

***BOARD OF
DIRECTORS'
POLICY,
LOAN FUNDS***

Effective April 11th, 2017

Overall Objectives of the Loan Funds Policy

Stó:lō Community Futures (“SCF”) acts as a fiduciary, empowered to properly manage and administer the various SCF Loan Funds. Under the terms and conditions of their existing Agreements with Western Economic Diversification (WED) and other loan fund providers, SCF has established proper operating procedures for these Funds. Lending funds to qualified Aboriginal entrepreneurs, both existing Aboriginal businesses and newly created Aboriginal businesses, within the Stó:lō Traditional Territory, is a core service of SCF and a core service of the Community Futures organization in the Province of BC. Therefore, the objectives for the SCF Loan Funds are as follows:

- To fully comply with the proper administration and management of the various SCF Loan Funds, as established by our existing Agreements and operating loan procedures with WED, or other institutional lenders from time-to-time.
- For the Board of SCF to establish a Loan Funds Committee, that will be mandated with the overall management and operation of the SCF Loan Funds.
- That the Loan Fund Committee shall prepare detailed lending policies and procedures that would govern the operation of SCF Loan Funds. Once such procedures and operating policies are approved by the Board, they shall govern the operation of SCF Loan Funds.
- That SCF Staff develop proper Staff capacity and resources, to provide daily ongoing management and administration of the SCF Loan Funds, in accordance with all fund criteria and procedures as established by the Loan Funds Committee and approved by the SCF Board.

Statement of the SCF Loan Funds Policies

The SCF Board of Directors has established a Statement of Loan Funds Policies as a statement of its basic guidelines of all loan funds administered by Stó:lō Community Futures. Although these Loan Fund Policies are subject to change from time-to-time, the current Loan Fund Policies are as follows:

ADMINISTRATION OF WED REPAYABLE LOAN FUNDS

SCF currently has several Loan Funds from WED that require proper administration and management. In addition, SCF may require new loan funds from WED, or other loan providers. The current loan funds from WED are as follows:

- General Lending Fund
- Disabled Entrepreneur’s Fund
- Pooled Asset Lending (PAL)/BC Futures Fund

These funds have specific rules and procedures established under the Terms and Conditions of the original advance of these Funds between SCF and WED. The SCF Loan Funds Committee shall be responsible for the proper administration of the funds, in accordance with all criteria established under its agreements with Western Economic Diversification (WED).

In addition, from time-to-time, with the approval of the SCF Board, upon recommendation of the Loan Funds Committee, SCF may acquire additional lending capital, from sources beyond WED. In those circumstances, SCF shall follow all of the terms and conditions established under such capital advances for these funds. The SCF Loan Funds Committee shall be then responsible for the proper administrations of these new funds, in accordance with all criteria established under their agreements,

SCF/BMO MICRO LOAN PROGRAM

As announced at the launch of **STÓ:LŌ MEANS BUSINESS** on April 9th, 2014, Stó:lō Community Futures (SCF) and the Bank of Montréal (BMO) partnered together to offer the new **SCF/BMO Micro Lending Program**. BMO provided the funding for this Program, designed to meet the needs of Aboriginals looking to start a business or who have an existing business in Sólh Téméxw, who need minimal funds. On October 28, 2014, BMO doubled their funds to SCF for the Micro Lending Program for a total of \$200,000 in committed funds.

Aboriginal entrepreneurs can borrow up to \$10,000 for their business, simply by providing a brief business strategy and listing of how the business would use the funds. The approval of these micro loans will fall under the approval of the General Manager, who has authority to approve loans up to \$10,000.

SCF/VANCITY STÓ:LŌ COMMUNITY LOAN FUND

The Stó:lō Community Loan Fund (SCLF) is a Sto:lo Community loan funding program, under the **STÓ:LŌ MEANS BUSINESS** Brand. The SCLF is a joint venture between Stó:lō Community Futures (SCF) and Vancity. Vancity has pledged \$1 million, for new funds to be exclusively administered by SCF to fund approved Stó:lō Community-owned business projects, including those by their Community owned Development Corporations. SCLF has streamlined the loan process and offers the Program on competitive terms to qualifying Sto:lo Community owned business projects. The type of qualifying Community projects include:

- New businesses owned by a Stó:lō First Nation, or a Stó:lō Community Development Corporation, within Sólh Téméxw.
- Expansion of existing business owned by a Stó:lō First Nation, or Stó:lō Community Development Corporation, within Sólh Téméxw.

- A joint venture between a Stó:lō First Nation Community or Stó:lō Community Development Corporation, within Sólh Téméxw, in partnership with the private sector, SCLF is available to fund the Stó:lō Community portion of the joint venture partnership.
- A joint venture between a number of Sto:lo Communities, or their development corporations, for a specific project.

Loans can be repaid over two to five years, depending upon the financial requirements of the proposed business. Loans can be flexibly structured to assist the Community business to achieve success. Loans are available up to \$500,000 and must have appropriate security, approved by SCF. All loans must be supported by the Community by way of BCR and Band guarantee.

There will be an Oversight Committee that will include the Credit Risk Manager from Vancity and the General Manager from SCF. Since loans are available up to \$500,000, the SCF Loan Funds Committee will review and assess all SCLF loans and will make recommendations to the SCF Board for final approval.

West Coast Energy Fund

SCF will be administering the West Coast Energy Fund (WCEF) throughout Sólh Téméxw, the Traditional Stó:lō Territory. WCEF was announced on May 2nd, 2016 by the Federal Government, as a partnership between Indigenous and Northern Affairs Canada (INAC) Strategic Partnership Initiatives and the New Relationship Trust (NRT). The Program is being delivered by six Aboriginal Financial Institutions (AFIs), including SCF as the Delivery Agent in the Fraser Valley.

This new \$5 million loan fund, is specifically targeted to Stó:lō First Nation Community-owned businesses and Indigenous entrepreneurs, that will be participating in the oil, natural gas, LNG and pipeline sectors within BC.

Under the WCEF, loans are available from \$25,000 to \$200,000, with total eligible projects costs that must be a minimum of \$800,000. This is an excellent Program, that can be complemented by SCF's existing lending programs, that could provide up to an additional \$150,000 to qualified Indigenous entrepreneurs, and up to an additional \$500,000, to qualified Stó:lō Community-owned businesses and can receive a 25% forgivable components of the loan, once 75% of the loan is fully repaid.

This Program will be offered by SCF until 2019 and may be eligible for an extension at that time.

Equity Match Initiative

In 2016 and in partnership with the New Relationship Trust (NRT), SCF was awarded a grant of \$25,000, to administer the Entrepreneur Equity Matching Initiative (EEMI), to support new or expanding Indigenous businesses and Stó:lō First Nation Communities

with Community-owned businesses in Sólh Téméxw. The EEMI offers up to a \$5,000 grant, once proof of cash equity is providing by way of a copy of a bank statement. The Program is only offered in conjunction with SCF's existing lending programs.

This Program was extended by NRT to 2017-2018, but SCF may be eligible for an extension, if all funds are disbursed by March 31st, 2018.

SCF LOAN FUNDS COMMITTEE

The SCF Board of Directors is responsible for the proper management and administration of the SCF Loan Funds. In the SCF Board's operation of the SCF Loan Funds, the Board has established a Loan Funds Committee of the Board, which shall have the overall management and administrative authority, with respect to the SCF Loan Funds. The Board of Directors can appoint a Loan Funds Committee Chairperson, who is not a member of the SCF Board, provided that other Members of the Committee are also Members of the SCF Board. This Loan Funds Committee shall be able to access resources beyond the SCF Board, that can contribute direct experience for the efficient and proper management of the SCF Loan Funds. The Committee will report to the Board on a regular basis. The General Manager and Loans Manager shall provide Staff resources to assist the SCF Loan Funds Committee in its operation of the SCF Loan Funds.

The Loan Funds Committee must approve all loan applications up to \$150,000, with the capacity of any rejected applicant to appear before the SCF Board. On loan applications in excess of \$10,000, the applicant, in the event of any rejection of their loan application, with the approval of the Loan Funds Committee, can appeal their loan application directly to the SCF Board, through the Board Chairman.

The Loan Funds Committee has currently established a process of application forms and due diligence procedures, that its Staff follow as part of the process of assessing any lending application. In addition, Staff and the Loan Funds Committee, working with SCF's Solicitor, has currently developed a standard loan agreement and security documentation that are currently used in all SCF Loan Fund approved loans. Staff and the Loan Funds Committee, are constantly amending, evolving and updating the application forms, the due diligence procedures, the loan agreement and the security documentation, to reflect new and changing lending policies and procedures and any new policies established by the SCF Board, or the Loan Funds Committee.

FUNDS POLICIES

The fundamental basis for all approved SCF Loan Funds is to provide financial assistance and support for approved, new and existing Aboriginal businesses located within the Stó:lō Traditional Territory, in order to encourage Aboriginal business growth within the Stó:lō Traditional Territory. Therefore, SCF Loan Fund Policies need to reflect that principle.

The Loan Funds Committee is obligated to ensure that all SCF Loans Funds, which are made to applicants who meet the Fund's lending criteria and shall satisfy the due-diligence process established for all Fund applicants. The operation of the SCF Loan Funds should be governed by the following policies and principles:

- The operation of the SCF Loan Funds shall not be viewed as being in competition with other funds. SCF Loan Funds shall work with all other funding sources, following the approach that presents the best financing options for the client.
- The General Manager, Loans Manager and the Loan Funds Committee shall work in cooperation with other funding organizations for Aboriginal businesses, such as Tale'awtxw Aboriginal Capital Corporation (TACC), other Community Futures, Aboriginal Financial Institutions, Aboriginal Affairs and Northern Development Canada (AANDC), Industry Canada, and all others.
- The General Manager and the Loan Fund Committee shall also work with the private financial institutions, for the benefit of SCF's clients, in creating access to conventional lending sources provided by the private sector and commercial lending institutions, which could assist SCF's clients.
- SCF encourages the graduation of clients from our lending programs to those financial institutions and conventional lending sources.
- The overall objective of the SCF Loan Funds, once an applicant has met all of the due-diligence criteria, is to actively encourage the growth, expansion and development of existing and new Aboriginal businesses within the Stó:lō Traditional Territory.
- SCF's loan fund function is to provide business financing to new and existing Aboriginal businesses and ventures within the Stó:lō Traditional Territory and implicit in these lending activities, is the fact that SCF will tolerate more risk than those acceptable to conventional lending institutions.
- For purposes of the SCF Loan Funds and its administration, SCF defines an Aboriginal business, in order to qualify under the Loan Fund, as a business that is 51% effectively controlled by an Aboriginal individual, or organization.
- When assessing any loan application, the Loan Funds Committee shall clearly give due consideration to specific Aboriginal benefits that would arise with any proposed SCF loan, such as local Aboriginal employment, Aboriginal skill-sets development, relationship with other Aboriginal suppliers, and potential to provide direct benefits to the Aboriginal communities in the Stó:lō Traditional Territory.

LOANS NOT EQUITY

The normal lending practice for the SCF Loan Fund will be through approved applications by the Loan Funds Committee that are fully secured loans.

In all instances, SCF's position shall be fully secured, to the greatest extent possible, over the assets of the business operations and shall include appropriate personal security of the individual borrowers or shareholders, in the case of corporate borrowers. This will require applicants to have a minimum 15% equity requirement in the business, with at least 50% of such required equity to be in cash, or near cash equivalents. Any shareholder's loan that forms part of this owner's equity requirement will be subject to a Postponement Agreement in favour of SCF.

Advances from the SCF Loan Funds shall be secured loans and any loans to third parties that are not at arms-length from SCF, shall only be given when such third party loans have been approved by the SCF Board and all Conflict of Interest guidelines of the SCF Board have been fully complied with. All such lending shall be for existing or new Aboriginal businesses throughout the Stó:lō Traditional Territory.

The Loan Funds Committee may establish certain policies and procedures, that would apply for the issuance of loan guarantees by SCF, to assist current loan clients, in obtaining funding and credit from third parties, once such policies and procedures have been developed by the Loan Funds Committee and approved by the SCF Board.

In certain circumstances, and with the development of appropriate policies and procedures, the Loan Funds Committee can consider, possible equity investments in approved loan clients, once the Loan Funds Committee has established such policies for equity investments and such policies have been approved by the SCF Board.

EQUIPMENT LEASING

Under certain circumstances, the Loan Funds Committee will consider equipment leasing arrangements, as opposed to direct loan arrangements, where financially appropriate.

The Loan Funds Committee shall establish policies and procedures for equipment leasing, and once approved by the SCF Board, shall govern all equipment leasing by SCF.

LINE OF CREDIT

There are instances in which the needs of both new and existing SCF clients, require a Line of Credit to address cash flow restrictions. Therefore, the Loan Funds Committee can approve a Line of Credit, consistent with total maximum loans of up to \$150,000 for any single client, to approved applicants who require just a Line of Credit, or are exiting clients, who have a loan, but also require a Line of Credit. The applicable Loan Funds Policies will be used in the approval process by the Loan Funds Committee, including applicable fees.

APPLICANT LOAN PROCEDURES

SCF Loan Funds shall be available to new and existing Aboriginal-owned businesses within the Stó:lō Traditional Territory. Applications are required to complete an application form that incorporates approved application guidelines, in applying for an SCF loan. The applicant is required to fully disclose all aspects of their proposed borrowing and shall consent to be subject to credit investigations by SCF. The application process shall also include all necessary authorizations from the applicant that enables SCF Staff to carry out appropriate and comprehensive credit investigations of all applicants. In addition, all loan applicants consent to the provisions of any applicable Federal, or Provincial disclosure legislation, or any subsequent legislation that may be introduced that impacts potential loan applicants. This includes the Applicant Legal Agreement, which incorporates the “Lender of Last Resort” Clause, that indicates that *“The Applicant(s) acknowledge(s), that as of the date of this application, the Applicant(s) has/have not accessed any other funding sources elsewhere, that could support their current loan application to Stó:lō Community Futures Corporation”* This document is applicable to all WED administered loans, but is not applicable to the SCF/BMO Micro Loans and the SCF/Vancity Stó:lō Community Loan Fund Programs.

In addition, the Applicant is obligated to establish to the satisfaction of the Loan Funds Committee, that there is a minimum of at least 15% owner’s equity, or other owner investment, in the proposed or existing business. At least 50% of that investment should be in cash, or near-cash investments. Any existing shareholder’s loans to the proposed borrower shall rank behind all security of SCF and shall include all necessary postponement agreements. Such shareholders loans shall be acceptable for the purposes of establishing this minimum 15% requirement.

BUSINESS PLAN AND DUE DILIGENCE PROCESS

All SCF Loan Fund applicants are generally required to prepare a comprehensive and detailed business plan, which is very beneficial to the applicant in establishing their overall business strategies and forms a basis for the SCF Loan Fund Committee, to assess all aspects of the proposed loan borrowing. The requirement to complete the business plan, is solely the responsibility of the applicant. Under certain circumstances, such as factors relative to the size of the size of the loan, the type of loan, or whether or

not the loan was for an existing business already in operations, the SCF Loan Committee can establish requirements less than a full comprehensive and detailed business plan, usually in the form of a concise business strategy statement, as an alternative to the business plan requirement. Those circumstances will only be determined conclusively by the SCF Loan Fund Committee.

For business applying that will be required to provide a business plan, that shows a minimum of at least three years of financial projections, preferably five years, as a principle evaluation document. For current businesses, the last three years of financial statements, plus a present and updated business strategy detailing the need and intent for the use of the loan funds, will be required to support their application. Staff, shall complete a full due-diligence assessment for all applications. Upon completion of the assessment, Staff shall prepare a comprehensive analysis and report to the Loan Funds Committee, together with Staff's positive or negative recommendations, with respect to the application.

All Applicants shall be entitled to an updated report briefly outlining the status of their application, including areas where the application requires further clarification, in order to satisfy the due-diligence processes of SCF.

Staff, working with the Loan Funds Committee, shall be reviewing and modifying the procedures for all aspects of the due-diligence process to be used in all loan evaluations.

STAFF ADMINISTRATION

Staff administrations of SCF Loan Funds will be under the overall direction of the General Manager, with day-to-day administration by the Loans Manager in accordance with the established fund policies. The Loans Manager is the primary Staff member for all interactions with SCF's clients, seeking funding from the SCF Loan Fund.

SECURITY AND SECURITY DOCUMENTS

With regard to Aboriginal businesses that are on-Reserve and are owned by First Nation Members, that are not a corporation, SCF's access to on-Reserve loan security, SCF's Solicitors have prepared a Waiver, that will be required for all loans, with/without the necessity of Independent Legal Advice.

Once the Loan Funds Committee, or the SCF Board under certain circumstances, approves, agrees with, or modifies a Staff lending recommendation, then the next stage in the process is that based upon the directions from the Loan Funds Committee and/or SCF Board, Staff will prepare a Letter of Offer, with the applicant, that will comprehensively outline the details, rules and procedures for SCF's approved lending.

There may be Conditions Precedent that still need to be complied with before there is a binding Letter of Offer. Once the Letter of Offer is executed by the client, it constitutes a binding agreement between the parties, subject to any conditions precedent. The Letter of Offer, once executed, will also detail the specific security agreements that SCF requires, as a pre-requisite to the final approval of the loan to the applicant.

INTEREST RATE

The Loan Funds Committee is mandated to establish interest rates on all SCF loans. The Committee, in establishing rates, considers a number of critical factors, including current prevailing markets rates set periodically by the Bank of Canada, The Federal Business Development Bank, (because they are also a lender of last resort), the terms and conditions that SCF must adhere to any of its borrowings, and comparable commercial lending rates from financial institutions. SCF Board and Loan Funds Committee also considers any costs of specific borrowing that SCF is incurring on loan capital, (PAL, etc.), costs of loan administration, risk assessments and other factors in arriving at the rates. Rates are reviewed by the Loan Funds Committee on a regular basis in response to changes in the above factors and in the market place. The Committee recommends to the SCF Board from time-to-time various policies for interest rates on SCF loans.

The current interest rate on all SCF loan is 10%, and that amount, of course, subject to determination from time-to-time by the SCF Loan Fund Committee based upon factors, such as the Bank of Canada current interest rate, any costs that SCF incurs in borrowing loan funds, risk assessment and other factors of evaluation determined by the SCF Loan Funds Committee. Based on this, as recommended by the SCF Loan Funds Committee and formally approved by the SCF Board of Directors, the interest rate may be reduced from 10% to 8% effective May 1, 2015. This interest rate reduction will apply to all qualified new clients and for existing SCF Loan Clients, who are not in default, or who have otherwise been in violation of any provisions of their loan agreement.

When the SCF Loan Funds Committee makes any changes in its current published rate, they will be immediately posted on the SCF website.

In addition, from time-to-time, the SCF Loan Funds Committee may establish various performance based incentive policies for existing clients, previous clients and newly approved SCF loans. Generally, this will require a loan client to be consistent in making all consecutive on-time payments, without any loan defaults, or requirements to rectify any breach of loan warranties and conditions. The SCF Loan Funds Committee shall develop from time-to-time implementation procedures that will be applicable for any performance-based incentives developed by the SCF Loan Funds Committee. However, a performance based incentive policy for existing and newly approved SCF loans that achieve, or have achieved, 12 consecutive on-time payments with a term of three to five years are eligible for a reduction in their interest rate over the term of the

loan. The Loan Funds Committee shall develop, from time-to-time, the implementation procedures that will be applicable to this performance based incentive policy.

FINANCIAL AND MARKETING TRAINING

All new applicants will be required to participate in a financing and marketing training through SCF, unless the applicant has adequate background, training, experience and education levels sufficient to qualify for this requirement. This process would provide applicant with the tools necessary to start a business and be better performing loan clients and entrepreneurs.

FINANCIAL REPORTING

For new businesses, the applicant shall provide monthly internal management prepared financial statements to the Loans Manager for the Term of the loan. This will enable the Loans Manager to provide the after-care necessary to assist clients through any financial challenges that can often be difficult for a new entrepreneur in the beginning stages of a business.

In addition, financial reporting requirements outlined in the Letter of Offer, include the following:

1. Semi-annual internal financial statements;
2. Unaudited year-end internal financial statements, accompanied by cash-flow projections for the ensuing fiscal year, within 90 days of the end of each fiscal year of the Borrower; and
3. All such other financial information as requested by the Lender from time to time.

Any failure by any client to not fully comply to the financial reporting requirements, could result in the client being in default under the terms and conditions of the security documentation for any loans with SCF.

APPLICATION AND ADMINISTRATION FEES

As the fundamental principle of the SCF Loan Fund is to support approved Applicants, the following policies will be implemented and administered;

- A 2% administration charge will be applied to all approved loans exceeding \$2,000, excluding any micro-loans at the time of the loan advance.
- \$20 Late Payment fees shall be applied to the balance of all loans.
- \$20 Service charge fees will be applied to all loans for NSF payments.

- Fees under any approved equipment leasing shall be established by the Loan Funds Committee, based upon all of the specific information associated and surrounding any equipment lease.
- Line of Credit has a one-time 2% fee at the issuance of the Line, that interest rates are prevalent loan rates prevailing as if it were a lending situation. In addition, any time there is a drawdown on the Line, there is a 1% fee. There is also a stand-by fee equal to 1% for the Line of Credit.

LEGAL FEES

Legal costs will be added to the loan amount at the time of the loan advance. The scale for legal costs is as follows:

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|-------------------------------------|---------------------------|
| ▪ Loans between \$0 - \$2,000 | No Legal Fees |
| ▪ Loans between \$2,000 - \$10,000 | \$250 Legal Fees |
| ▪ Loans between \$10,000 - \$20,000 | \$500 Legal Fees |
| ▪ Loans exceeding \$20,000 | \$1,000 Legal Fees |
| ▪ Loans exceeding \$100,000 | Legal Fees to be reviewed |

With regard to equipment leases, lines of credit and equity investments, legal fees will be established as part of the offer. These amounts are subject to change, based upon the legal complexity of each case.

INSURANCE

Loan applicants will not be required to obtain Life Insurance. However, where deemed appropriate, business insurance coverage with SCF as named First Loss Payee, may be required. Further to the Insurance Clause in the Letter of Offer, the client will maintain insurance with all such insurers, of all such kinds, in all such amounts and payable to all such person or persons as SCF may require from time-to-time, and, without limiting the generality of the foregoing, the applicant will maintain:

Insurance covering loss and damage to all of the property and assets of the applicant (against all such risks as similar assets and property may be insured by a prudent business owner engaged in a business similar to that of the applicant) in an amount equal to the full replacement value thereof; and

Third-party liability insurance in an adequate amount, and, in any event, in an amount not less than \$2,000,000 inclusive limit per occurrence, and the applicant will ensure that the SCF is the first loss payee under all such insurance. The applicant will furnish to SCF on demand from time to time written proof that all such insurance is in place.

REPAYMENT TERMS AND CONDITIONS

The Loans Manager, or Loan Funds Committee shall negotiate the terms of repayment conditions on an individual basis with each particular applicant, reflective of that applicants particular business needs and requirements.

Repayments terms shall not exceed five-years from the date of the loan advance. The preferable repayment term is three-years, where such would not adversely impact the viability of the business operations of the applicant.

All loans shall be repayable monthly and shall include the appropriate amortization of principle and interest repayments, commencing thirty-days after the initial Loan advance.

Under certain circumstances, the Loans Manager can consider, for up to a twelve-month period of the initial term of any loan, to require interest only repayments, where circumstances are such, that such repayment would assist the business operation of the Applicant borrower.

Furthermore, the Loans Manager may establish alternative repayment terms and conditions, especially for seasonal businesses if such would significantly enhance the Borrower's capacity to achieve their business goals and objectives, while still maintaining the Security and repayment obligations to the SCF Loan Fund.

BORROWER'S COVENANTS

Each approved Letter of Offer shall have certain Covenants and Agreements, which the applicant consents to as a condition of receiving the loan advance from the SCF Loan Fund. The applicant's Covenants would include, but shall not be limited to, the following:

- To make all payments as required under the Letter of Offer or any Security Agreements with SCF.
- Payments are to be made by way of pre-authorized automatic bank debit payment from the Applicant, wherever possible.
- To pay on demand to SCF, the outstanding balance of the loan, together with interest accrued thereon, at the rate of interest equal to that set out in the Letter of Offer.
- To provide upon demand, any information, financial or otherwise, that SCF may reasonably require from time to time, including, but not limited to semi-annual financial statements from the applicant.
- To observe all of the covenants, agreements, terms and conditions of the Letter of Offer and any Security Agreements to which the applicant is a party.

- To provide full disclosure to SCF, which is open, honest, fair, and complete to the best of the applicant's knowledge.
- The applicant agrees to provide SCF with the rights to inspect the project to insure the proper use of approved SCF Loan Funds and to carry out such other due-diligence as required by SCF from time-to-time.
- To perform the terms and conditions of the Letter of Offer and to avoid default under the Security Agreement.
- The applicant shall procure appropriate forms of insurance, as determined by SCF, with SCF as a named insured, to protect the interest and liabilities against SCF.
- That the applicant shall absolutely indemnify and save harmless, SCF, its Board, Loan Funds Committee, and Staff, from any and all actions arising as a result of the Loan Agreement.
- Such other applicant's Covenants deemed necessary by SCF's Solicitor in any particular lending situation.

PROCEDURES IN THE EVENT OF DEFAULT

The Loan Funds Committee have established policies and procedures to follow in the event that a loan becomes in default or if collection efforts are required.

LENDING APPROVAL

The General Manager has the lending approval limit on loans up to a maximum of \$10,000, based upon Staff completing all internal checklists and acceptable due diligence that meets SCF's loan criteria, sufficient to support proceeding with the loan. The General Manager also has the sole authority to renegotiate existing loans, previously approved by the Loan Funds Committee, where circumstances of the borrower and loan require such changes in the terms and conditions of such previously approved loans.

MARKETING AND PROMOTION OF THE LOAN FUNDS

Given that the SCF Loan Fund's overall objective is to encourage Aboriginal business growth and new businesses, within the Stó:lō Traditional Territory, the Loan Funds Committee shall therefore establish appropriate marketing and public relations procedures, to fully make known the benefits of the SCF Loan Funds to the Aboriginal business Community in the Stó:lō Traditional Territory. This shall include, an outline of all aspects of the SCF Loan Funds on its website. In all such marketing, the fact that the SCF Loan Funds were supplied by WED, shall be included in all marketing and public relations efforts.

MAXIMIZING FUND GROWTH WHILE MAINTAINING FUND SECURITY

The Loan Funds Committee shall be charged with the proper management of SCF Loan Funds. In the management and investment of any non-committed portions of the SCF Loan Funds, the Loan Committee shall recognize the overriding need for security of these funds, while attempting to maximize Fund growth and return, as secondary considerations. In such management, it may be prudent under certain circumstances, for the Loan Funds Committee, to have the management of these funds with third parties, or in pooled-accounts, such as the PAL Program administered by the British Columbia Community Futures Development Association.

OBJECTIVE TO SECURE ADDITIONAL LOAN FUNDS **PRIORITY

Recognizing the extensive financial needs of the Aboriginal business community within the Stó:lō Traditional Territory for program lending and access to financing, and considering the limited amount of funds currently available with the SCF Loan Funds, the Loan Funds Committee shall attempt to identify and secure other sources of Loan fund capital for SCF, **as a priority**.

In all instances, the Loan Funds Committee shall be obligated to properly manage and administer any such additional new funds in accordance with all criteria established by the Funding Agency that provided such additional SCF Loan Funds.

FULL DISCLOSURE AND REPORTING

The Loan Funds Committee shall report, on a regular basis, to WED and all other Funding Agencies, to ensure full and complete compliance with such requirements established by WED, and any other Funding Agency.

The Auditor of SCF, shall on an annual basis, be responsible for full and complete disclosure, to the general community, to WED and other Funding Agencies; all aspects of the SCF Loan Funds operations, to report on the SCF Loan Funds being fully in compliance with all Fund Policies