Lender’s Loan Contract for Company

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1) Description:

Company (website) is a description of company. It seeks to details.

Investors are interested in growing veganism economically through funding various initiatives; with company, it’s details. This loan is here to help out the initial setup of the company to help it grow commercially (hopefully to be profitable) and financially (like get to a Series A round).

2) Terms & Conditions:

1. **Definitions (w/ sources):**

* https://hls.harvard.edu/dept/sfs/glossary-of-loan-terms/
  + Lender: party that provides the loan.
  + Borrower: recipient of the loan
  + Disbursement: A transaction that occurs when a lender releases loan funds.
* <https://www.investopedia.com/terms/s/seriesa.asp>
  + Series A: an investment in a privately-held, start-up company after it has shown progress in building its business model and demonstrates the potential to grow and generate revenue.
* https://www.universalclass.com/articles/business/finance/basic-loan-terminology-acronyms-and-resources.htm
  + Principal: amount of money that the loan applicant requests to borrow
  + Term: maturity or length of time over which a loan extends, for instance one year, five years, or more.

**b) References:**

|  |  |
| --- | --- |
| Lender: | Lender. May also be referred to as ‘investor’ and ‘holder’ in singular, and ‘member’ and ‘party’ when grouped with the borrower |
| Borrower: | Company. May also be referred to as ‘Company’, ‘Company’, ‘Company’, and ‘company’ in singular, and 'member’ and ‘party’ when grouped with the borrower |
| Company: | Company |

**c) Conditions:**

|  |  |
| --- | --- |
| Interest rate per year: | % |
| Principal: | In modules of $ each (except for where it’s pre-paid by a previous module or the lender/borrower agrees on an exception (i.e. a different amount than $ due to the borrower’s changing, specific needs), up to $ total. If anything above $ is needed, the borrower will let the lender know and a new contract will be made |
| Term: | Range |
| Starting date: | date of wiring |
| Payment currency: | Type (symbol) |
| Repayment currency: | Type (symbol) |
| Repayment date: | date of wiring back |
| Equation: | payout = initial investment + initial investment x % (in decimal) x time |
| Example (not real): | $40,000 at 10% in 1.5 years is: 40,000 + 40,000\*0.1\*1.5 = $46,000 payout (includes $6,000 interest), another one 2 months into it would be the same payout, but it’ll just be paid 2 months later |

**d) Money transfer information:**

|  |  |
| --- | --- |
| Receiving Bank SWIFT/BIC code: | Fill in |
| Receiving Bank Name: | Fill in |
| IBAN, CLABE, or Account Number: | Fill in |
| Company (i.e. Account Holder) Name: | Fill in |
| Receiving Bank Address: | Fill in |
| Country of Account Holder: | Fill in |
| Sort Code: | Fill in |
| Account Number: | Fill in |

**e) Contact info:**

* **Company:**

Name

Address

website

* **Bank Account:**

Name

Address

* **Borrower:**

Name

City, Country

Email

Phone

* **Lender:**

Name

City, Country

Email

Phone

**f) Framework:**

* All necessary paperwork will be completed by each necessary party along with any actions needed on each of their parts. Any finished paperwork will be kept on each member’s own electronic devices as a backup and reference, as well as a shared copy online in a cloud format. The documents on the personal electronic devices will be considered the original and must match everywhere except on the cloud where modifications may remove any personal information due to safety/privacy risks, like sharing/hacking, as it’s in a risky, semi-public space. These documents may be shared publicly on company’s website as required for legality in which personal information may or may not be there, but will preferably not include it unless required by law to do so.
* The company will decide when to repay the loan, in which the initial amount plus interest will be paid out. An exception is if the investor requests some or part of what they paid into before the loan is over, in which the steps are outlined under **ii) Of the investor**.
* Total amount of interest - determined by time - as in how long the loan is taken out for.
* The loan does not have a pre-determined time to pay it back.
* Modular payment:
  + The company can pay back each $ loan in segments or all at once. The interest will be determined by the length of time each portion of the money is held for by the company.
  + For each module, they can overlap (i.e. a new module can be paid for before the previous one(s) is done) and pay for each other if need be, especially for efficiency to avoid unnecessary money transfers.
    - Examples (not real):
      * Overlap: if the 2nd module is asked for, the 1st one doesn’t have to be paid back at that time; it could be later.
      * Pay for each other: if the company has $ left over from the 1st phase, they could use it for the 2nd to 4th phase. That would mean that the company could ask the lender for less money for the next phases, as it’s already been paid for by the module before that.
    - Accumulated interest should preferably be paid with borrowed money, but nonetheless any or all of it can be transferred to new modules where it’s treated equivalently to borrowed money. At the start of the new module, it will be renamed ‘borrowed money’ and an additional % interest rate will then apply.
      * Example (not real): If the company transfers only its 1st module’s $50 interest to the 2nd, which makes it an additional $10. Now $60 will be paid back once ready to instead of the original $50.
* The preference of each party is for the loan to be paid back eventually and in a reasonable time frame (such as when the company has enough money to pay it back and continue its operations unabated, once profitable, etc.). It is preferable on both parties to have the loan paid back sooner than later, so that the company avoids debt and the investor has their money to have the money and potential to join in future investments with the company
* For any amount of repayment that the lender receives back (be it with interest, if applicable), that portion of the contract will be considered complete. The lender cannot re-fund the original amount of that contract again and a new contract would need to be started if any re-funding or new funding takes place.
* The borrower will give the loan to the lender only when the details on the contract are correct and verified by the lender and lender before any signing takes place.
* For each signature, the borrower and lender will be there together to watch it happen to verify it is correct and verified.
* Each party will try to implement as soon as possible their part when their opportunity arises for it
* Investor requirements:
  + Investors don’t have to be accredited investors to invest
    - If they are an accredited investor though, they can sign that they are
  + Investors will only invest money that they don’t need and can accept potentially losing it ever does happen. There are no guarantees with any investments made with company that they will ever be paid back.
* Other investments
  + This loan does not prevent neither the company from asking for more loans from the lender nor the lender from taking on more investments on with the company.
  + If other investments are made (including increases in this loan’s amount), a separate contract must be created for it.
  + This loan is not a part of Series A investing, but comes before it. At the time of this loan’s payout, the investor will have a choice of either getting the money back in cash or be able to reinvest it into the Series A round (if applicable).

**g) Disclaimers:**

***i) Risks:***

* **Investor:** There’s no guarantee that the investor’s money provided will be paid back, and is especially true if the company doesn’t form or defaults.
* **Company:** Operational cost liabilities (including lawsuits) is the company’s responsibility. Investors may try to help with it by providing extra funding or pay for the company, but in the end, the company’s ultimately responsible for bearing these liabilities and wouldn’t take these costs out on the investor, unless the investing individual caused the issue themselves through negligence (like intentionally destroying property) - in which that liability will fall on the investor to pay. Outside of this exception, it’s up to the company to pay for liabilities (i.e. business expenses) it incurs and the investor funds the company, but doesn’t have to pay for liabilities, as it’s not their responsibility, but the company’s instead.

***ii) No Waiver:***

Unless provided otherwise herein, the failure of any of the Parties to enforce any of the provisions of this Agreement or any rights with respect thereto shall in no way be considered as a waiver of such provisions or rights or in any way affect the validity of this Agreement. The waiver of any breach of this Agreement by any Party shall not operate to be construed as a waiver of any other prior or subsequent breach.

***iii) Governing law:***

This loan agreement and the transactions contemplated hereby shall be governed, interpreted and construed by, under and pursuant to the substantive laws of the borrower’s country, without regard to any conflict of laws principles.

***iv) Disclosure of contract to others:***

The members involved in this contract may describe this contract to others to the appropriate extent that they feel they want or need to. It should be done respectfully to the other parties and not in a way that disrupts the contract’s functions itself (unless it’s supposed to be that way, in which it’s acceptable). This entails not giving out personal details unless it’s on a need-to-know basis or with those of confidence, especially those difficult to avoid, like family members, roommates, best best friends, etc. However, everything said, it’s preferable to avoid referencing this contract and its details in general to others unless absolutely necessary, even if people already know about and have been explained to about it by members of this contract before.

**h) Defaults and Remedies:**

***i) Of the company:***

* *Event of default:* The company would have a material breach of this contract and loan if it does not do any one or more of the following within days (number) calendar days of its payments and the loan: 1) pay its principal or unpaid accrued interest after its set wire date (i.e. the time it sends the money back to the lender) nor 2) sign its letters of recognition when needed to.
* The company shall recognize this by making an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts as they become due, or shall file a voluntary petition for bankruptcy, or shall file any petition or answer seeking for itself any reorganization or similar relief under any present or future bankruptcy or insolvency statute, law or regulation, or shall file any answer admitting the material allegations of a petition filed against the company in any such proceeding, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of the company, or the assignment thereto of all or any substantial part of the properties of the company, or the company shall take any action looking to the dissolution or liquidation of the company; or
* If, within days (number) calendar days after the commencement of any holders’ proceeding against the company seeking any bankruptcy reorganization, liquidation, dissolution or similar relief under any present or future bankruptcy or insolvency statute, law or regulation, such proceeding shall not have been dismissed, or, if, within days (number) calendar days after the holders’ appointment without the consent or acquiescence of the company of any trustee, receiver or liquidator of the company or an assignment thereto of all or any substantial part of the properties of the company, such appointment shall not have been vacated.
* *Remedies*: upon the occurrence of an event of default, at the option of the holders of a majority of the outstanding principal amount of the loan and upon such holders' written notice to the company, the entire unpaid principal and accrued and unpaid interest on this loan shall be forthwith due and payable without presentment, demand, protest or notice of any kind (as all of which are hereby expressly waived).

***ii) Of the investor:***

*Event of default*: This event happens if the investor doesn’t within days (number) calendar days of what they agree to owe, do one or more of the following: 1) pay its dues nor 2) sign its letters of recognition. The investor will be charged the same % interest as the company after days (number) calendar days of any agreed to, yet unpaid principal and accrued and unpaid interest on this loan shall be forthwith due and payable without presentment, demand, protest or notice of any kind (as all of which are hereby expressly waived). Upon written notice to the investor by the company within days (number) calendar days upon the investor’s own bankruptcy reorganization, or insolvency statute, law or regulation, such proceeding shall not have been dismissed, and the entire unpaid principal and accrued and unpaid interest on this loan shall be forthwith due and payable without presentment, demand, protest or notice of any kind (as all of which are hereby expressly waived).

Much as a borrower doesn’t have to take in or keep money taken in from anyone, a lender doesn’t have to give or let others have theirs. The contract is designed so that a business can use money given to them. So preferably an investor will not need nor ask for it back.

*Remedies - investor protection*:

* Investors can withdraw any part of their money for any reason (and they don’t have to provide one), provided the company didn’t already spend it, isn’t currently using it, or has immediate, pre-made commitments that require fulfillment yet. The amount an investor can request at most is as much as they provided to the company, but the total will be limited by how much the company has left to and is willing to give, which may not be 100% of the original investment.
* The money withdrawn is not subject to interest rates; but the remaining lent out money with the company that is a part of this contract will continue to be. That means that the interest rate on the withdrawn money, once given back, is $0 and will no longer continue to be a part of the contract.
* If the investor is able to give the money back to the company again, they have two options:
  + it can be a part of the current contract if it’s within number days (which would be between the borrower giving the money back and receiving it back) without penalty. That means that the interest is going to continue as if nothing happened. The investor pays all transferral fees (including currency exchanges and rates). This can happen up to # times per module.
  + If the number day option is unavailable, the investor would either need to wait until the next module, keep the money without getting any interest on it, or create a new, partial loan module (not the regular $ amount) to the amount that was withdrawn (minus any additional fees), so that the borrower has their $ total again.
* If the borrower is able to provide money for a withdrawal (because they accept the risks), they must do so as soon as possible to make sure the investor gets their money in time (otherwise it’s not worth it). Before sending out the money, the borrower must make sure that the investor actually needs and can use the money at the time they receive it and the investor must approve of the transfer. The borrower must approve of it too. If neither or just one approves of it, the transfer cannot go through. If the borrower sends out money that an investor didn’t approve of and/or at the wrong time (which risks them not being able to use or need it), then the borrower will need to pay for the fees of sending it and receiving it back at no penalty to the investor.
* After approval, withdrawal letters of recognition will be sent out and signed as needed by the relevant parties required to do so. Funds will also be sent out/received alongside this process.
* All steps will be documented in the financial timeline (also called the ‘accounting timeline’, not to be confused with the accounting sheets, which is only a portion of the timeline and is used for each loan module) (see the **3) Finances** section) to keep track of, along with the other loan modules, how much the borrower has left and when every withdrawal took place.

3) Finances

1. **Payouts:**

***i) Disbursement:***

1. The lender will disburse the principal to the borrower via wire transfer.
2. Upon disbursement, the interest will start to take place.
3. Upon receiving the disbursement, the company shall send (electronically via both email and Google Drive) a letter of recognition of receiving the money.

***ii) Repayment:***

1. The company places the initial investment and applicable interest back into the bank account that the investor initially used for the payment (i.e. the reverse of what the lender did).
2. When the money is received, the investor shall send (electronically via both email and Google Drive) the company a letter of recognition of receiving the money back

***iii) Currency exchange fees (if any):***

If currency needs to be converted, it’ll either be converted immediately by the investor - in which the investor sends funds in the currency of the company’s choice and pays for any conversion fee. Once the money is received, and further currency conversions will be done by the company, in which the company pays those.

The company will pay any conversion fees upon repayment to the investor’s currency.

It’s up to the lender to find the cheapest means of transferring. For modules, because there may be many transfer fees, yet is still much cheaper for the company (in interest) than one full payment, the investor will only pay the transfer fees for # transfer, and the company pays these fees for the rest of them.

For this loan, lender will provide the loan in currency (symbol) and the company will repay her in currency (symbol).

**b) Loan modules:**

Loan modules are for each new segment Company would like a loan for. These mention the breakdown on what each loan’s ($ or partial due to re-received withdrawals) used for specifically, but will generally be along the lines of payouts for the company’s pre-operations (like surveying) and operations in general (see loan table below).

***i) Conditions:***

* The repayment can happen at any time, so loan modules can overlap.
* If one loan module is repaid right when another loan is needed, the money from the original loan can be used to pay the new loan without transferring it back to the lender. This can include any accumulated interest too.
* Each new loan will require its own:

1) accounting sheet

2) letter(s) of recognition for whomever is required to send one (i.e. beginning and end, see the Letters of Recognition section for more details)

3) transferral of funds (unless it came from a previous loan module)

4) documentation addition to the financial timeline for reference

***ii) Accounting sheet format:***

Module #

|  |  |  |
| --- | --- | --- |
| **purpose** | **Starting date** | **amount** |
| -------- | -------- | -------- |
| **totals** | **years:** -------- | **Initial (symbol):** --------, **(symbol):** -------- |
|  | **Repayed (y/n/partial):** -------- | **interest (symbol):** --------  **interest’s interest (symbol):** -------- |
|  |  | **Reimbursement (initial + interests, symbol):** -------- |

***iii) Financial Timeline:***

* This timeline shows how much the borrower has, from what and when. It also helps to keep track of what the investor provides too, but is written from the borrower’s standpoint
* Totals and lines are added/updated with each time a new loan/change is made
* Recordings will be mainly to keep track of loan modules and defaults/remedies. However, anything relevant that’s not one of those will be added too.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Given out to borrower** | | | **Received back by lender** | | |
| **name** | **date** | **amount (+)** | **date** | **Amount (-)** | **complete (y/n/partial)** |
| **Module, etc.** |  |  |  |  |  |
| **Total (symbol):** |  | = + |  | = - | = [+] + [-] |

**c) Letters of Recognition:**

The parts in yellow are the areas to fill out.

***i) Will be given:***

* To the investor by the company when the company receives the money
* To the company by the investor once the money is given back to the investor
* When the funds from a previous module are transferred to a new module without involving the investor. This lets the investor know where their money is.
* When there’s a withdrawal (to the investor by the company) or a re-receiving of funds (to the company by the investor, regardless of timing) due to one. Withdrawals and re-receiving moments use the same letters of recognition as typical loan transfers would

***ii) Borrower’s***

(borrower provides this as soon as possible to the lender once they receive their money from the lender)

**Borrower’s Letter of Recognition: Module #\_\_\_**

Letterhead (if applicable)

Date:

To:

Lender name: Lender

Location: city, state, country

From:

Borrower name: company

Location: city, state, country

This is a confirmation that the money (symbol\_\_\_ in symbol\_\_\_\_) was received by the borrower from the lender on date at Bank of address.

To confirm, the starting date of the loan’s collecting of interest took place on date and is going to have a rate of % starting from that date.

|  |  |
| --- | --- |
| **Money Receiving Information:** | |
| Date of receival: |  |
| Confirmation number (if applicable): |  |
| Receiving Bank Name: | bank |
| Amount received (currency, symbol): |  |
| Lender received from: | lender |
| Bank received from: |  |
| Date sent out: |  |

For the rest of the detailed information, refer to the contract under **d) Money transfer information**.

signature

lender name: name

location (city, state/province, country): city, state/province, country

Date:

***iii) Lender’s***

(lender provides this as soon as possible to the borrower once they receive their money from the borrower)

**Lender’s Letter of Recognition: Module #\_\_\_**

Letterhead (if applicable)

Date:

To:

Borrower name: company

Location: city, state/province, country

From:

Lender name: lender

Location: city, state/province, country

This is a confirmation that the money (symbol\_\_\_\_ in symbol\_\_\_) was received by the lender from the borrower on date at bank name and address.

To confirm, the starting date of the loan’s collecting of interest took place on date at a rate of 10%. The interest ended on date. The loan can now be considered finished, as it’s now complete and repaid.

|  |  |
| --- | --- |
| **Money Receiving Information:** | |
| Date of receival: |  |
| Confirmation number (if applicable): |  |
| Receiving Bank Name: |  |
| Total amount received back (currency, symbol): |  |
| Interest amount (portion of total, currency, symbol): |  |
| Borrower received from: | company |
| Bank received from: | bank |
| Date sent out: |  |

For the rest of the detailed information, refer to the contract under **d) Money transfer information**.

signature

lender name: lender

location (city, state/province, country): city, state/province, country

Date:

***iv) Written notice:***

**Written Notice**

Letterhead (if applicable)

Date:

To:

Borrower or Lender Name:

Location: city, state/province (if needed for differentiation), country

From:

Borrower or Lender Name:

Location: city, state/province (if needed for differentiation), country

The days (number) calendar day courtesy period that you agreed upon for [sending money and/or signing letters of recognition] has passed without fulfillment in your part of the contract that you agreed to upon request. I am sending this written notice to warn you about being overdue and are in default and the need to still fulfill your obligations. You have days (number) calendar days from now (which will end on date) to resolve this event of default through means outlined in the third bullet point of the **i) Of the company** section of the contract before the entire outstanding, unpaid principal and accrued and unpaid interest on this loan shall be forthwith due and payable without presentment, demand, protest or notice of any kind (as all of which dismissals are hereby expressly waived), as outlined in the contract you signed.

Signature of borrower or lender with city, state/province, country and date

4) Signatures:

I approve of the contract in all of its entirety:

signature

signature

lender name: name

location (city, state/province, country): city, state/province, country

Date: date

signature

signature

lender name: name

location (city, state/province, country): city, state/province, country

Date: date