

Local Investing Opportunities Network

Connecting Local Individuals and Businesses with Investors

Membership Agreement, Policies and Procedures

Mission Statement: The Local Investing Opportunities Network creates opportunities for local individuals and businesses to connect with local investors to build prosperous local businesses, keep investing money in our community, and help build a more resilient and sustainable economy in Jefferson County.

Membership Process:

- 1) Membership is intended for local investors and local investing entities, and is open to any individual or entity that is sponsored by an existing member.
- 2) Applicants submit a membership questionnaire to the LION contact person and receive the LION Membership Agreement, Policies and Procedures document for their review.
- 3) The applicant's questionnaire is e-mailed to LION members, and they have two weeks to review it.
- 4) If, within two weeks, no members ask to discuss the application at a meeting, the application is automatically approved.
- 5) If the application goes to a meeting discussion by request of any member, then a quorum and majority vote is required to approve the application.
- 6) Once the application is approved, the applicant must sign the Membership Agreement, Policies and Procedures document and attend a new member orientation organized by their sponsor to confirm their membership.
- 7) Members of LION shall remain members until A) they request to leave the group, B) they are removed by majority vote, or C) LION ceases to exist.

Membership Questionnaire:

- 1) Basic contact information
- 2) Name of sponsor member
- 3) Brief investing background & reasons for joining LION
- 4) Types of investments desired
- 5) Approximate amount of funds currently invested locally, and approximate amount available for future local investing (This is not a commitment, and answers are optional, but accurate answers will help LION track its collective financial resources.)

Membership Agreement:

I hereby agree to:

- 1) Strive for consensus during the LION decision-making process, with majority vote as the final arbiter.
- 2) 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 LION.
- 3) Keep confidential all group e-mails, discussions, investing opportunities, and related documents, and share them only with other members of LION, non-members of LION agreed to by majority vote of LION, or with professional advisers as needed to make specific investing decisions. However, if a specific investing opportunity is known publicly, or the person or business seeking financing via LION (the "Submitter") does not request confidentiality, then that investing opportunity and any related non-confidential documents may be shared outside LION at my personal discretion.
- 4) Share investing opportunities equally with all members (unless they have specified that they only wish to invest in certain types of investments) and cooperate honestly and fairly with other members who wish to invest in any investing opportunity that is submitted to LION.
- 5) Help cover any minimal out-of-pocket expenses for meetings, e-mail, copying, web site, outreach, etc.
- 6) Inform LION as soon as I become aware of any actual or potential conflict of interest listed below.
- 7) Inform LION immediately of any investing arrangements that I have made with a Submitter.
- 8) Represent that any views expressed or actions taken by myself are my own and do not reflect the views, actions, or recommendations of LION and its members.
- 9) Absolve LION and all of its members of all liability related to any financial activities in which I might be or become involved.

- 10) Make my investing decisions based solely on my own independent research, and consult with my professional advisers if I need legal, financial, tax, or other advice. I hereby acknowledge that LION and its members do not offer professional advice of any kind in their capacity as LION members.
- 11) Abide by this Membership Agreement and all other established LION policies and procedures. If I am no longer a member of LION, I agree to continue to be bound by all provisions contained herein regarding all LION business (including, but not limited to, all discussions, investing opportunities, and related documents) that occurred prior to the termination of my membership. If I violate this Membership Agreement or other LION policies or procedures, I may be voted out of LION by majority vote, in addition to any form of dispute resolution that may occur.

Actual or Potential Conflicts of Interest to be Disclosed to LION:

- 1) Giving legal, financial, or business advice to a Submitter;
- 2) Receiving compensation or other income from a Submitter;
- 3) Having any existing or potential investment, loan, or other financial interest in any way related to a Submitter;
or
- 4) Having a member of your immediate family who is a Submitter or who fits any of the preceding categories.

Legal Structure: None

Member Discussions:

Regular in-person meetings will be held at least once per quarter. The group will designate a facilitator and a minute-taker for each meeting. Decisions concerning membership, modification of this Membership Agreement, Policies and Procedures document, or any other matter that affects LION membership as a whole, must have a quorum of 50% or more of the LION membership present to take effect. The membership may elect to form a management team at some future date in order to facilitate decision-making.

E-mail may be used to discuss most matters, including non-sensitive discussion of investing opportunities. Sub-groups may form to focus on specific topics or investing opportunities, and they must also comply with the LION Membership Agreement, Policies and Procedures.

Recordkeeping:

LION will designate a record keeper who will maintain an archive that includes:

- 1) Minutes of all meetings;
- 2) LION-related e-mails;
- 3) Incoming investing opportunities and related documents, signed Submitter agreements, and all other communications related to investing opportunity submissions; and
- 4) The membership list of names and e-mail addresses, member questionnaires and signed Membership Agreements.

Investing Opportunity Submissions:

LION will designate a contact person to communicate with others on its behalf and assist people with the membership and investing opportunity submission process. The LION contact person will forward investing opportunity submissions to LION members via e-mail upon completion of the following requirements.

All Submitters must:

- 1) Identify a pre-existing relationship with at least one member of LION (if applicable, to qualify for the non-public offering exemption as interpreted in SEC Release No. 33-4452);
- 2) Specify to what extent their investing opportunity and related documents are known publicly or may be circulated outside LION;
- 3) Provide a business plan or an investing opportunity summary (preferably in electronic format) to the LION contact person which includes the following:
 - Name(s) and full contact information of the owner(s)/borrower(s)
 - Name and full contact information of the business (if applicable)
 - Description and history of the business or investing opportunity
 - Current financial situation of the business and/or borrower (including recent financial statements and projected income and expenses, if possible and not highly sensitive)
 - Amount and terms requested for loan or investment
 - Intended use of funds sought

- Other loans or investment funds applied for
- Name(s) and contact information for professional adviser(s) consulted
- Names and contact information for at least two local references
- Investing opportunity submissions should not include tax returns or other sensitive personal or confidential financial information.

4) Sign and date an agreement that states:

- A) I hereby give the Local Investing Opportunities Network (“LION”) permission to circulate my business plan or investing opportunity documents within the group (and if I specify, among others outside LION as well);
- B) I acknowledge that the confidentiality of submitted documents is not guaranteed, even if requested; and
- C) I hereby release LION and its members from liability to the fullest extent of the law.

After Circulation of an Investing Opportunity:

- 1) Members that are interested in a specific investing opportunity should inform LION so that a sub-group may organize to contact the Submitter.
- 2) When the sub-group makes contact with the Submitter, they may make arrangements to privately view any sensitive or confidential documents, as needed.
- 3) Members may invest individually or together, as desired, and no member shall be required to make any investment.
- 4) Investment legal structures and agreements are not the responsibility of LION, but instead are the collective responsibility of the Submitter and its professional advisers, and the potential investors and their professional advisers.

Signature:

I hereby agree to the foregoing Local Investing Opportunities Network (“LION”) Membership Agreement, Policies and Procedures in its entirety.

Signature

Printed Name

Signature

Printed Name

Date