

Galiano Community Loan Fund Society
PO Box 147
Galiano Island, BC
V0N 1P0

Lender's Agreement

Background:

1. This Agreement describes the Society's understanding of the terms and conditions of your loan, and discloses to you certain policies, procedures and other matters regarding the Society's Loan Fund and the Society's use of the proceeds of your loan.
2. The Galiano Community Loan Fund Society is a non-profit community based organization. The goal of the Loan Fund is to provide people and organizations of Galiano Island with access to credit. It raises funds, which it then uses to guarantee loans, issued and administered by the CCEC Credit Union in Vancouver, for the purposes of creating or expanding a small business, improving access to affordable housing and/or other worthwhile projects.
3. The Loan Fund accepts loans and donations from individuals and others. The Loan Fund pools this capital and uses it to guarantee loans or portions of loans to individuals or organizations on Galiano Island, for the purpose of increasing their income and/or assets through business or employment, other worthwhile projects or for improving access to housing.
4. The Loan Fund asks that you give careful attention to the general terms, conditions and policies described in this Agreement, which apply generally to all loans made to the Society, including your loan, as well as to any special conditions, that relate only to your loan. By signing and returning this Agreement to the Society, you indicate your understanding and acceptance of such terms, conditions and policies.
5. All the paragraphs and headings form part of this Agreement. This Agreement will be interpreted according to the laws of British Columbia.

Parties to the Lender's Agreement:

6. This Lender's Agreement (Agreement) is an Agreement between yourselves, _____ and the Galiano Community Loan Fund Society (Society).

General Terms, Conditions and Policies

7. By entering into this Agreement, you agree to loan _____ **THOUSAND DOLLARS (\$____,000)** for a term of 3 years and an interest rate of ____ (____%) to the Society based on the background information provided in this Agreement and the general terms, conditions and policies in this Agreement.

8. To the extent that the proceeds of loans, grants and donations made to the Loan Fund are not immediately used for business, employment or other worthwhile initiatives, the Loan Fund reserves the right to deposit such proceeds into bank account(s) bearing interest at money- market rates. These proceeds may be mixed in with the proceeds from loans, grants and donations made to the Loan Fund and other income (interest) of the Loan Fund.

9. The Loan Fund agrees to use the original principal amount of any loan made to the Loan Fund only for the purpose of providing loan guarantees for financing business, employment, housing and/or other worthwhile initiatives. The Loan Fund reserves the right, however, to use any interest or other income earned with respect to the original principal for any of the Society's corporate purposes and need, such as paying interest due on loans made to the Society's Loan Fund, paying the Society's administrative and operating expenses, and establishing or contributing to an endowment fund for the Society.

10. Your loan to the Society's Loan Fund will bear interest at _____ rate. (Please select one of the following rates: For amounts between \$1,000 and \$4,999: 0%, .5% or 1%. For amounts over \$5,000: 0%, .5%, 1% or 1.5%). This rate will be set out in the Promissory Note issued by the Society to you. The Loan Fund understands that you have agreed to charge this interest rate in order to assist the Loan Fund to pursue its goal of providing support for business, employment, other worthwhile projects and/or housing initiatives for individuals in our community.

11. The interest rate charged by the CCEC on the loans that it makes to finance business and employment and other initiatives bears no relationship to the interest payable to you under the loan.

12. Your loan will be used to guarantee loans to businesses, organizations, or individuals who borrow money from the CCEC Credit Union. By entering into this Agreement, you accept that should there be a default of any loans to borrowers guaranteed by the Society's Loan Fund, the lenders to this Fund, of which you are one, will share the loss caused by the default in proportion to the amount of the default as a percentage of the total amount in the Loan Fund. That is, if the total defaults amounts to 3% of the Loan Fund, each lender, of which you are one, will incur a 3% loss of the principal amount you loaned to the Society's Loan Fund.

13. Although the Loan Fund intends to use the proceeds of your loan to provide loan guarantees to individuals for business, employment, improving access to housing and other worthwhile initiatives, you will have no legal or other right to look to any of these individuals for repayment. Your only recourse for repayment of your loan will be against the Society.

14. Your loan is unsecured. Although your loan is of a recourse nature (i.e. The Society has a legal obligation to repay you out of the Loan Fund's corporate assets), the Society is not granting you a security interest in, a mortgage on, or a pledge of any property or collateral. Your only security is the legally binding promise of the Society to repay you.

15. As a general policy, the Society often asks its lenders to extend, or roll over their loans at maturity; the Society will not assume, however, that you have agreed to extend your loan without your express prior written consent.

16. The Society will maintain not less than twenty percent (20 %) of the Lenders' principal as a loss reserve fund.

17. The Society will provide you an annual report, including financial statements, loans to borrowers approved and rejected, loan loss statistics, and overall progress of the Society's Loan Fund.

18. If at any time you wish to withdraw your loan and cancel this agreement with the Society, you must provide a written request and allow up to ninety (90) days for this transaction to occur. The reason for this time allotment is to allow the Society to make the adjustment in their funds, and if required, recruit funds to replace your withdrawal.

19. If you accept the terms described above, please acknowledge your understanding of, and agreement to, the terms of this Agreement by countersigning both copies, retaining a copy for yourself and returning one copy to us.

The undersigned hereby understands and agrees to the terms of the foregoing Agreement this

_____ day of _____, **201**__.

(Name of Lender(s))

(Name of Lender(s))

By its signature below, the Society acknowledges receipt of your total cash loan in the amount _____ **THOUSAND DOLLARS (\$__,000)**, which the Society shall apply in accordance with the terms of the foregoing Agreement and Promissory Note.

Authorized Signatory for the GALIANO COMMUNITY LOAN FUND

_____ day of _____, **201**__.

PROMISSORY NOTE

Date: Month, Day, 201_

Lender: Name of Lender(s)

Lender's Address: Lender's Address

Borrower: Galiano Community Loan Fund Society

Borrower's Address: PO Box 47, Galiano Island

Principal Amount: \$ _____ Thousand (\$ __,000)

Interest Rate: _____ Percent (__%)

Term: 3 years (3 years)

Agreement: Lender's Agreement

Repayment Schedule: Interest to be paid periodically, principal to be paid at end of term, subject to terms of the Agreement.

FOR VALUE RECEIVED, the Borrower hereby promises to pay the Lender, at the Lender's Address, the Principal Amount, with interest thereon at the Interest Rate, according to the Repayment Schedule, all as defined above and subject to the terms of the Lender's Agreement. Interest shall accrue from the date of this Note until payment in full of all amounts outstanding under this Note, subject to the terms of the Lender's Agreement. Interest shall be computed annually.

(Name of Authorized Signatory)
Galiano Community Loan Fund Society