

**FNMHF**

FIRST NATIONS MARKET HOUSING FUND

# 2026 Business Plan Summary



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# Foreword

This is a summary of the 2026 Business Plan that was approved by the Board of Trustees of the First Nations Market Housing Fund (“the Fund”) and by the Minister for Canada Mortgage and Housing Corporation in accordance with the provisions of Section 18 of the Indenture of Trust.

The Summary provides an overview of the Fund’s mandate and business structure, analyzes the expected operating environment, and sets out the Fund’s objectives and strategies for the upcoming one-year period. The Summary demonstrates how the Fund intends to achieve these objectives and measure its success.

The First Nations Market Housing Fund has been in operation since May 2008.



# Executive Summary

The First Nations Market Housing Fund (the Fund / FNMHF) submits a five-year rolling Business Plan to the CMHC Minister for approval each year. This plan outlines the Fund's activities and strategic direction, including financial projections. Given the Fund's ongoing efforts to implement much needed reforms, this year's Business Plan is a focused, one-year plan for 2026, similar to what was done for 2025.

*The main priority for 2026 is to continue working towards government approval of the transfer of FNMHF to First Nation control, as was originally envisioned when the Fund was first created. The second priority is to continue reforming and revising the current products and services as much as feasible under the existing Indenture of Trust and Funding Agreement. With the support of our Board of Trustees, Management will continue to lay the groundwork for substantial changes in 2027 and beyond.*

This one-year business plan includes projections for Fund-backed loans and Credit Enhancement (CE) activity, under the assumption that the Fund operates under its current model established in 2008. Based on our experience and our efforts to revive interest in the CE program, it is our belief that this program will continue to see modest growth in its current format in 2026. As was mentioned in prior business plans, there are multiple pathways for First Nation individuals to achieve homeownership. The CE Facility is just one of many pathways. Looking to the future, the Fund's management team is not only committed to serving the existing First Nations who are using our CE product, but also to expand our services so that we can support the other pathways. The ultimate goal is to see increases in on-reserve homeownership, regardless of which path is taken.

# The First Nations Market Housing Fund

The Fund is a mature organization which has successfully complied with its original mandate and the limits put in place through the Indenture of Trust and the Funding Agreement. In April 2025, the FNMHF's Board, staff, and guests held their annual strategic planning session on Akwesasne Mohawk Territory to align strategic vision with actionable priorities for community-specific needs, lender relations, and building organizational capacity to manage future growth. Insights from this session informed this business plan, supporting the agenda on transformation of the Fund.

Alongside the business case for the Transfer of Care and Control, the Fund will continue progressing its strategic priorities in 2026, which include:

1. Reframe Relationships with First Nations - Deeper trust with current clients and broader awareness of the Fund through consistent engagement, collaboration with partners, and pushing initiatives forward at the regional level.
2. Support Greater Understanding of First Nations Homeownership – Ensuring homeownership is sustainable with better knowledge and awareness through workshops, customized literacy tools, and polices designed for unique community needs.

3. Improve & Expand Fund Offerings – Independence and self-sufficiency through creating the actual processes and structures that make the self-driven model possible.
4. Build Strategic Alliances – A stronger and more coordinated effort through what is already available, strengthening of partnerships, and growing the alliance base.
5. Research, Innovate, and Advocate – Build business cases for change, pilot promising ideas, and implement successful solutions.

As of the conclusion of September 2025, 627 loans have been issued, with potential approvals for up to 7,469 loans. Since its inception, 268 First Nations have applied for CE, with 132 approvals. The Fund actively engages with 41% of all First Nations communities in Canada.

The following table illustrates the Fund-backed loans at September 30, 2025:

Province	Potential Credit Approved (\$Millions)	Credit Used (\$Millions)	Estimated Potential Loans	Loans in Place
Alberta	\$ 212.50	\$ 3.12	440	16
British Columbia	\$ 357.36	\$ 28.77	3,096	141
Manitoba	\$ 10.75	\$ 0.62	71	4
Newfoundland	\$ 5.00	\$ 1.15	100	9
Nova Scotia	\$ 32.04	\$ 8.04	201	58
Ontario	\$ 304.79	\$ 39.97	2,634	241
Prince Edward Island	\$ 1.00	\$ 0.00	7	0
Quebec	\$ 77.26	\$ 27.30	423	127
Saskatchewan*	\$ 18.50	\$ 0.00	170	0
Yukon	\$ 60.38	\$ 5.19	327	31
<b>Total</b>	<b>\$ 1,079.58</b>	<b>\$ 114.16</b>	<b>7,469</b>	<b>627</b>

\*There are at least two First Nations in Saskatchewan that have used the Fund's CD program and have built on-reserve market-based homes but without using the CE facility.

# Overview

The Fund was founded to address the pressing need for innovative housing solutions in First Nations communities. We are proud to be led by Indigenous leaders, with our Board of Trustees and CEO representing diverse perspectives from various regions across Canada. Together with our staff, they champion homeownership for First Nations people and collaborate with partners to open pathways for families to achieve it.

The Fund believes expanding housing options—particularly through homeownership—can bring transformative benefits to First Nations communities, including:

1. **Community Reinvestment:** Encouraging individuals to return to their communities, fostering community growth, and strengthening cultural ties.
2. **Addressing Housing Shortages:** Tackling the severe shortage of housing units by providing more housing opportunities.
3. **Reducing Social Housing Demands:** Reducing reliance on social housing programs and resources, allowing them to be directed where they are needed most.

Through our initiatives, we strive to build a brighter future for First Nations communities by enhancing housing options and fostering sustainable, thriving environments.





## Mandate

The Fund's mandate is to facilitate access to financing for loan-based housing in First Nations communities.



## Mission

The mission of FNMHF is to Empower First Nations through Indigenous-led Home Ownership Solutions.



## Vision

We are dedicated to strengthening First Nations' housing capacity and advancing on-reserve homeownership.

Our vision is:

**First Nations Prosperity  
Through Homeownership.**



## Values

Our approach respects and integrates the unique traditional values and governance structures of each community we serve. The values of the Fund are inspired by the seven sacred teachings:

- Love
- Humility
- Respect
- Courage
- Honesty
- Wisdom
- Truth

## Current Core Services

The Fund is a not-for-profit trust dedicated to empowering First Nations communities and was developed with input from First Nations communities and organizations across Canada. The Fund launched on May 5, 2008, with a one-time federal government investment of \$300 million. The Fund is a standalone, long-term, self-sustaining, not-for-profit trust established to:

- “...facilitate the availability of financing for and the accessible supply of Market-based Housing in First Nations communities and help create the capacity in First Nations communities to become self-sufficient in developing and sustaining the Market-based Housing...”
- “...create a platform for long-term change in housing provision and accommodation, leveraging more private-sector financing, progress in stabilizing the backlog in housing, greater housing investment by First Nations themselves and their members, and enhanced housing capacity in First Nations communities.”
- “...move away from a system that depends almost entirely on government subsidies, to a system that provides to First Nations residents the same housing opportunities and responsibilities in their communities as other Canadians.”

Better housing is a vital and effective way to strengthen communities and promote equality and opportunity. The Fund’s principal is used to create more and better housing through the Credit Enhancement Facility which provides a 10% guarantee backing for on-reserve housing loans, in addition to First Nations guarantees, to build, buy, or renovate individual homes and multi-suite rental units.

The Fund currently works in partnership with First Nations communities through its credit enhancement and capacity development programs. Each program is described below:

### Credit Enhancement (CE) Facility

The Fund helps First Nations communities across Canada prepare for loan-based housing and attract and access private financing for housing loans (offered by participating national and regional lenders) with the best possible terms and conditions, to support new homeownership, home renovations, and the creation of market rental units.

The Fund provides an alternate form of security for housing loans made on reserve, on lands set aside and settlement lands where appropriate, through CE. The backing provided by the Fund, in conjunction with First Nations guarantees, attracts lenders by offsetting some of the security issues while preserving the communal nature of the land. As a result, First Nations are provided with more leverage to negotiate favourable financing terms and conditions such as interest rates, loan features, risk-sharing agreements, reduced loan program access fees, and favourable administrative arrangements.

The Fund provides access to Homeownership Navigators and Contracted CE consultants to work closely with qualifying First Nations to develop and implement the CE program in their community.

17 national and regional financial institutions partner with the Fund through the Credit Enhancement Facility. These partnerships support opportunities, especially in under-served geographic areas, for First Nations to establish new relationships with a financial institution for their qualified First Nation members to access financing to purchase, build, or renovate a home in their community.

Over the past 17 years, the Fund has recognized the need to redesign the CE program. On its own, the CE facility has not consistently led to increased housing construction, and participation remains low. The Fund aims to revamp the program to address its limitations and make it a more appealing option for First Nations, prospective homeowners, and lenders.

## Capacity Development (CD)

Through the Fund's CD Program, funded by investment income, we support access to specialized consulting resources and educational institutions to support initiatives aimed at developing, increasing, and sustaining loan-based housing in First Nations communities. The identification of capacity development needs is tailored to each First Nation. Consultant resources and assigned staff work closely to support the planning and implementation of our CD program in communities.

Our CD program consistently places its focus on the requirements necessary for the successful initiation and long-term sustainability of loan-based housing. More specifically, the CD program is in place for the purpose of enabling First Nations to qualify for the Fund's Credit Enhancement facility.

Our experience has shown that the Fund could better support homeownership opportunities if the CD program had a broader purpose other than just leading to access to the Fund's CE facility. Capacity Development initiatives funded by the FNMHF are meant to address some of the gaps in housing systems, especially if these gaps are obstacles to the community's homeownership programs and especially if these gaps are preventing the community from being approved for the Fund's CE program. What we have witnessed is that, in many cases, the First Nation will decide not to pursue the Fund's CE program even if they qualify for it. Instead, they may opt to work with a lender directly, or to look at other alternatives to helping members obtain financing for on-reserve housing loans. One change for 2026 and beyond is to amend the CD agreement so that it includes a provision for ongoing reporting on outcomes (year-end statistics on houses built – with or without using the Fund's CE facility), for at least the next 10 years.

# Transformational Change

Through the work on the business case for the Transfer of Care and Control, it has become clear that the operational model established in 2008 has not fully met the expectations regarding the actual number of houses constructed. The Trustees of the First Nations Market Housing Fund believe that achieving autonomy from government and gaining the authority to enact change are crucial for the Fund's evolution. To increase homeownership on First Nations lands, there must be flexibility in operations, decision-making, and approvals. Throughout transition, the Trustees recognize the importance of maintaining strong, professional, and objective governance, encouraging complementary sources of funding, and ensuring self-sufficiency for future generations.

The Fund continues to work towards aligning efforts to address both current challenges and future opportunities, paving the way for the Fund's continued development and leadership in supporting First Nations homeownership.



## A brief timeline leading to transition in 2026 is:

2023

- Substantial efforts devoted to establishing the groundwork for the business case for the Transfer of Care and Control of the Fund to First Nations.
- Schedule of Committee meetings adjusted to include a series of meetings dedicated to the Transfer and Transformation Strategy.
- Strategic planning session with staff and Trustees held in April at the head office in Akwesasne with presentations on various topics (Lender Research Study, Yänonhchia' Business Model, Indigenous Infrastructure Financing in Housing, Update on Reform Meetings, and Update on Marketing and Communications).
- Vision statement revised and strategic priorities developed.

2024

- The Working Committee on the Transfer of Care and Control met nine times both virtually and in-person, including members from the Fund, CMHC, ISC, and AFN.
- Strategic planning session with staff and Trustees held in April at the head office in Akwesasne with presentations on various topics (CD Research project, Lender Research project, Yänonhchia' initiative, First Nations Housing Professionals, Naut'sa mawt Tribal Council).
- Research projects completed to inform the business case (marketing and communications, compliance review, lean process study, lender research project, CD research project).
- AFN resolution supporting the Transfer of Care and Control to the Fund passed at the July AGA.
- Engagement sessions with First Nations held to inform the business case and gather crucial feedback.

2025

- Final report on the national engagement sessions process received providing feedback on the transfer and proposed membership model.
- New Prime Minister and Minister of Housing and Infrastructure appointed.
- Feedback received from CMHC on the proposed changes to the existing Indenture of Trust and the Funding Agreement.
- Moving forward on operational changes that are within our existing authority including a research project with the Conference Board of Canada.
- FMB certification attained.
- CEO delivered a presentation to the Chiefs Committee on Housing and Homelessness prior to the AFN resolution supporting the Transfer of Care and Control to the Fund passed at the September AGA.
- Governance Review of FNMHF governance policies and procedures implemented.
- CMHC Operational Review under way.

In 2026 the Fund will continue to explore additional pathways to homeownership for First Nations based on the results of the research and engagement to date. It is clear that to increase its impact on First Nations homeownership, the Fund will actively collaborate with other organizations involved in capacity development, housing, and infrastructure development for First Nations.

# Strategic Directions

The 2026 Business Plan builds on the strategic directions outlined in the 2025 Business Plan, with refinements based on insights from the 2025 Strategic Planning Outcomes Report. This includes collaborative input from the Board of Trustees, management, and staff ensuring the Fund's strategic plan is fluid with room for ongoing evolution.

Strategic planning discussions emphasized the importance of regional priorities, risk assessments, organizational structure, implementation strategies, and reaffirming the Fund's dedication to its core objectives while identifying pathways to achieve sustainable progress. This vision accentuates achieving expanded market-based housing access through tailored regional approaches while building financial literacy and homeownership capacity among the next generation of First Nations.

Alignment of these strategic priorities with the Fund's mission is crucial. By addressing the key areas of strategic alliances, housing literacy, client engagement, and fund transfer mechanisms, the Fund is poised to deliver targeted outcomes that address both immediate needs and long-term aspirations. This section provides an overview of the five strategic directions that will guide the Fund's activities during 2026.



## Reframe Relationships with First Nations

The **goal** is to strengthen relationships with existing clients while expanding the Fund's overall reach and visibility.

The **focus** is to maintain and expand day-to-day working relationships with clients and partners while actively promoting and implementing the Fund's initiatives regionally; and to enhance accountability and reporting directly to First Nations.

### Expectations

- Increased engagement and awareness on regional levels.
- An enhanced membership program for First Nation individuals interested in becoming homeowners.
- The Fund's website and social media platforms will continue to be one of the top resources for on-reserve homeownership information.
- Targeted engagement strategies and training materials for specific demographics.

### Impact Indicators

- Participant attendance at jointly hosted regional conferences and workshops, as well as the AGM.
- Response rates for client/member surveys.
- The number of people registered for membership programs.
- Website traffic.
- Social media engagement statistics.

### Core Activities

1. Host in-person events, including regional gatherings and powwows, will enhance connections with clients.
2. Co-sponsor events with partner organizations to increase visibility and engagement. In addition, alternative events, such as Indigenous-focused games or cultural showcases, will be sponsored to diversify outreach efforts.
3. Development of a membership portal and mobile app to streamline client engagement.
4. Host Annual General Meeting, invite all Fund members to participate.

## Support Greater Understanding of First Nations Homeownership

The **goal** is to support sustainable homeownership practices by re-educating leaders, staff, and the broader audience on the realities of homeownership, including maintenance, repairs, and renovations. Hiring additional Homeownership Navigators will improve our re-education efforts.

The **focus** is to bridge the knowledge gap by enhancing housing literacy through multiple delivery methods for community members and leadership. This includes developing tailored workshops for First Nations communities and creating distinct homeownership policies that respond to their specific needs.

### Expectations

- Increased engagement with First Nations youth on homeownership.
- Increased understanding of housing responsibilities and sustainable practices.
- Development of interactive digital learning modules and implementation plan.
- Workshops addressing unique challenges within First Nations communities.
- Preparation of homeownership policies for specific needs.

### Impact Indicators

- Attendance at regional workshops for youth financial literacy and homeownership education (approximately 200 participants annually).
- Increased youth engagement through social media platforms.
- Completion of learning modules curriculum (i.e. financial literacy, credit management, housing loans, insurance options, home building).
- Number of housing literacy workshops conducted.
- Completion of dedicated homeownership policies for First Nations.

### Core Activities

1. Organize and deliver housing literacy workshops.
2. Develop educational materials that focus on maintenance, zoning, and insurance requirements.
3. Determine delivery methods for learning modules and other educational materials.
4. Engage community leaders to advocate for and implement housing literacy initiatives in the community.
5. Hire additional Homeownership Navigators to support these education efforts.

## Improve & Expand Fund Offerings to Support Loan-Based Housing

The **goal** is to establish a self-driven governance model that secures the Fund's long-term sustainability and autonomy.

The **focus** is to define mechanisms for transferring control to the Board and design a governance framework where Trustees are recruited through a call out, reviewed and selected by a nominating committee, and ratified by the membership.

### Expectations

- Streamlining of application processes to improve efficiency, accessibility, and inclusivity.
- Integration of IT security assessments to safeguard operations and data.

### Impact Indicators

- Completion of pilot projects testing new governance models.
- Establishment of a self-driven board structure.
- Successful integration of IT security measures.

### Core Activities

1. Pilot projects will be launched to test and refine fund transfer processes.
2. The refinement of HomeHub features to integrate travel requests and conference events into the system.
3. Follow-ups with collaborators, such as Yānonhchia', will ensure progress on transfer initiatives.
4. Ongoing IT security assessments will be conducted to mitigate risks and enhance operational resilience.

## Build Strategic Alliances

The **goal** is to build strategic alliances with other organizations to increase impact on homeownership through collaboration, pooling of resources, and avoiding duplication.

The **focus** is to enhance outreach and effectiveness by leveraging partner programs and services, while also engaging non-partner organizations to expand the Fund's network.

### Expectations

- Growth in the number of partnerships, collaborative projects, and initiatives.
- Promotion of shared resources and co-branded materials.
- Enhanced visibility among First Nations organizations, individuals, administrators, and leaders.
- Greater community engagement.

### Impact Indicators

- Additional MOUs signed.
- The number of jointly developed materials.
- The frequency of scheduled regulatory meetings.
- The completion of projects.

### Core Activities

1. Introductory meetings with potential partners.
2. Creation and implementation of action plans for networking and resource-sharing. Report on action plans at quarterly trustee meetings.
3. Partnership conferences.
4. Leveraging social media platforms to promote shared resources.
5. Include a discussion on MOU agreements (including plans for the future) as part of the April Strategic Planning session.

## 05 Research, Innovate, Advocate

The **goal** is to seek out new ideas and best practices that can be considered for future changes to the Fund.

The **focus** is to explore and evaluate innovative ideas and best practices to identify opportunities for future improvements to the Fund.

### Expectations

- Research completed in 2025 will be reflected in business case for Transfer of Care and Control.
- Alternative approaches to Capacity Development.
- Joint research on leasing, lending, housing and infrastructure finance options.
- Promotion of homeownership both on and off reserve.

### Impact Indicators

- Business plans on a go forward basis reflect the findings of prior research.
- NmTC Housing Toolkit incorporates feedback from FNMHF in future versions. Housing Toolkit is used as a key resource by FNMHF front line staff as they promote homeownership.
- Joint research with LAB will lead to new programs and services in future years that provide additional pathways to homeownership.
- Research with other groups such as YHF, NICHl and others will lead to business cases that support new products and new ways of collaboration.

### Core Activities

1. Research new ways to expand CD working towards homeownership. Revise the CD program based on findings from the Phase 2 Research project being carried out by the Conference Board of Canada. Include a new requirement that all First Nations who receive CD Funding, will be required to report on long term impacts of our Capacity Development investment, for a period of at least 10 years into the future.
2. Implement, monitor, and update activities and progress for research studies and advocacy.
  - NACCA – co sponsor a housing symposium for NACCA IFIs
  - NMTC - housing toolkit update work to continue
  - LAB - A2A leasing options to be reviewed
  - NICHl – identifying bridges between on and off reserve homeownership
  - Continue to work on a revised and simplified FNMHF application and approval process.
3. Report on research activity progress. If possible, invite presentations at the April Strategic Planning session on current and future research projects.

# Financial Plan & Budgets

The Fund's fiscal year is the calendar year. As per the Fund's accounting policy, in accordance with Canadian Public Sector Accounting Standards for Not-for-Profit Organizations (PSAS), revenues are only recognized on the Statement of Operations to the extent of expenses incurred.

Total income from investments including gain or loss on sale (realized) is reported under the Schedule of Changes in Deferred Contribution. The Fund's financial statements for the 2025 Plan, the 2025 Forecast, and the 2026 Plan are shown on the following pages.

TABLE 1 - STATEMENT OF OPERATIONS

Statement of Operations (\$M)	2024 Actual	2025 Plan	2025 Actuals to June 30	2025 Forecast	2026 Plan
<b>Revenue:</b>					
Recognition of Deferred Contributions related to current year operations	7.720	12.981	3.656	7.828	12.825
<b>Total Revenue:</b>	<b>7.720</b>	<b>12.981</b>	<b>3.656</b>	<b>7.828</b>	<b>12.825</b>
<b>Expenses:</b>					
Administration	6.662	8.615	3.326	6.786	8.563
Capacity Development	1.336	4.000	0.330	1.000	4.000
Credit Enhancement Guarantee Expense/(Recovery)	(0.278)	0.028	-	0.017	0.007
Evaluation	-	0.338	-	0.025	0.255
<b>Total Expenses:</b>	<b>7.720</b>	<b>12.981</b>	<b>3.656</b>	<b>7.828</b>	<b>12.825</b>
Excess of Revenue over Expenses	-	-	-	-	-

# Financial Plan & Budgets

TABLE 2 – SCHEDULE OF CHANGES IN DEFERRED CONTRIBUTION

Schedule of Changes in Deferred Contribution (\$M)	2024 Actual	2025 Plan	2025 Actuals to June 30	2025 Forecast	2026 Plan
Balance, beginning of period	380.684	384.782	384.980	384.980	392.729
Investment Income	12.673	14.079	6.544	14.034	14.398
Realized gain/(loss) on sale of investments	(0.657)	0.696	1.286	1.543	0.467
Recognized as Revenue to match Expenses	(7.720)	(12.981)	(3.656)	(7.828)	(12.825)
Deferred Contribution, before Unrealized Gain/(Loss)	384.980	386.576	389.154	392.729	394.769
Unrealized Gain/(Loss), beginning of period	(1.611)	19.662	13.793	13.793	21.120
• Urealized Gain	15.404	8.481	0.691	7.962	13.931
• Amounts Realized	-	-	(0.635)	(0.635)	-
Unrealized Gain, end of period	13.793	28.143	13.849	21.120	35.051
<b>Total Deferred Contribution, End of Period</b>	<b>398.773</b>	<b>414.719</b>	<b>403.003</b>	<b>413.849</b>	<b>429.820</b>

# Financial Plan & Budgets

TABLE 3 – STATEMENT OF FINANCIAL POSITION

Statement of Financial Position (\$M)	2024 Actual	2025 Plan	2025 Actuals to June 30	2025 Forecast	2026 Plan
<b>Assets - Current</b>					
Cash & cash equivalents	11.129	8.301	10.450	8.265	8.592
Receivables from investments	1.035	2.272	2.448	2.571	2.437
Prepays	0.104	0.069	0.077	0.082	0.082
Other assets	-	-	0.043	0.021	0.021
Accounts receivable	0.001	-	0.040	-	-
	12.269	10.642	13.058	10.939	1.132
Long term investments	387.439	406.172	390.561	405.432	421.073
Capital assets	0.213	0.250	0.179	0.213	0.159
<b>Total Assets</b>	<b>399.921</b>	<b>417.064</b>	<b>403.798</b>	<b>416.584</b>	<b>432.364</b>
<b>Liabilities - Current</b>					
Accounts payable and accrued liabilities	1.023	1.778	0.682	2.555	2.381
	1.023	1.778	0.682	2.555	2.381
Capital lease obligation	0.022	0.059	0.010	0.060	0.037
Credit enhancement guarantee liability	0.103	0.508	0.103	0.120	0.126
Deferred Contribution	398.773	414.719	403.003	413.849	429.820
<b>Total Liabilities</b>	<b>399.921</b>	<b>417.064</b>	<b>403.798</b>	<b>416.584</b>	<b>432.364</b>

## Operating Budget

The Operating Budget provides for administration expenses and costs for the Credit Enhancement guarantee expense, as well as any evaluations, special reports, or audits. Capacity development is shown separately. The following table summarizes the requirements for 2026. Details are provided in each of the sections that follow.

TABLE 4 - OPERATING BUDGET

Operating Budget (\$M)	2024 Actual	2025 Plan	2025 Actuals to June 30	2025 Forecast	2026 Plan
Administration Expenses	6.662	8.615	3.326	6.786	8.563
Capacity Development Expenses	1.336	4.000	0.330	1.000	4.000
Credit Enhancement Guarantee Expense/(Recovery)	(0.278)	0.028	-	0.017	0.007
Evaluation Costs	-	0.338	-	0.025	0.255
<b>Total Operating Budget</b>	<b>7.720</b>	<b>12.981</b>	<b>3.656</b>	<b>7.828</b>	<b>12.825</b>

# Administration Expense Budget

Administration expenses are the expenses that an organization incurs on a day-to-day basis that are not directly tied to a specific function such as, in the Fund's case, Capacity Development. Administration expenses are incurred for the basic operation of the Fund and are related to the organization, as opposed to an individual program.

The Administration Expense budget provides for such expenditures as:

- Professional and technical services, which include staff salaries and benefits, investment management fees, legal and audit fees, banking charges, insurance costs, consulting fees, and various other fees;
- Transportation, including staff travel, postage, and courier;
- Trustee governance;
- Marketing and promotion;
- Business premises;
- Fund development;
- Computer/telecommunications services; and
- Other charges.

As provided for in the Indenture of Trust, Administration Expenses must not exceed the total amount set out in the approved budget.

# Capacity Development Budget

The purpose of the Capacity Development Program is to provide support for First Nations communities in qualifying under the Credit Enhancement Facility. It also helps to strengthen those who qualify to ensure they have the necessary foundation to implement and sustain market-based housing.

The Funding Agreement sets out the amount of resources available for Capacity Development, and this amount is to be specified in the annual business plan. The total amount is not to exceed 50% of the immediately preceding year's net income (defined as investment and other income less any expenses incurred during the year). Where the Fund expends less than the total maximum amount available in a given year, the Fund can carry forward unexpended amounts to future years, subject to the Minister's approval of the budget in each subsequent business plan. Cumulative carried-forward amounts will be in addition to the maximum total amount otherwise permitted.

The budget provides for fees, travel, and other related costs to be paid to external contractors in the delivery of the capacity development activities in First Nations communities. A relatively small amount of the budget is paid up-front, which tends to be for courses offered by educational and training institutes.

The balance of the costs is paid when deliverables are completed to the satisfaction of the First Nation and the Fund; this may take more than a year to complete. These initiatives often require community engagement sessions which are critical to community buy-in and ongoing support.

The current formula for calculating the available amount of Capacity Development funding has resulted in an insufficient and decreasing amount of funding being available. Without a change in the formula, the Fund would not have sufficient funding for Capacity Development as years go by, even if the Fund can earn sufficient revenues to cover both administrative expenses and Capacity Development expenses (Net Income below). As the Fund's Capacity Development expenses are expected to be less than current year's allocation for 2025, there would be sufficient room for Capacity Development for 2026 at the least.

The Fund has been conservative in its Capacity Development spending to date while examining alternatives over a number of years to ensure a predictable and stable stream of funding is available for capacity building going forward. Based on the research projects from 2023 to 2024, the Fund has also narrowed the scope of CD initiatives to those that are deemed successful or relevant in establishing homeownership in communities. While these efforts have decreased CD spendings drastically compared to prior years, it is anticipated that the Fund's CD spending will expand greatly as application processes become simpler and a membership model is implemented. To achieve success in reform and transformational change, the Fund will address this limitation of the current CD formula in its submission of the business case for Transfer of Care and Control.

It is understood that any alternative capacity development funding mechanism may not be implemented without the express approval of the Government of Canada. The discussion is provided herein for information as an integral part of the business planning process for 2026. According to the Indenture of Trust, any activity the Trustees plan to undertake, including the exploration of changing the Capacity Development Program as is contemplated herein, must be described in the business plan.

TABLE 5 – CAPACITY DEVELOPMENT BUDGET

Capacity Development Budget (\$)	2024 Actual	2025 Plan	2025 Actuals to June 30	2025 Forecast	2026 Plan
Cumulative Unexpended Amount, Beginning of Year	9,527,364	9,955,789	9,955,789	9,955,789	11,104,024
Add: Current Year's Allocation*	1,754,455	228,430	2,148,235	2,148,235	3,874,512
<b>Sub-Total</b>	<b>11,291,819</b>	<b>10,184,219</b>	<b>12,104,024</b>	<b>12,104,024</b>	<b>14,978,535</b>
Less: Expenditures during Current Year	1,336,030	4,000,000	330,000	1,000,000	4,000,000
Cumulative Unexpended Amount, for Next Year	9,955,789	6,184,219	11,774,024	11,104,024	10,978,535

\*One half of planned net income for prior year as follow. Allocations are not made in case of net loss (e.g. 2023 actual net loss)

	2023 Actual	2024 Forecast	2024 Actual	2024 Actual	2025 Forecast
Net Income/(Loss)	3,508,909	456,861	4,296,470	4,296,470	7,749,024

# Annex A – Corporate Governance Structure

## Corporate Profile

The Board of Trustees provides governance and leadership and acts as stewards of the Fund. They also oversee the Fund’s governance and practices and provide direction to achieve results. All Trustees are First Nations individuals that have the desire to assist First Nations communities in developing loan-based approaches to housing on-reserve and have the financial and technical expertise to assist the Fund in fulfilling its mandate. Six Trustees are confirmed by the CMHC Minister and three are confirmed by the ISC Minister. As Trustee terms expire, there is a reappointment process for current Trustees while vacant positions will be filled after a rigorous recruitment process.

The Board of Trustees is responsible for meeting the Fund’s objectives and ensuring prudent investment and safeguarding of assets, financial accountability, and regular reporting of results. In support of these responsibilities, the Board has established four Committees – Audit & Risk, Investment, Governance & Human Resources, and Operations & Special Initiatives. Committee mandates are reviewed and updated by the Trustees biannually with the next review due in 2027.

They are revisited as required over the planning period to ensure they are current and reflect the needs of the Fund along with emerging and best practices.

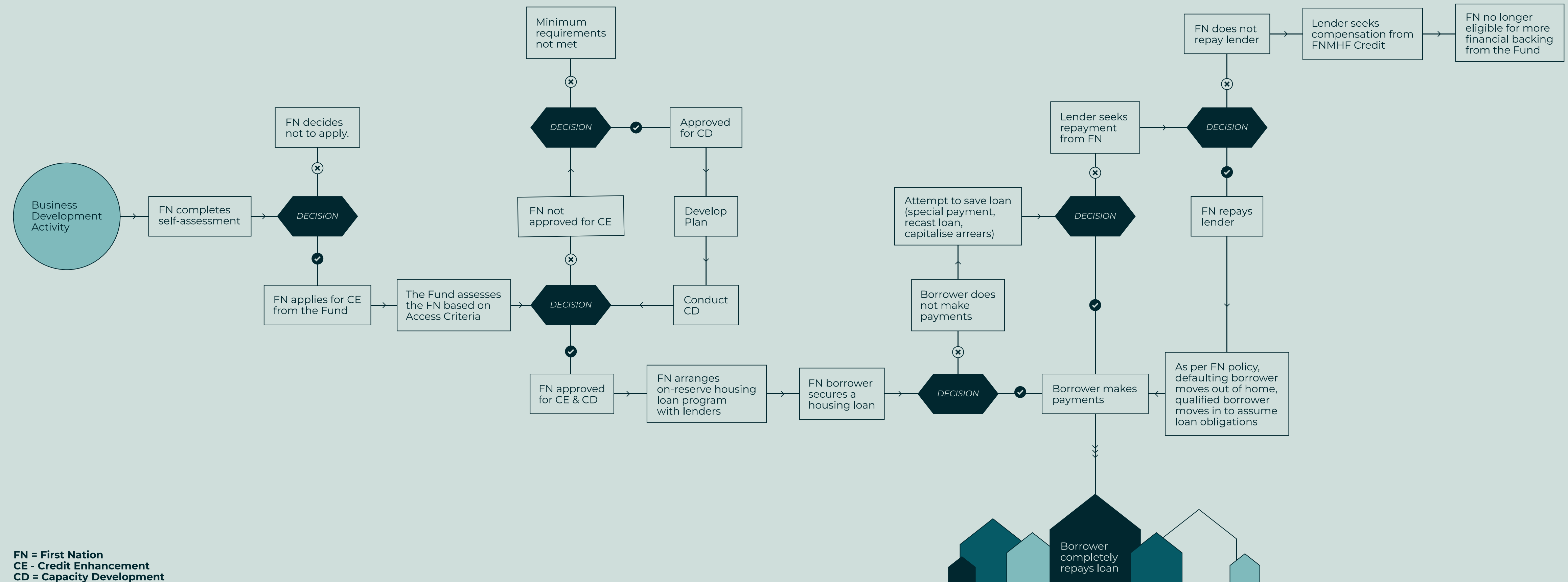


# Corporate Governance Structure: Board of Trustees

<p><b>Kathleen BlueSky (Chair)</b></p> <p>Nisichawayasihk Cree Nation</p> <p><i>MB Region / ISC</i></p> <ul style="list-style-type: none"> <li>Serves as ex-officio on all Committees</li> </ul>	<p><b>Earl Commanda (Vice-Chair)</b></p> <p>Serpent River First Nation</p> <p><i>ON Region / CMHC</i></p> <ul style="list-style-type: none"> <li>Operations &amp; Special Initiatives Committee</li> <li>Governance &amp; HR Committee</li> </ul>	<p><b>Natoshia Bastien</b></p> <p>Pikani Nation</p> <p><i>AB Region / ISC</i></p> <ul style="list-style-type: none"> <li>Operations &amp; Special Initiatives Committee</li> <li>Governance &amp; HR Committee</li> </ul>
<p><b>Amy Comegan</b></p> <p>Anishinabeg of Naongashiing</p> <p><i>ON Region / CMHC</i></p> <ul style="list-style-type: none"> <li>Audit &amp; Risk Committee</li> <li>Governance &amp; HR Committee</li> </ul>	<p><b>Chief Sidney Peters</b></p> <p>Glooscap First Nation</p> <p><i>NS Region / CMHC</i></p> <ul style="list-style-type: none"> <li>Operations &amp; Special Initiatives Committee</li> <li>Governance &amp; HR Committee</li> </ul>	<p><b>Michael L. Rice</b></p> <p>Kahnawà:ke</p> <p><i>QC Region / CMHC</i></p> <ul style="list-style-type: none"> <li>Investment Committee</li> <li>Governance &amp; HR Committee</li> </ul>
<p><b>Walter Schneider</b></p> <p>Squamish First Nation</p> <p><i>BC Region / ISC</i></p> <ul style="list-style-type: none"> <li>Investment Committee</li> <li>Audit &amp; Risk Committee</li> </ul>	<p><b>Jean Vincent</b></p> <p>Huron Wendat Nation</p> <p><i>QC Region / CMHC</i></p> <ul style="list-style-type: none"> <li>Investment Committee</li> <li>Audit &amp; Risk Committee</li> </ul>	<p><b>Errol Wilson</b></p> <p>Peguis First Nation</p> <p><i>AB Region / CMHC</i></p> <ul style="list-style-type: none"> <li>Investment Committee</li> <li>Audit &amp; Risk Committee</li> <li>Operations &amp; Special Initiatives Committee</li> </ul>

# Annex B – How the Fund Works

The figure below illustrates the process a First Nation could follow to work with the Fund.



## Business Development

To commence the process described in the flow chart, business development efforts are first required to identify First Nations who are interested in using the Fund. These include attending a broad cross section of national and regional gatherings and conferences to meet First Nations representatives. Follow-up meetings with interested First Nations are then scheduled.

## Self-Assessment and Application

Once the services of the Fund are understood, a First Nation completes a 'self-assessment,' which will identify requirements (for financial management, governance, community commitment) for First Nation participation. Once the self-assessment is complete, the First Nation will decide whether to complete and submit an application to use services of the Fund – Capacity Development and the Credit Enhancement Facility. A First Nation can only apply for Capacity Development if they are applying for Credit Enhancement as well. A First Nation Government resolution is required to support the application to the Fund.

## Application Evaluation

If the First Nation meets the requirements and is in a reasonable financial position to safely provide a guarantee for housing loans, they can be approved to use the Credit Enhancement Facility. Even though they meet the requirements for Credit Enhancement, the First Nation could still need Capacity Development to strengthen key components to implement and sustain market-based housing.

In some cases, a First Nation may not have all the appropriate policies and procedures in place. In these situations, the First Nation may not be approved to use the Credit Enhancement Facility but could be eligible for Capacity Development services. A key component to qualify for market-based housing is a functioning housing system where occupants believe in paying for their housing. Payment behaviour in a rental system is transferable to a loan program. Though there has been 40 years of rental housing programs delivered in First Nations communities, the Fund has found that often payment systems are not implemented in part or in whole, requiring extended periods of capacity development at the leadership, administrative and citizen levels. The result is not only qualifying for the credit enhancement facility but also a better managed and better maintained existing housing stock.

Capacity development initiatives could also take the form of workshops and training to develop and implement the appropriate governance, lands, and financial management structures. They could also include the development of policies, codes, by-laws, and laws, as well as staff and leadership training.

For a First Nation who has qualified only for Capacity Development, once these structures are in place, the First Nation would be reassessed to use the Credit Enhancement Facility.

## Establish housing loan program with an eligible lender

Once a First Nation is eligible to use the Credit Enhancement Facility, they are supported by the Fund to establish how the facility will work in their community. For example, determining the types of loans and loan limits and any conditions of the First Nation that will be necessary for borrowers to fulfill prior to qualifying at the financial institution need to be established and approved by Chief and Council.

A system to process applications within the First Nation needs to be established, including the identification of potential permitted contractors and qualified inspectors, as well as the approval process. These are all the conditions precedent to be able to work with approved lenders to establish an on-reserve housing loan program.

Receiving presentations and evaluating lender offers, selecting and approving the most suitable choices and then conducting community awareness sessions on the new home loan opportunities are all steps needed to put a loan program in place. If a First Nation has chosen to mitigate their risk – or if a lender has – by using mortgage loan insurance - there is another assessment process to go through with CMHC at the First Nation level.

## Member loan application

Once the loan program is in place, a citizen of the participating First Nation would be able to apply for a loan with a lender. This would require showing evidence of membership, and evidence that a serviced lot is available on which to build a home. Many First Nations have added criteria such as the need to have life insurance or the need to pay off any debts in arrears to the First Nation before obtaining a guarantee.

In addition, the borrower would be required to qualify for the loan based on lender requirements. This typically includes information about income and debt service as well as a positive credit history.

Once a member knows the loan amount that they qualify to borrow, they may need to reassess or change their plans. For example, they may need to save more towards a down payment or adjust their preferred home type to fit within their qualified loan limit. If a member does not qualify for a home loan, they may need to take steps to improve their credit or their income.

## On-reserve Housing Loan Agreement

If a member qualifies for a loan, terms would be agreed upon. These could include amortization schedule, term, interest rate, and the opportunity for special payments, ability to recast loan or capitalize arrears in the event there is a challenge paying the loan.

In some cases, lenders that are not approved by the Fund have been competing for business once a First Nation has qualified for or implemented a Fund-backed loan program. In select communities certain lenders have been extremely competitive with interest rate discounts, similar to those offered off reserve as special one-time deals.

The Fund continues to encourage competition but cannot agree to back loans suggested to be locked in by lenders as on reserve the individual loans are personal loans not mortgage loans and are legally open and pre-payable at any time, without penalty. The Fund will not guarantee loans for borrowers who do not qualify according to the lender's criteria.

## Purchase / Construction

Once the terms of the loan are agreed upon, the member uses the loan proceeds to construct or purchase and/or renovate their home. In order for loan draws to be released the borrower's equity must first be contributed and an inspection system must be in place for both building code compliance and advancing purposes.

## Debt repayment

Members are responsible for debt repayment. Monthly performance reporting occurs to the First Nation and the Fund. In cases where a loan is non-performing, there may be opportunities for the member to recast, recapitalize, or make special payments to get back on track.

# FNMHF

FIRST NATIONS MARKET HOUSING FUND

## First Nations Market Housing Fund

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