permit;
- ii) Business signage permit;
- iii) Tobacco license (if applicable).

### **23.3 Environmental Requirements**

23.3.1 All businesses must abide by the rules and regulations established by the Ministry of Environment, Health Canada and the AOKFN. Where applicable, letters of acknowledgment and/or approval are required. These include, but may not be limited to:

- i) environmental assessment;
- ii) impact on wetland areas (if applicable);
- iii) impact on endangered species (if applicable);
- iv) provision of a waste disposal plan acceptable to AOKFN;
- v) participation in local recycling programs.

### **23.4 Lands and Resources**

23.4.1 The lands and resources pertain to specific areas allocated for business development. Where applicable, letters of acknowledgment and/or approval are required. These include, but may not be limited to:

- i) AOKFN or private land lease agreements;
- ii) zoning bylaws as specified in the Land Use Policy.

## **23.5 Housing Policy**

- 23.5.1 As stated in Section 4 above, all businesses proposed on AOKFN administered land are subject to approval by AOKFN Council. Where applicable, letters of acknowledgment and/or approval are required. These include, but may not be limited to:
- i) lands held in trust by the AOKFN;
  - ii) Band housing rental units; Please refer to Section 4.3
  - iii) rent to own properties; Please refer to Section 4.3

## **24 ENFORCEMENT PROCESS**

- 24.1 All AOKFN members engaged in current and/or future business activities are required to provide written notification to the AOKFN of their intentions accompanied by the appropriate application forms specific to the categories identified in Section 23 above.
- 24.2 Failure to comply will result in the following actions:
- 24.2.1 Written notification to the person(s) involved in the business activity stating default issue and information required. The AOKFN member(s) will have fifteen (15) business days to respond to the letter;
  - 24.2.2 Written notification to the person(s) who holds Certificate of Possession in which the business activity is to occur;
  - 24.2.3 A second written notice via registered mail to all parties involved in the business activity. The AOKFN member(s) will have fifteen (15) business days to respond to the letter;
  - 24.2.4 In event of non-compliance the matter will be sent to AOKFN Council and immediate action will be taken;
  - 24.2.5 AOKFN Council will forward written notification to the AOKFN member(s) to comply within five (5) days.

## **25. ENFORCEMENT PENALTIES**

- 25.1 Failure to comply to the above will result in the following penalties:
- 25.1.1 Written notice to the community of non-compliance;
  - 25.1.2 AOKFN member(s) and their immediate family members will become ineligible to access all AOKFN services which may include but not be limited to:
    - i) future business loan assistance and support;
    - ii) housing assistance (rental/new housing/renovations, etc);
    - iii) education assistance;
    - iv) travel assistance to attend sports and recreation events;
    - v) other financial assistance provided through Aundeck Omni Kaning.

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**Without prejudice, this Business Loans Policy shall be in effect as of August 6, 2019.**