



Financing on First Nations Land *Leasing Considerations Workshop

First Nations Land Code and Lease Review Criteria

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FOR



**FIRST NATIONS
LAND MANAGEMENT
RESOURCE CENTRE**

Strictly Private & Confidential

ONE Team ONE DREAM





Governance By-laws lead economic activity and On Reserve Home Ownership

- ❖ A to A leasing removes some of the disadvantages of Indian Act
- ❖ Eligible Transactions: Purchase, Construction, Refinance, Switch, Built in – Add on
- ❖ Qualification Criteria: Standard Credit Bureau, Down Payment, TDS, GDS, Employment and Income Confirmation.
- ❖ Individuals are purchasing homes, renovating homes, and switch financial institutions in a very similar process to Fee Simple
- ❖ First Nations Governments are collecting millions of dollars in property tax, and property transfer tax into perpetuity.
- ❖ First Nations Governments are completing joint venture Real Estate Project with Major Real Estate Developers in the hundreds of millions.



Mortgages on First Nations Land under Land Code By-laws

Assumption: First Nation Government has opted into the
Framework Agreement on First Nations Land Management

- ❖ Goal of the by-law is to create enforceable mortgage and marketable title to gain financing for the ground lease or sub lease that adequately supports a mortgage of the leasehold interest to the Bank's satisfaction
- ❖ The by-law can support both communal (commercial) and individual (A-to-A residential) land holding development projects

Headlease and Sublease to support legal counsel review

- Legal opinion on leases by bank's legal counsel
 - The legal opinion outlines any issues or additional requirements for the bank to obtain an enforceable leasehold mortgage and a review "borrowing" section of the law
 - It is commonly recommended the by-law (draft) be shared with the bank prior to ratification (to avoid amendment process). Based on location, project details, etc. the template may not fulfill banking requirements to obtain a mortgage.
- The client must disclose any unusual covenants that may affect marketability or restrict the bank during property liquidation to support the review process

Best Practices of Lease Review Criteria

Do's

- ❖ The ground lease or sublease is available on the open market
- ❖ The term of the lease must exceed amortization of mortgage by a minimum of 5 years.
- ❖ It should specify the Bank's enforcement rights related to curing of any default
- ❖ It should specify the land that can be leased. The CLSR # must be registered with the Indian Land Registry (ILR)

Don'ts

- ❖ Restrict the Bank's access to the property restrict or limit the re-sale of the property i.e. type of purchaser or purchase price
- ❖ It must not be re-negotiable at lessor's discretion prior to the expiry of the lease (applicable at all times)



New Project Development Information

*Once lease review process is complete

- ✓ name and location of the development
- ✓ type of housing, such as single-detached, semi-detached, and so on, including range of square footage to be constructed
- ✓ number of units and phases
- ✓ price range of the units (dollar amount and number of mortgages)
- ✓ construction project details:
 - start date, completion date and occupancy date



OneRBC Team Approach

*Banking considerations to support all project development

- **INDIVIDUAL**
- Account opening and digital enablement
- Tax efficient strategy & financial advice
- On & Off reserve lending opportunities
- On-reserve housing policy – outlines 3 types of lending programs (MLG, ORHLP, Leasehold lands)

- **SMALL BUSINESS**
- Team works with AFIs in BC to support transition of clients seeking advice and support to grow the business from small to commercial banking support

- **FIRST NATION, METIS & INUIT:** Governments, Not-for-profit Organizations, Economic Development Corporations
- Strategic Planning with nations advisory team



Banking, Investing and Borrowing

Commercial Business Partners Include:

- RBC Express, Visa, Leasing, Group Advantage
- RBC Dominion Securities, Private Banking
- RBC Royal Trust, RBC Phillips Hager & North

Trusted Strategic Advisors providing Financial Advice to Indigenous Market Clients

Thank You!

- Questions?

