**Community Foundation of East Central Illinois**

**Community Foundation Nonprofit Loan Fund**

Loan Agreement

**THIS LOAN AGREEMENT** is made this **(date)** between **(name of organization)**,an Illinois nonprofit corporation (hereinafter “the Borrower”) and Community Foundation of East Central Illinois Nonprofit Loan Fund (hereinafter “the Lender”).

**WHEREAS,** the Borrower has applied to the Lender for a loan, the proceeds of which are to be used by the Borrower to meet general operating cash flow needs;

**NOW THEREFORE,** in consideration of their mutual promises, the Borrower and Lender agree as follows:

1. The Lender will lend the Borrower the principal sum up to $15,000 to be repaid as follows:
   1. Principal of $15,000 payable in full on **(date)**.
   2. A $25.00 loan origination fee will be paid by Borrower to Lender upon the first advance under the loan. The Borrower will execute and deliver to the Lender the Borrower’s promissory note in substantially the same form set out in Exhibit A attached to this agreement and made a part hereof by reference.
   3. An interest rate of 1% ($150.00) will be payable in full on **(date).**
2. The Borrower makes the following warranties and representations to the Lender, with the understanding that this loan is contingent on the warranties and representations.
   1. The Borrower is an Illinois nonprofit corporation in good standing with the Office of the Illinois Secretary of State and qualified to do business in Illinois.
   2. The Borrower is recognized by the Internal Revenue Service as a publicly-supported charitable organization of the type described in Sections 501(c)(3) and 509(a)(1) of the Code, such public tax-exempt status under Sections 501(c)(3) and 509(a)(1) not having changed since issuance of the Internal Revenue Service determination letter that was furnished to the Lender by the Borrower in connection with this loan.
3. There is presently no issue before any office or representative of the Internal Revenue Service concerning any proposed changed in the Borrower’s public tax-exempt status under Sections 501(c)(3) and 509(a)(1).
4. The proceeds of this loan will be used by the Borrower only for operating expenses of the Borrower’s organization, the objectives of which are within the charitable objectives for which the Borrower and Lender are organized and operated; and are described in Section 170(c)(2)(B) of the Code. This loan would not have been made but for the stated purpose for which the loan proceeds are to be used. The Borrower applied to the Lender for this loan because a similar loan was not available to the Borrower from a regular commercial lending source.
5. In no event will the Borrower use any of the proceeds of this loan for any purpose described in Section 170(c)(2)(D) of the Code.
6. The Borrower will provide the Lender with immediate written notification of any change in the Borrower’s public tax-exempt status under Sections 501(c)(3) and 509(a)(1). Further, the Borrower will provide the Lender with immediate notification if the Borrower is unable to use any portion of the loan proceeds for the purposes requested, if a material change occurs in the Borrower’s expected source of repayment of this loan or if any portion of the loan proceeds is used for any purpose other than that requested.
7. The Borrower will maintain an accurate record, in accordance with generally accepted accounting principles, with respect to the use of the loan proceeds, and the Borrower will retain this record for at least four years after the date on which this loan is fully repaid to the Lender (including any extension of this loan).
8. The Borrower will permit the Lender, at the Lender’s request, to inspect the Borrower’s files, records and personnel for the purpose of making such financial audits, verifications or program evaluations as the Lender in its sole and absolute discretion may deem necessary or appropriate concerning this loan or in connection with the Lender’s expenditure responsibilities, if any, under Section 4945(h) of the Code.
9. The Borrower’s failure to abide by any one or more of the terms and conditions set out above (to which this loan is subject and on which the making of this loan is contingent) or the termination for any reason of the Borrower’s tax-exempt status under Sections 501(c)(3) and 509(a)(1) of the Code, will cause this loan to become immediately due and payable, in whole or in part, without demand or notice, in the Lender’s sole and absolute discretion.
10. The Borrower may not assign or otherwise transfer its rights under this agreement, or delegate any of its duties or responsibilities under this agreement or under the note, without the Lender’s prior written approval.
11. This agreement is binding on the Borrower’s successors and assigns. It inures to the benefit of the Lender’s successors and assigns. It contains the entire understanding of the parties with respect to its subject matter. It is executed and delivered in the State of Colorado and will be construed and enforced in all respects according to the laws of that state. It may be amended only by an instrument in writing executed by both the Borrower and the Lender.

**IN WITNESS WHEREOF,** this Loan Agreement is executed as of the date and year first above written.

**(name of organization)**

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

XXX

Executive Director

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**The Community Foundation of East Central Illinois**

**Nonprofit Loan Fund**

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Angie Hatfield Marker, President & CEO

Community Foundation of East Central Illinois

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_