

LRCC Business Loan Program - Common Q & A's

When should I apply for the loan?

- We strongly recommend applying 2-3 months before you expect to carry out your project if possible. This will generally allow for enough time for an application to be approved, fulfil any conditions and disburse the 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 Page 3 of the Business Loan Application.
- Delays in receiving required documentation will result in delays in approval and subsequent disbursement of funds.

Are there any Metis ownership requirements?

- Yes, all businesses must be majority (51%+) Metis owned in order to qualify for a loan through LRCC.

Why do I need 10% 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.

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 loan until your credit score improves. LRCC staff can provide guidance on how to improve your credit score.

Is there a maximum loan amount I can apply for?

- LRCC has a maximum 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 for a loan through LRCC?

- 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.

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 \$100,000.00. 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.
- **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 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.
- Cheques can generally be cut and signed within 5 business days of receiving all applicable invoices.

Are certain projects ineligible for loans through LRCC?

- LRCC cannot provide loans towards:
 - 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 Province.
- A business must have at minimum one Metis owner that is full-time engaged in the business on a day to day basis.

We recommend reaching out to LRCC to discuss your project before applying.