



KTUNAXA NATION

Ktunaxa Business Loan

Application Package

2022/2023

****Please attach this completed checklist with application. Incomplete applications without all supporting documentation will not be considered for funding.****

Application Checklist:

- Are you a Ktunaxa Nation Member?
- Have you included your completed business plan? Including...
 - Cash Flow
 - Letters of Support
 - Personal Resume
- Schedule of future BDO meetings?
- Completed Credit Check (TransUnion or Equifax)
- Past 3 Years Financials – If purchasing / expanding an existing business.
- Any other relevant supporting documents?

By signing below, I agree to the terms and conditions noted in this application package and further certify that all information provided is true and accurate, to the best of my knowledge.

Print Name: _____

Signature: _____

Application Date: _____

Please submit completed applications to:

Attn:
Economic & Investment Business Development Office
Ktunaxa Nation Council
7468 Mission Rd., Cranbrook BC, V1C 7E5

-----Or-----

Leave at KNGB reception: 220 Cranbrook St. N., Cranbrook BC, V1C 3R2

-----Or-----

Email to: jalpine@ktunaxa.org/bdo@ktunaxa.org

Purpose

The Ktunaxa Nation Council Microlending Program is intended to provide financial support for entrepreneurial and small business activities being pursued by Ktunaxa Nation Members. This financial support comes in the form of loans up to \$10,000.00 at a time. Loans are provided to Ktunaxa Nation Members in instances where proposals for new or expanded business opportunities can demonstrate a viable and positive economic opportunity in alignment with Ktunaxa values.

A second objective of the program is to facilitate the narrowing of the gaps in current resources, training, and financial support, through the gathering of data pertaining to Ktunaxa Nation Member businesses and their related impacts on the various communities. This information will help to guide the activities pursued by the Economic and Investment Sector. Findings will also benefit the Ktunaxa Community Economic Development staff.

Eligibility

The Microlending Program is only available to Ktunaxa citizens. A citizen is defined as “those persons who are collectively entitled to hold and exercise aboriginal rights and title of the Ktunaxa Nation in accordance with sections 35 (1) of the *Constitution Act*, 1982 and includes members of Ktunaxa Communities.” In cases of disputed citizenship, an applicant may appeal to a Band’s Chief & Council in order to be confirmed as “a member of the community.”

The Microlending Program is only available to certified Ktunaxa businesses or Ktunaxa citizens owning and operating at least 51% of its business.

Successful applicants will demonstrate the positive impact that the business will have within the community (job creation and/or the creation of a product/service beneficial to the community). Preference will be given to applicants whose primary business service area includes Ktunaxa Nation Communities and are based within the Kootenay Region.

Eligible applicants must provide all of the necessary documents outlined in the application process. Applicants should also ensure that they have satisfied the terms of all other loans, grants, or other funding agreements provided by the Ktunaxa Nation Council of any of their related agencies.

Financials

Loans will be issued throughout the calendar year on an “as needs” basis to a maximum of \$120,000 per year. This allows for up to a maximum of \$30,000 per quarter. The Economic Sector Council may choose to authorize an additional “draw down” from the following month to support any additional applications received in that time frame.

Loans will be amortized over 36 months (exceptionally up to 48 months if deemed doable by BDO and approved by the Director) and a monthly fee schedule will be established at the start of the loan term in lieu of a formal interest charge. The fee schedule will be calculated at a 7% annual flat rate and may be subject to adjustment based on the outcome of the evaluation process.

After satisfactory repayment of 80% of the loan, the remaining 20% will be forgiven (this will occur at approximately month 29 of the amortization period). Loan forgiveness will be granted only if the recipient has complied with the terms of the loan as outlined in their “Letter of Offer”. Early repayment of the loan is permitted, but does not disqualify the individual from receiving the 20% forgivable component. This is to deter individuals with significant financial means from taking on the loan, repaying in full, and “pocketing” the 20% forgivable.

There are no application fees.

Loan arrears are estimated at 15% of total monthly payments. Loan losses are estimated at 5% per annum, based on year-end total losses.

The maximum lifetime amount for which one individual may apply is \$25,000. Applicants submitting a subsequent application must be “in good standing” on their previous loan and may not make the subsequent application within 12 months of their previous application.

Loan Application and Approval/Denial Process

Formal engagement begins with an expression of interest in seeking a loan through the Microlending Program by a Ktunaxa Citizen. This expression of interest may either be passive (suggested by a staff member through dialogue with the individual) or direct (applicant is aware of program and seeks the funding specifically).

If, through preliminary conversations, the applicant wishes to proceed, they will be required to submit a formal application package, which outlines all required information for the evaluation process to be conducted. Business Development Office staff members should support the applicant through the development of their applicant, and provide feedback and input as needed in order to increase the likelihood of both a successful applicant and business venture. All applicants are required to acquire a copy of their personal credit score through Equifax or TransUnion, it is optional for applicants to share this information with BDO staff and evaluators. This may better support the applicant to utilize more conventional financing and acquire loan rates lower than available through the Microlending Program.

Once the application is in a substantially complete format, it will be submitted to the program administrator for review. This review will be conducted by a minimum of three staff members within the economic sector to remove biases and provide a robust evaluation process.

Following the review of the application, a determination will be made to either approve or deny the request. If the review results in a denial, a formal letter to that effect will be issued. If an application is approved, a “Letter of Offer” will be issued to the applicant with the following information:

- 1) Process to accept the “Letter of Offer”
- 2) Schedule of one-on-one coaching (see below)
- 3) Anticipated release of funds (based on deadline for receiving signed “Letter of Offer”)
- 4) Schedule of repayments, including monthly repayment amount
- 5) Options for repayment, including automatic withdrawal

6) Signature of administrator, space for applicants signature

Applicants will be required to submit the following documents in order for their proposal to be considered:

- Completed Application Form
- Business Plan – Including:
 - Cash Flow
 - Letters of Support
 - Personal Resume
- Past 3 Years Financials – If purchasing / expanding an existing business
- Evidence of Ktunaxa Ancestry
- Schedule of future BDO Meetings – ongoing support being provided
- Proof of receipt of Credit Score
- Other Supporting Documents

Applicants are further required to submit reports prior to the 20% forgivable portion of the loan being issued, and following the full amortization period, in order to provide insights valuable to the KEIS and the Nation as a whole.

Reports will follow the schedule below:

- Report #1 – 3 months after loan issued, in person with BDO representative
- Report #2 – 6 months after loan issued, in person with BDO representative
- Report #3 – 1 year after loan issued, written progress update
- Report #4 – 2 years after loan issued, written progress update
- Report #5 – 3 years after loan issued or upon receiving notification of eligibility for the 20% forgivable component, written progress update

These reports will be invaluable in ensuring continued success for both the business in question, as well as for Ktunaxa businesses as a whole, and indeed, the overall success of the Microlending Program.

Release of Funds & Associated Reporting

Should an applicant accept and sign their “Letter of Offer” funds will be processed in accordance with the schedule followed by the KNC Finance Department. This schedule has a Thursday cut-off, with all payments being issued the following Friday. The “Letter of Offer” will identify the earliest date that funds can be released, taking the above into consideration.

Payments will be made by the Applicant, to the Finance Department in accordance with the schedule of payments contained in the “Letter of Offer”. Should an applicant fail to make a payment, Finance will inform the Economic Sector, who is otherwise tasked with administering the program. In case of

outstanding loan payments in default, KNC is authorize to deduct, from any other monies owing to the recipient; including but not limited to income from employment and contracted services.

Application Viability Matrix

Applicants will be evaluated on a series of criteria, in two parts. The first series of questions require a “yes” response from the evaluator on each question in order to proceed. The second set of questions requires a 50% “yes” response in order for the application to be approved.

The questions are meant to ensure that a holistic view of the applicant is developed, which removes biases and personal interpretation as much as possible.

Each category contributes a certain percentage towards the applications overall score. The categories are as follows:

- **Personal Attributes**
 - Passion
 - Relevant Experience / Industry Knowledge
- **Business Attributes**
 - Community Impact / Employment Creation
 - Local Market Factors
 - Overall Viability (in the context of larger industry trends)
 - Innovation
- **Business Financials**
 - 3 Year Financial History (if purchasing existing business / expansion)
 - 12 Month Cash Flow
 - Projected Revenues