

Ministerial Loan Guarantee

What is it?



A Ministerial Loan Guarantee (MLG) promises that a mortgage loan to buy and build houses will be paid back.

Why is this needed?

First Nations reserve land is owned by the Nation. *It cannot be bought or sold like other land or property.*

Off-reserve, a person can buy property by applying for a mortgage. In a mortgage, a bank can take back the property if the person doesn't pay back the loan.

A bank cannot take a Nation's land.

To lend money to a Nation, banks require a guarantee of payment. A Ministerial Loan Guarantee (MLG) is a guarantee by the Crown (Government of Canada) that they will back the Nation for the loan. With an MLG, the Nation can get a mortgage to build or buy houses.

Good finances are key to managing Nation loans. Lenders work with communities to find what fits each Nation.



Getting an Ministerial Loan Guarantee

It takes a lot of work for a First Nation to apply for a Ministerial Loan Guarantee. Both the lender (a bank, credit union, or CMHC) and the Government of Canada look at the Nation's finances. The better a Nation's finances, the better the chance of getting loans for new houses to build the Nation.



Mortgage Loan Checklist

A guide for a new housing build - step by step



1. Ensure your Nation's Financial and Capital Reporting is up to date.
2. If this is a CMHC Section 95 loan, work with CMHC on forms. (Skip if loan is not Sec. 95).
3. Get pre-approved for a mortgage (bank, credit union, or CMHC).
4. Chief and Council pass a Band Council Resolution (BCR) to request a Ministerial Loan Guarantee.
5. Ask for a Letter of Intent from your mortgage lender.
6. Submit a Ministerial Loan Guarantee application to Indigenous Services Canada.
7. When approved, submit the Ministerial Loan Guarantee to your lender to finalize loan.
8. Create a Project Description.
9. Complete an environmental assessment and develop a site map.
10. Purchase insurance and get a Certificate of Insurance for the project.
11. Get a copy of the Loan Agreement from your lender.
12. If Section 95 loan, have all forms ready.
13. Submit above forms as your Ministerial Loan Guarantee package to your ISC regional office.
14. Create all work orders for contracts and subcontracts.
- Build new houses on your Nation!

