

# Whidbey Island Local Lending (WILL)

## Membership Agreement

**I. Mission Statement:** Whidbey Island Local Lending (WILL) creates opportunities for local individuals, businesses, not-for-profit enterprises, and local lenders to network, build prosperous local businesses, and help build a more resilient and sustainable economy on Whidbey Island.

### **II. Membership Process:**

A. Membership is intended for local lenders and local lending entities, and is open to any individual or entity based on Whidbey Island that is sponsored by an existing member.

B. Applicants must submit a membership questionnaire to the new membership contact person and receive the Membership Agreement for their review.

C. The applicant's questionnaire is e-mailed to WILL members, who have two weeks to review it.

D. If, within two weeks, no members ask to discuss the application at a meeting, the applicant is automatically approved for membership.

E. If the application goes to a meeting discussion by request of any member, then a quorum and majority vote is required to approve the applicant for membership.

F. Once the applicant is approved for membership, the applicant must sign the Membership Agreement and either 1) attend a scheduled informational meeting organized by WILL, or 2) be oriented personally by any current member of WILL.

G. Confirmed members will be added to the WILL e-mail list and will be eligible to begin receiving loan opportunities, including those that were submitted prior to their confirmation.

H. Members of WILL shall remain members until 1) they request to leave the group, 2) they are removed by majority vote, or 3) WILL ceases to exist.

### **III. Membership Questionnaire:**

People applying for membership must provide:

A. Basic contact information

B. Name of sponsor member

C. Brief lending background and reasons for joining

D. Types of loan opportunities desired. This information is for informational purposes only, and is not used to screen loan opportunities for WILL members.

E. *(Optional)* Approximate amount of funds currently loaned locally, and approximate amount available for future local lending. This is not a commitment. Answers help WILL track its members' collective financial resources, and are not used to qualify any potential member.

F. *(Optional)* Consent to be included (by name only) in lists of WILL members that may be distributed publicly and/or to individuals and businesses that submit loan opportunities to WILL.

#### **IV. Membership Agreement:**

I hereby agree to:

A. Strive for consensus during the WILL decision-making process, with majority vote as the final arbiter.

B. Resolve conflicts and disputes via good faith discussions as soon as possible, with mediation as a backup, and binding arbitration as the final arbiter of any conflict or dispute arising from WILL.

C. Keep confidential all group e-mails, discussions, loan opportunities, and related documents, and share them only with other members of WILL, non-members of WILL agreed-to by majority vote of WILL, or with my personal professional advisers as needed to help me make specific lending decisions. However, if a specific loan opportunity is known publicly, or the person or business seeking a loan via WILL (the "Submitter") does not request confidentiality, then that loan opportunity and any related non-confidential documents may be shared outside WILL at my personal discretion.

D. In the spirit of an open and transparent network, share loan opportunities equally with all eligible members (unless they have specified that they only wish to participate in certain types of loans) and cooperate honestly and fairly with other members who wish to participate in any loan opportunity that is submitted to WILL.

E. Help cover any agreed-upon minimal out-of-pocket expenses for meetings, e-mail, copying, web site, outreach, etc.

F. Inform WILL's members as soon as I become aware of any actual or potential conflict of interest listed below.

G. Represent that any views expressed or actions taken by myself are my own and do not reflect the views, actions, or recommendations of WILL and its members.

H. Absolve WILL and all of its members of all liability related to any financial activities in which I might be or become involved.

I. Make my lending decisions based solely on my own independent research, and consult with my personal professional advisers if I need legal, financial, tax, or other advice. I hereby

acknowledge that WILL and its members do not offer professional advice of any kind in their capacity as WILL members.

J. Abide by this Membership Agreement and all other established WILL policies and procedures. If I am no longer a member of WILL, I agree to continue to be bound by all provisions contained herein regarding all WILL business (including, but not limited to, all discussions, loan opportunities, and related documents) that occurred prior to the termination of my membership). If I violate this Membership Agreement or other WILL policies or procedures, I may be voted out of WILL by majority vote, in addition to any form of dispute resolution that may occur.

K. I acknowledge, understand, and agree to the terms of the Legal Disclaimer (below).

#### **V. Actual or Potential Conflicts of Interest to be Disclosed to Members:**

- A. Giving legal, financial, or business advice to a Submitter;
- B. Receiving compensation or other income from a Submitter;
- C. Having any existing or potential investment, loan, or other financial interest in any way related to a Submitter; or
- D. Having a member of your immediate family who is a Submitter *or* who fits any of the preceding categories.

**VI. Legal Structure:** None

#### **VII. Member Discussions & Decisions:**

- A. Regular in-person meetings will be held approximately once per quarter. The group will designate a facilitator and a minute-taker for each meeting.
- B. E-mail may be used to discuss most matters, including non-sensitive discussion of loan opportunities. Sub-groups may form to focus on specific topics or loan opportunities, and they must also comply with the Membership Agreement.
- C. Discussions about loan opportunities are encouraged, but neither WILL nor any sub-group thereof shall be deemed to approve, disapprove, or otherwise have an opinion about loan opportunities. Any opinions are strictly those of the individual members.
- D. Consensus and majority-vote decisions concerning membership, modification of this Membership Agreement, Policies and Procedures document, or any other matter that affects WILL membership as a whole, shall only take effect with 1) a quorum of 50% or more of the membership present at a WILL meeting, or 2) a majority of members sending their affirmative votes to the whole group via e-mail.

#### **VIII. Recordkeeping:**

WILL will designate one or more record keepers who will maintain an archive that includes:

- A. Minutes of all meetings;
- B. WILL-related e-mails;
- C. Incoming loan opportunities and related documents, signed Submitter agreements, and all other communications related to loan opportunity submissions; and
- D. The membership list of names and e-mail addresses, member questionnaires and signed Membership Agreements.

### **IX. Loan Opportunity Submissions:**

WILL will designate a contact person to communicate with others on its behalf and assist people with the loan opportunity submission process. Upon completion of the following requirements, the WILL Loan Opportunity Contact Person will forward, via e-mail, *local* (Whidbey Island) loan opportunity submissions to the members that are designated by Submitters.

All Submitters must:

A. Specify to whom they wish to have their loan opportunity and related documents distributed by selecting one of the following three options:

1. Only to the members whom the Submitter designates by selecting from a list of members that have consented to have their names be known publicly,
2. To all members, or
3. To all members plus anyone else outside WILL whom any member feels might be interested.

B. Provide a business plan executive summary or a loan opportunity summary (preferably in electronic format) to the WILL Loan Opportunity Contact Person which includes the following:

1. Name(s) and full contact information of the owner(s)/borrower(s)
2. Name and full contact information of the business (if applicable)
3. Description and history of the business or loan opportunity
4. Current financial situation of the business and/or borrower (including recent financial statements and projected income and expenses, if possible and not highly sensitive)
5. Amount and duration preferred for loan
6. Intended use of and reasons for funds sought
7. Other loans or investment funds applied for
8. Name(s) and contact information for professional advisor(s) consulted
9. Names and contact information for at least two local references
10. Loan opportunity submissions should not include tax returns or other sensitive personal or confidential financial information.

C. Sign and date an agreement that states:

1. I hereby give Whidbey Island Local Lending (WILL) permission to circulate my business plan executive summary and/or loan opportunity documents among a) those WILL members whom I have designated, b) all WILL members, or c) all WILL members who may redistribute these documents to others outside WILL who may be interested;
2. I acknowledge that the confidentiality of submitted documents is not guaranteed, even if requested; and
3. I acknowledge, understand, and agree to the terms of the Legal Disclaimer (below). I hereby release WILL and its members from liability to the fullest extent of the law.

## **X. After Circulation of a Loan Opportunity:**

A. Members may individually make contact with the Submitter to indicate their interest.

B. Members may lend individually or together, as desired, and no member shall be required to make any loan.

C. Lending negotiations, legal structures, and agreements are not the responsibility of WILL, but instead are the collective responsibility of the Submitter and its professional advisers, and the potential lenders and their professional advisers.

D. For the purposes of measuring WILL's networking effectiveness and ensuring transparency between WILL members and Submitters, members are required to notify WILL of any loans made as a result of WILL networking activities.

## **XI. LEGAL DISCLAIMER:**

Whidbey Island Local Lending (WILL) offers no legal, lending, or financial advice, nor does WILL itself solicit, offer, or recommend any loan opportunities. WILL provides basic forms for the purpose of providing information about potential loan opportunities to eligible lenders, but WILL does not represent these forms to be anything more than general identifying information. The actual loan information, documentation, and any other legal and/or regulatory requirements for any particular loan shall be the sole responsibility of the individuals, businesses, or other organizations directly involved, and to any appropriate professionals deemed necessary to effect such transactions. Every state has distinct laws and regulations regarding securities offerings, so the individuals, businesses, or other organizations involved are responsible for ensuring they comply with these and any other applicable laws and regulations. WILL does not participate in any negotiations or solicitations for loan opportunities, nor does it participate in the loan transactions themselves. WILL exists solely to facilitate contacts between parties who provide local loan opportunities, and eligible parties who may be interested in participating.

The fact that WILL may facilitate submissions and/or distributions of information from individuals, businesses, and other organizations should not be construed as any sort of endorsement or approval of such submissions by WILL or its members. WILL does not examine or otherwise consider submissions beyond simply receiving them, checking them for basic identifying information, and forwarding them to the WILL members who have been designated by the submitting individuals and/or entities. WILL distributes loan opportunity submissions to its members according to instructions received from the submitting individuals and/or entities, and is made without lender qualification of any kind by WILL itself. Any lender qualification is the sole responsibility of the submitting individuals and/or entities.

**WILL's activities are limited to arranging contact between member lenders and member-sponsored submitter/borrowers, and shall not constitute an offer to sell, or the solicitation of an offer to buy, securities or any other investment or financing opportunity, document, or vehicle.**

**In making a lending decision, lenders must rely on their own examination of the borrower, and the terms of the loan transaction or transaction documentation, including the merits and risks involved.**

**Prospective lenders should not construe WILL as providing legal, tax or financial advice. Each prospective lender should consult his or her own professional advisors as to the legal, tax, financial or other matters relevant to the suitability of any loan transaction or transaction documentation for such lender.**

**XII. Signature(s):**

I hereby agree to the foregoing Whidbey Island Local Lending (WILL) Membership Agreement in its entirety.

If I am/we are completing this form via computer, my/our typed name(s) below shall be considered to have the same legal effect as my/our written signature(s).

---

Signature

---

Printed Name

---

Signature

---

Printed Name

---

Date