

Land in Common

community land trust

building a collective land base for just and resilient futures in Wabanakik/Maine

www.landincommon.org

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LOAN AGREEMENT¹

This Loan Agreement is made on the ____ day of _____, 20____ between _____ (hereinafter referred to as “Lender”) and Land in Common, a 501(c)(3) tax exempt Maine nonprofit (hereinafter referred to as “Borrower”).

1. LOAN AMOUNT.

The amount of this Loan shall be \$_____.

2. LOAN TERM.

The term of this Loan is _____ years (hereinafter referred to as “Term” or “Loan Term”). At the end of the Loan Term, Lender and Borrower may jointly choose to renew the Loan as specified further in Article 5 of this Loan Agreement.

3. INTEREST RATE.

The interest rate for this Loan is _____%. This is simple interest, and is not compounded.

¹ Offers and sales of these securities were made under an exemption from registration and have not been registered under the Securities Act of 1933. For a period of six months from the date of the sale by the issuer of these securities, any resale of these securities (or the underlying securities in the case of convertible securities) shall be made only to persons resident within the State of Maine.

4. CALCULATION OF LOAN PAYMENTS

Loan payments are calculated in the following manner: The total amount of the Loan is amortized over 30 years at the Interest Rate specified in Article 3 above. Regular payments, according to Article 5 of this Loan Agreement, will be made by Borrower during the Loan Term based on this amortization. The Loan amortization schedule is attached to this Loan Agreement as Exhibit A.

At the end of the Loan Term, Borrower will pay to Lender all remaining principal of the Loan Amount. This payment of the remaining principal is called the "Balloon Payment." Lender may choose, and Borrower may agree, to postpone this Balloon Payment by extending the Loan for another Term as described in Article 6 below.

5. PAYMENT OF LOAN

Borrower will make payments twice yearly of \$ _____ to Lender until the time when the Balloon Payment is due. These payments will be sent by mail, postmarked within seven days of the first day of June and December. The first payment of this Loan shall be due (postmarked) within seven days of the first day of _____, 20 ____.

Balloon Payment. The Balloon Payment is due on the date of the final scheduled payment of the final year of the Loan Term.

Early Payment. Borrower may choose, without penalty, to make larger payments at any time during the Loan Term, and to subtract the extra amount of these payments from the principal of the Loan. These additional payments will shorten the term of the Loan rather than reduce the amount of each future payment. Payments of the amount agreed upon in this Loan Agreement will continue until full payment has been made.

Forgiveness of Payment. Lender may choose, at any time, to forgive a single payment, multiple payments, or the remaining loan balance. Notice of such forgiveness will be made in writing, electronically or on paper, and conveyed to the Borrower. Borrower agrees to consider the forgiven payment to be a tax-deductible donation to Land in Common, and to provide Lender with all necessary documentation of this donation for tax purposes.

Form of Payments. All payments will be in the form of a check from Land in Common, mailed to the address provided by Lender on the final page of this Loan Agreement. Lender is responsible for informing Borrower, in writing, of any changes of address to which the Loan Payment should be sent. Failure of Borrower to make payments according to this Loan Agreement due to lack of a current address for Lender will not constitute a breach in this Loan Agreement on the part of Borrower. Upon receipt of a correct mailing address from Lender following one or more missed payments due to an incorrect address, Borrower will pay the total amount due from missed payments and current payments due to Lender at the time of the next scheduled twice-yearly payment.

Inability to Make Payments. If Borrower is unable to make payments as set forth in Article 5 above, Borrower and Lender will negotiate a mutually-agreeable schedule of feasible payment.

- (a) If Borrower is unable to make full payments due to loans from other parties, Borrower will prioritize the repayment of parties that hold a real interest in the Property of the Borrower.
- (b) After meeting all obligations to parties holding a real interest in the Property of the Borrower, Borrower will negotiate with all other lending parties to develop a feasible plan of reduced payments. Following the payment of secured loans, no party with an unsecured loan to Borrower will be prioritized over another and all parties will be paid in part until Borrower is

able to resume full payments. Negotiation of a temporary reduced payment plan does not constitute a reduction of the Loan Amount specified in this Loan Agreement, nor does it alter Borrower's obligation to repay this Loan Amount in full according to this Agreement.

- (c) If Borrower defaults on a payment, Lender will hold Borrower responsible for making the specific defaulted payment and will not consider such a defaulted payment to be a default on the entire Loan amount.

6. RENEWAL OF LOAN

At the end of the Loan Term, Lender and Borrower may jointly choose to renew the Loan at an amount, at an interest rate, and for a term length to be agreed upon by both parties. Such a Loan Renewal will be recorded in another Loan Agreement similar to this one in all conditions except for Loan Amount, Interest Rate and Loan Term.

Notice of Renewal Option. Along with the December payment due the year before the Loan Term ends, Borrower will send to the Lender a written invitation to renew the Loan.

Renewal Decision. Lender will decide to negotiate a loan renewal, or to ask for the Balloon Payment, by January 12th of the year that the Loan Term ends. If Lender chooses to request the Balloon Payment, this payment will be made in full by Borrower as set forth in this Loan Agreement. If Lender chooses to negotiate a loan renewal, Borrower and Lender will decide upon the renewed loan terms and Borrower will draft a Revised Loan Agreement. Both parties will sign this agreement before the close of the final year of the Loan Term described in Article 2 above.

Continued Payments. During any period of negotiation, or any period in which Lender and Borrower have not signed a Revised Loan Agreement, Borrower will continue to make payments as described elsewhere in this Loan Agreement.

7. LOAN SECURITY

No interest in real property of Borrower is held by Lender as collateral for this loan. Lender understands that the security of the Loan is based on trust, on the integrity of relationships, and on the legal power granted to this Loan Agreement under the laws of the United States and of the State of Maine. Nothing in this loan agreement limits the borrower's right to engage in future financial transactions, including the giving of secured and unsecured loans to other parties.

8. PAYMENT OF DEBTS UPON DISSOLUTION

Dissolution of Organization. The following procedure regarding the payment of debts upon dissolution is set forth in the Bylaws of Land in Common, Inc., as mandated by Title 13-B MRSA §1101-§1116 of Maine State Law: Upon dissolution of Land in Common, all debts, obligations and liabilities of the corporation shall be paid and discharged before any assets are distributed to other parties. Debts secured in exchange for an interest in the property of the corporation will be paid first, followed by debts that are not secured in exchange for an interest in property. The Loan specified in this Loan Agreement is of the latter category and shall be repaid after secured debts are paid. If the remaining assets of Borrower are insufficient to repay this Loan in entirety, all lenders to whom the Borrower has unsecured debt will divide the remaining assets proportionally, based on the ratio of the amount of their loan to the amount of remaining assets. Following the payment and discharge of all debts, the remaining property and assets of Land in Common will be transferred to another 501(c)3 tax-exempt public benefit corporation engaged in substantially similar activities.

9. TRANSPARENCY

The Borrower agrees to be transparent with Lender in all of its financial business. Lender may request at any time with reasonable notice, and Borrower will comply with this request in a reasonable time period, to review any and all organizational budgets, ledger sheets, receipts, account statements and other financial information generated by or on behalf of the Borrower. This right of the Lender to review the financial information of the Borrower will not be construed as granting additional rights or powers to the Lender over and above any specified elsewhere in this Loan Agreement.

10. DOCUMENTATION

In compliance with the national Tax Increase and Reconciliation Act (TIPRA) of 2005, Borrower will issue, by the end of February of each year, a 1099-INT form to the Lender and to the IRS outlining the interest accrued during each one year period.

11. AFFIRMATION OF RESIDENCY

In compliance with the Code of Federal Regulations regarding offers and sales of securities, the Lender must be a permanent resident of the State of Maine. Lender hereby affirms, and is willing to show documentation upon any request, that they are a permanent resident of the State of Maine.

12. JURISDICTION

This Loan Agreement will be governed by, construed, and enforced in accordance with the laws of the State of Maine.

Agreed by Lender:

Signed

Date

Printed Name

Mailing Address

Phone

Email

Agreed by Land in Common, Inc.:

Signed

Date

Printed Name (Authorized Representative of Land in Common)

Title

Exhibit A. Loan Amortization Schedule

[To be attached when completed, based on terms of loan above]