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# Social Impact Financing Playbook Prepared by CWRU's International Development Law Lab

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CWRU's International Development Law Lab**

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Please note that the International Development Law Lab for Fall 2024 and for Spring 2025 was renamed the “International Development Law Practicum” in Fall 2025.

## Table of Contents

I.	Foreword: Case Western Reserve University’s International Development Lab.....	3
II.	Overview of Financing Mechanisms that Grantor Could Utilise: Recoverable Grants, Returnable Grants and Loans.....	3
	Returnable Grants .....	3
	Recoverable Grants.....	4
	Loans .....	5
III.	Case Studies Evaluating Different Uses of Recoverable Grants, Returnable Grants, and Loans .....	5
	Case Study 1: A Comparison Between a School with school registration fees and Parents at that School – Recoverable Grants and Returnable Grants .....	6
	Case Study 2: Co-op Farmers – Loans .....	6
IV.	Comparison Chart of Returnable Grants, Recoverable Grants, and Loans .....	7
V.	Decision Tools for When to Use Returnable Grants vs. Recoverable Grants vs. Loans.....	8
VI.	Attachment A – Annotated Returnable Grant Agreement .....	9
VII.	Attachment B – Annotated Template for a Recoverable Grant Agreement.....	12
VIII.	Attachment C – Annotated Loan Agreement Template .....	27

“Poverty is not an accident. Like slavery and apartheid, it is man-made and can be removed by the actions of human beings.”—**Nelson Mandela**

## I. Foreword: Case Western Reserve University’s International Development Lab

Case Western Reserve University (CWRU) School of Law located in Cleveland, Ohio has an International Law program that consistently ranks among the top 15 programs in the U.S. The International Development Law (IDL) Lab (the “Lab” or the “IDL Lab”), launched in Fall 2024<sup>1</sup> is part of CWRU’s Cox International Law Centre and focuses on providing practical experience for law students, based on the IDL law course.

Advocating and working to better others is an important field that needs lawyers. The National Association for Law Placement (NALP) polls students on post-law school placement. The class of 2023 reported over half of their graduates (58.22%) took jobs in the private sector with less than 10% of grads taking positions in public interest (9.71%). [Note – NGO/non-profit was not a category.]<sup>2</sup>

The IDL matches non-profit and NGO clients with students for the semester to train students. Students are tasked with producing and delivering practical guidance and legal templates for clients.<sup>3</sup> This hands-on experience simultaneously exposes and educates students about diverse financial instruments, social impact investing in the Global South.<sup>4</sup>

For this project, a playbook outlining different financing mechanisms and sample legal templates were crafted. The templates created for this playbook include a returnable grant agreement, a recoverable grant agreement, and a loan agreement.

These templates are found in Sections VI–VIII:

- Attachment A – Recoverable Grant Agreement Template is found on page 8;
- Attachment B – Annotated Returnable Grant Agreement Template is found on page 11;
- Attachment C – Annotated Loan Agreement Template is found on page 27.

## II. Overview of Financing Mechanisms that Grantor Could Utilise: Recoverable Grants, Returnable Grants and Loans

### Returnable Grants:<sup>5</sup>

A “returnable grant” is not a legally defined term as individual grant makers and social investors may define returnable grants differently. However, generally speaking a returnable grant

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<sup>1</sup> <https://case.edu/law/our-school/news/cwru-law-school-launches-new-international-development-law-lab>

<sup>2</sup> [https://www.nalp.org/uploads/Research/Classof2023NationalSummaryReport\\_final.pdf](https://www.nalp.org/uploads/Research/Classof2023NationalSummaryReport_final.pdf)

<sup>3</sup> <https://iixglobal.com/cwru-law-school-launches-new-international-development-law-lab-case-western-reserve-university/>

<sup>4</sup> *Supra* note 3

<sup>5</sup> <https://www.fidelitycharitable.org/content/dam/fc-public/docs/advisors/recoverable-grants.pdf>

may be thought of as money that is given with the expectation that it will be repaid, similar to a loan, but does not charge interest payments. Interest-free returnable grants differ from a charitable grant in that grantors hope to get a portion or all of their money back. This returned capital is typically recycled into future social impact projects. Grantors recognize recipients may not be able to repay any, all, or part of the grant and assume that risk with a returnable grant. Recipients of a returnable grants will repay funds if, and only if, they have the means to pay.

Grantors rely on an individual or an organization fulfilling a “moral” (not a legal) obligation to repay.<sup>6</sup> Returnable grants provide short-term, affordable, and flexible capital (zero interest and zero collateral). At their core, returnable grants keep the social mission and impact of the recipient at its core.<sup>7</sup>

For the work prepared by the IDL Lab, a returnable grant refers to funds given by a grantor organization to a participant’s account directly or in cash equivalents like a voucher for a service.

There are both pros and cons to a returnable grant:

**Pros:**

- Allows money to be directly credited into the participants’ (i.e., grantee) accounts, or given out as cash equivalents such as vouchers.
- Provides short-term, affordable, and flexible capital (zero-interest and zero collateral) to individuals.

**Cons:**

- Recovery of grant funding is not backed by collateral.
- Repayment of the grant is not guaranteed by the grantee.

## Recoverable Grants:

A recoverable grant is an interest-free, service fee-free loan without liens or collateral.<sup>8</sup> Recoverable grants, in contrast to returnable grants, are primarily given to organizations that have stricter expectations for repayment. Grantors may consider forgiving repayment under extraordinary circumstances because bankrupting an organization is not the purpose of a recoverable grant.

For the work prepared by the IDL Lab, a recoverable grant means a sum of funds given by a grantor to an organization under an agreement to achieve conditions (i.e., conditions precedent) that must occur before the grant funds will be disbursed by a grantor organization. The pre-disbursement check of conditions precedent are a precaution meant to confirm that the recipients qualify for the funds. These funds will be repaid by the grantee on a pre-determined time schedule **without interest or liens**. Repayments made by the grantee can be held in a trust (to be established the grantor) and later re-used to fund the same grantees or additional borrowers. The revolving nature of a recoverable grant allows for continual investment in a community without the burden of interest or liens placed on the grantees.

There are both pros and cons to a recoverable grant:

**Pros:**

- Allows money to be lent to organizations on concessional financial terms.
- Once a recoverable grant is repaid, the funds may be reinvested into the same grantee or program or to another organization/grantee/program.

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<sup>6</sup> <https://idronline.org/article/philanthropy-csr/returnable-grants-securing-the-financially-vulnerable/>

<sup>7</sup> [https://echoinggreen.org/wp-content/uploads/2021/03/echoing\\_green\\_recoverable\\_grant\\_faqs.pdf](https://echoinggreen.org/wp-content/uploads/2021/03/echoing_green_recoverable_grant_faqs.pdf)

<sup>8</sup> <https://www.nyc.gov/site/mocs/opportunities/returnable-grant-fund.page>

**Cons:**

- Recovery of money is not backed by collateral.
- Repayment is not guaranteed.

**Loans:**

A loan is when a lender gives money to a recipient and interest is charged on the principal amount. Repayment of the loan (with interest) is expected within a time/date certain.

A modification to a traditional loan that grantors could consider is a loan that links interest rates to a borrower’s achievement of pre-defined and independently verified social outcomes. The higher the impact achieved by borrower, the lower the interest rate would be charged over the length of the loan. (See Figure 1). (A sample agreement of this modified loan structure was not created for this project.)

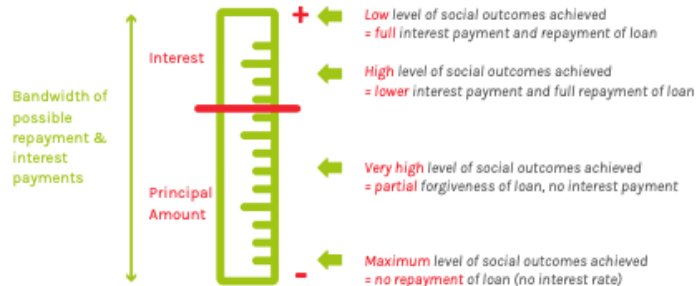


Figure 1

For the work prepared by the IDL Lab, both a traditional secured and optional unsecured loan fund template have been created and integrated in to the same template. This loan agreement allows a grantor to provide funds to a participant or organization that will be repaid on a pre-agreed payment schedule or term. Recipients of a loan must repay the funds borrowed. Loans may be paid as a balloon payment at maturity, or by payments made in instalments (e.g., after achieving certain metrics which is not designated with specificity in the template, but may be specified in an actual agreement).

There are both pros and cons to a loan:

**Pros:**

- Fills gaps in funding that more traditional lending institutions are unwilling to fill.
- The recovery of loaned funds is backed by collateral.

**Cons:**

- Borrower organizations must pay interest.

### III. Case Studies Evaluating Different Uses of Recoverable Grants, Returnable Grants, and Loans

*The following discussion will examine the differences between using recoverable vs. returnable grants in a real-life context.*

Case Study 1: Recoverable grants for a school with school registration fees

Case Study 2: Returnable grants for the school parents.

## Case Study 1: A Comparison Between a School with school registration fees and Parents at that School – Recoverable Grants and Returnable Grants

A primary/elementary school in wishes to build an additional classroom to give their learners a more focused teaching method. The primary school has also noticed that many students' parents/guardians are unable to pay school fees completely or are consistently late on payments for a school voucher.

A grantor may decide to support this primary school and some of the school parents with school fees. To do this, a grantor may decide to negotiate a recoverable grant for constructing the new additional classroom, and enter into returnable grants that give school parents the necessary vouchers to send their kids to school. These different approaches may be best tailored to accomplish a grantor (and its grant recipients') goals.

The recoverable grant allows a grantor to recoup costs of the new building, but at a slower rate that will not impact the school adversely. Although the new building might attract more students and therefore more students who will pay school fees, it could take multiple years to accomplish this.

The returnable grants make more sense for providing parents with a consistent way to send their children to school by paying school fees in a timely manner. It is unlikely that these parents are going to be able to repay all of the school fees. However, if a framework for repayment is given to the parents by issuing a returnable grant, it might incentivize them to return the funding. These parents may ultimately become "stakeholders" in the effort to support the school voucher system.

## Case Study 2: Co-op Farmers – Loans

Over 800 smallholder farmers need to buy high-quality seeds, fertilizer, and other agriculture products. By utilizing higher-quality inputs, yields are expected to increase. However, the farmers do not have the funds to cover these costs at the start of the season.

A grantor may choose to deploy loans to a co-op (i.e., a collective of individual farmers) or to the individual farmers. A loan makes sense as the farmers' yield should increase and allow them to pay back the loan that will be used to purchase the inputs. A grantor could consider a modification of the loan and link the interest rate of the loan to the quality and product harvest at the end of the season creating a sliding scale interest rate.

*See Figure 3 chart below.*

## IV. Comparison Chart of Returnable Grants, Recoverable Grants, and Loans

	<u>Who has Commitment for How Long</u>	<u>Repayment</u>	<u>Interest</u>	<u>Conditions Precedent</u>	<u>Liens</u>	<u>General Use</u>	<u>Governing Law</u>
Returnable Grant	Lender Term – Commitment Date – end Date or not required to pay back	Not mandatory <i>Determine, collect, evaluate whether the recipient(s) has been repaying</i>	None	Up-front financing after qualifications or conditions, if any, are met	No	Variable (e.g., payment of school fees)	NY
Recoverable Grant	Term – Commitment Date- End Date	Returned and reused <i>Determine, collect, evaluate whether the recipient(s) are repaying</i>	None	Up-front, periodic or balloon payments	No	Tide over a grantee ("bridge" loan). Expand revenue- generating solutions	NY
Loan	Lender Term – Commitment Date- End Date	Mandatory repayment or loan default	Yes, unless waived	Periodic, balloon payment, or full repayment at maturity	Yes, but at the discretion of the lender	Variable	NY

Figure 3

## V. Decision Tools for When to Use Returnable Grants vs. Recoverable Grants vs. Loans

		Recipient of Funds	
		Individual*	Organization
Likelihood of Repayment	High	Consider a returnable grant	Consider a recoverable grant or modified loan
	Moderate	Consider a returnable grant	Consider a recoverable grant
	Low	Consider a returnable grant	Consider a traditional grant

\*It is assumed that individuals (i.e., parents of schoolchildren) receiving funds do not have the requisite creditworthiness to be eligible to use a recoverable grant or a loan.

Figure 4

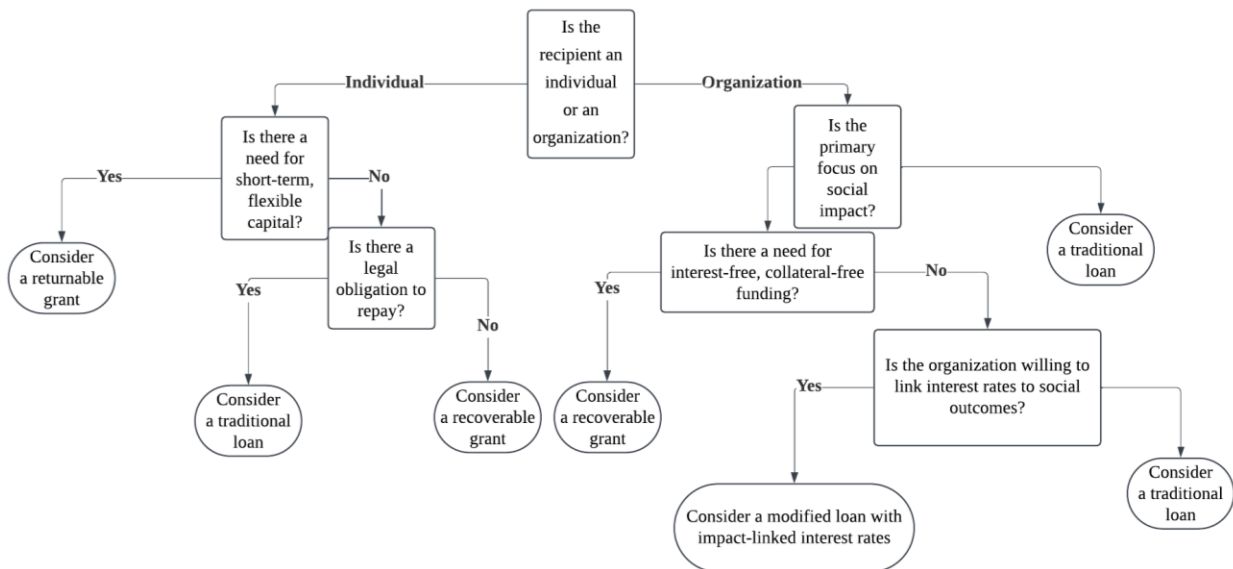


Figure 5

## VI. Attachment A – Annotated Returnable Grant Agreement

The returnable grant agreement below can be used as a template that may be edited. It is shorter in nature for individuals with non-legal backgrounds so that they may sign the agreement with a full understanding of its terms. Thus, the returnable grant does not go into as much detail as the recoverable grant agreement or loan agreement. The terms and use of the funds is left open, and this template should be used for smaller amounts of funding (e.g., school vouchers).

**PLEASE BE ADVISED THAT THIS (AND ALL TEMPLATES PROVIDED IN THIS DELIVERABLE) IS *NOT* LEGAL ADVICE, NOR MAY IT BE RELIED ON AS LEGAL ADVICE. IF ANY USER WISHES TO USE THESE TEMPLATES AS A STARTING POINT, SUCH USERS *MUST* CONSULT WITH AN ATTORNEY DESIGNATED BY ONE OR BOTH PARTIES, OR AS MAY BE AUTHORISED TO PRACTICE IN THE JURISDICTION THAT CONTROLS THE USE OF THE TEMPLATE.**

**[GRANTEE'S NAME]  
("GRANTEE"),**

**AND**

**[GRANTOR'S NAME.]  
("GRANTOR"),**

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**RETURNABLE GRANT AGREEMENT**

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## RETURNABLE GRANT AGREEMENT

This agreement (the “Agreement”) by [or among] the [name of individual(s)/organization(s)] (the “**Grantee**”), and [name of organization subsidiary, if relevant] (“**Grantor**”) is being made for the explicit purposes described below, and subject to Grantee’s acceptance of the terms set forth in this Agreement. Both the Grantor and the Grantee may be individually be referred to as the “Party,” and collectively referred to as the “Parties.”

WHEREAS, Grantor is a non-for-profit corporation organized and operated for charitable purposes described in 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), and a public charity within the meaning of Sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code;

WHEREAS, Grantor was organized for the exclusive charitable purposes of [mission of the Grantee organization] in [location where services are being provided];

WHEREAS, Grantor desires to secure funds to support [explain what it will support] through a returnable grant;

WHEREAS, the Grantor desires to make available its funds for use in [Grantee]’s [name of program or type] programs or [fee types];

NOW THEREFORE, pursuant to the terms and conditions of the Agreement, and for other good and valuable consideration, the Parties hereby agree as follows:

1. **Grant Purpose:** This grant is for the exclusive purpose of [purpose of grant, e.g., school fees].

2. **Funds:**

[**Option 1**] The total amount of the grant is [\$x] (the “**Grant**”), will be paid in installments according to the following schedule: [insert schedule if paid by a schedule].

[or]

[**Option 2**] The total amount of the grant is [\$x] (the “**Grant**”), will be disbursed to Grantee upon receipt of the signed Terms of this Grant.

3. **Expenditure of Grant Funds:** All proceeds of the Grant shall be used by Grantee in [description of what the grant will support] work. The Grant may not be pledged or used as security by the Grantee for any indebtedness of any person or organization.

4. **Length of Grant:** The Grant shall expire on [insert date], unless renewed in writing by the Parties.

5. **Reports to Grantor:** Grantee will furnish Grantor with the following information:

- A summary of receipts and expenditures that confirm the use of the Grant funds are in accordance with the provisions of the Agreement [or other instrument agreed to by the Parties].
- [**If relevant**] A description of the uses made by Grantee with the Grant.
- [**If relevant**] An evaluation of the impact and results of work undertaken and an assessment of progress that Grantee has been made in meeting stated goals.

6. **Repayment of Grant Funds:** The Grantee will notify Grantor of its ability to repay Grantor of the Returnable Grant (in full or in part) within one (1) calendar year of receipt of the Grant.

If Grantee can and does repay funds to Grantor, the returned funds (“Returned Funds”) shall be deposited in a trust account (“Trust”) by the Grantor. Returned funds may be redistributed to original Grantee or to new parties for [purpose of what Returned Funds are usable]. If the Grantee is unable to pay any part of the Grant, it shall advise the Grantor not less than thirty (30) days prior to the expiration date of the Grant.

**[OPTIONAL, IF APPLICABLE:** It is also understood that by signing this letter, Grantee confirms there has been no change in its qualification [as someone that qualifies]. If any change in qualification occurs during the term of this Grant, the Grantee must notify Grantor immediately by [email or written notice]. By signing this Agreement, the Grantee acknowledges that it understands and accepts the terms of this Grant.

Please indicate your acceptance of the Grant and its terms by signing the enclosed copy of this letter, countersigned by [Grantor], and return it to the Grantor at [insert address, email address, or other form of transmission acceptable to the Grantor].

For Grantee:

[Signature]  
[Name, Title]  
[Date]

For Grantor:

[Signature]  
[Name, Title]  
[Date]

## VII. Attachment B – Annotated Template for a Recoverable Grant Agreement

The recoverable grant agreement below can be used as a template that may be edited. Annotations are included in the template in blue boxes to give context to different sections of the Agreement. These blue boxes should be removed if being used for an actual project. If Grantor wishes to reinvest the initial deployed funds into the same trust account (aka revolving funds), a recoverable grant agreement would likely be the best mechanism.

**PLEASE BE ADVISED THAT THIS (AND ALL TEMPLATES PROVIDED IN THIS DELIVERABLE) IS *NOT* LEGAL ADVICE, NOR MAY IT BE RELIED ON AS LEGAL ADVICE. IF ANY USER WISHES TO USE THESE TEMPLATES AS A STARTING POINT, SUCH USERS *MUST* CONSULT WITH AN ATTORNEY DESIGNATED BY ONE OR BOTH PARTIES, OR AS MAY BE AUTHORISED TO PRACTICE IN THE JURISDICTION THAT CONTROLS THE USE OF THE TEMPLATE.**

**[GRANTEE’S NAME]  
(THE "GRANTEE"),**

**AND**

**[GRANTOR’S NAME]  
(The “GRANTOR”)**

---

**RECOVERABLE GRANT AGREEMENT**

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## RECOVERABLE GRANT AGREEMENT

### 1. INTRODUCTION AND PARTIES:

1.1 This Recoverable Grant Agreement (the "**Agreement**") is entered into this \_\_\_ day of \_\_\_\_\_ 20\_\_ by:

1.1.1 [Grantor Name] (hereinafter referred to as the "**Grantor**"); organized in accordance with the laws of [state or country where incorporated] with its registered address at [Grantor's address]

1.1.2 [Grantee Name] (hereinafter referred to as the "**Grantee**") organized in accordance with the laws of [state or country where incorporated] with its registered address at [Grantee's address];

1.2 The named parties set forth in Section 1.1 above shall collectively hereinafter referred to as the "**Parties**," and individually as the "**Party**."

*This section names which organization(s) are part of this recoverable grant agreement. Additional parties, subsidiaries or other participants in the Agreement may be added in this section, if necessary.*

### 2. NATURE OF THIS AGREEMENT:

2.1 Grantor supports Grantee and [description of their services or work product].

2.2 Grantor has determined that Grantee's [service or work product] would have a significant impact on [topic service or work product addresses] that would help address and eradicate poverty in [community where Grantee is working].

2.3 **[OPTIONAL]**, if needed to go into more detail] Grantor has determined that Grantee's work would contribute significantly to [describe other purposes directly addressed by Grantee's operations].

2.4 **[OPTIONAL]** The purpose of this Agreement is to set out the obligations of each Party with respect to that certain Proof of Concept by and among Grantor and Grantee initiative dated as of [xx] (the "**Proof of Concept**").

2.5 **[OPTIONAL]** The purpose and design of this Agreement is such that it may be used in lieu of a loan agreement where circumstances warrant, and as may be agreed to by the Parties.

2.6 **[OPTIONAL]** The purpose of this Agreement is to set out the obligations of each Party with respect to the Grant in an amount of [\$XX USD] to Grantee, subject to the following terms and conditions: [insert necessary terms and conditions]

*This section provides an overview of the deliverable that will be produced by the Grantee in exchange for Grantor's recoverable grant.*

*Sections 2.3, 2.4, 2.6 are optional provisions that can be included to add more detail of the deliverables that the Grantee will be producing. These alternatively could be provided in an annex or submitted directly to Grantor when applying for or negotiation the grant.*

*Regardless of how the scope of the project is referenced or where the details are made available, inclusion of a full and detailed description of the project the grant amount may help to avoid disputes as to whether the funding is being used for its intended purposes.*

### 3. THE RECOVERABLE GRANT:

- 3.1 Grantor agrees to pay [Grantee] in the amount of [ \$\_\_\_\_\_USD ] (the "**Recoverable Grant**" or the "**Grant**") for the sole purpose of supporting [Grantor]'s [name of program or description of work]. (the "**Project**").
- 3.2 After execution of the Agreement and receipt of all required documents from Grantee, confirmed by written acknowledgment from Grantor, Grantor shall disburse by [check, wire, etc.] the *[full or by installments]* the amount of the Grant to Grantee no later than [90 days after execution of Agreement and receipt of required documents] (the "**Closing**"). The Parties may agree in writing to change the Closing date.
- 3.3 This Grant is for a duration of [# of years] years.
- 3.4 The Grant, as well as any interest earned, may not be extended for any other purpose without the prior written approval of Grantor.
- 3.5 **[OPTION 1 for Repayment on a Date]** At the end of the [#] – year grant period, Grantee agrees to fully repay the Grant to Grantor on or before [date] (the "**Repayment Date**"). The Grantee is entitled to make periodic payments, as set forth in the payment schedule ("**Repayment Schedule**"), attached hereto in [Annex 2]. Grantee may make periodical repayments of the Grant to Grantor in accordance with the Repayment Schedule, or as may otherwise be agreed to by the Parties, during the grant period. There shall be no penalty for pre-payment of the Grant ahead of the Repayment Schedule. Grantor shall send an invoice to Grantee 90 days before the due date of the final Repayment Date of the Grant.

*NOTE: The Repayment Schedule has been omitted from this template because the specific details of a project are needed to determine when payments are due and the amount due. A placeholder in Annex 2 may be found the end of the document where a Repayment Schedule should be considered on a case-by-case basis.*

**[OPTION 2 for Repayment on Based on Milestones]** At the end of the [#] – year grant period, Grantee agrees to fully repay the Grant to Grantor on or before the completion of the project [project completed] (the “**Project Completion**”). Grantee agrees to repay the Grant to Grantor based on milestones as may be agreed to by the Parties and as completed with respect to the project throughout the grant term (the “**Repayment Milestone**”). Grantee may make periodic repayments of the Grant to Grantor at any time during the grant period, (“**Repayment Schedule**”), attached hereto in [Annex 2]. Grantee shall notify Grantor within ninety (90) days of the completion of each Repayment Milestone.

*This section provides an overview of the deliverable(s) the third party will be producing in exchange for Grantor’s Recoverable Grant. If funding is conditioned on any requirements or performance metrics, conditions will be outlined in this section. The duration of the Recoverable Grant is also defined in this section.*

- 3.6 The Grant funds that Grantee repays (“**Recovered Funds**”) will be deposited in a trust account (“**Trust**”) to be established by Grantor, or other designated party. After Project Competition, the Recovered Funds may be disbursed from the Trust to Grantee or to a separate organization. The Recovered Funds may be used for the initial Project or a different project, as may be designated by Grantor.

*The nature of this agreement is that the initial deployed funds will be recovered and used again for additional projects. This recoverable grant is an alternative mechanism to a loan. See Optional Section 2.5, above.*

- 3.7 If after the Project Completion project funds remain from the Grant, Grantee shall return any funds not expended or committed for the purpose of the Grant within thirty (30) days of Project Completion to Grantor.
- 3.8 Grantee shall not use the Grant to attempt to influence legislation or the outcome of any specific public election, or any other prescribed uses as may be designated by Grantor.

#### 4. **REPRESENTATIONS AND WARRANTIES OF THE GRANTEE:**

- 4.1 Grantee is a [description of entity, e.g., nonprofit, corporation, non-governmental actor, co-op, etc.] duly organized and in good standing under the laws of [country of incorporation]. Grantee has all requisite corporate power and authority to execute this Agreement.

*U.S. lenders are accustomed to having their borrowers represent that they are “in good standing” in the jurisdiction where they are incorporated and licensed to do business. Grantees not in good standing may jeopardize lenders with delinquent payments or other issues.*

- 4.2 Except as disclosed in writing to Grantor [on the attached schedule], that there are no judgments, actions, claims, liens, legal proceedings, or investigations pending or threatened involving Grantee.

*If there are judgments, actions, claims, liens, legal proceedings, or other investigations pending or threatened, these should be outlined in an attached schedule.*

- 4.3. The [audited] statement of the financial standing of Grantee as of [date of audit] delivered to Grantor is complete, correct, and fairly represents the financial position of Grantee.

*Audited financial statements provide third-party assurance of their accuracy. However, audited financial statements are expensive and may not be necessary for Grantor.*

- 4.4. Grantee has filed all tax and information returns required to be filed in [jurisdictions that it's incorporated and operating in] and has paid all taxes, assessments, fees or other governmental charges. The Grantee certifies that there are no tax audits currently being conducted involving Grantee.

- 4.5 All financial statements and related information furnished by Grantee to Grantor are true and correct in all material respects and fairly represent the financial condition of Grantee. Grantee acknowledges Grantor has relied and will rely on the truthfulness, accuracy and completeness of such information as an incentive for making the Grant. Grantee shall promptly provide Grantor with written notice of any material, adverse change in the financial condition of the Grantee as represented hereby as may occur at any time during the term of the Grant.

## 5. **OBLIGATIONS OF AND THE DUTY TO COOPERATE BY GRANTEE**

- 5.1 Grantee shall use the Grant to advance [purpose]. All proceeds of the Grant shall be used by Grantee in its [description of what the grant will support] work. The Grant may not be pledged or used as security for any indebtedness of the Grantee.

- 5.2 Grantee shall maintain its corporate existence and status as a charitable organization throughout the duration of the Project.

- 5.3. **Reporting Requirements.** Grantee shall furnish to Grantor the following information in a timely manner:

5.3.1 **[OPTION 1] Quarterly financial statements.** Quarterly financial statements shall be provided within 90 days of the end of each quarter.

**[OPTION 2 for less frequent reporting] *Annual financial statements.*** Annual financial statements shall be provided within 90 days of the end of each fiscal year. Grantor reserves the right to request that copies of all financial statements operating summaries, and similar reports, shall be made within thirty (30) days after the close of each quarter. The Grantee shall have a duty to report within ten (10) business days, any information that may be deemed by the Grantor's to be material to the Grantor's existence or operation.

*Grantor may want to have more frequent updates on financials of depending on the maturity of or Grantor's familiarity with the Grantee that is borrowing the funds.*

5.3.2. Annual [audited] financial statements. Annual financial statements shall be provided within 120 days of the end of the calendar year.

5.3.3. Annual narrative report from Grantee's executive director [or equivalent leadership title] describing the use of the Grant and how the Grant furthered its [description] programs. This narrative shall be provided within 120 days of the end of the calendar year.

*This term allows Grantor to get annual updates on the status of the Project.*

5.3.4. Any other information respecting the operations, activities and financial condition of Grantee that Grantor may reasonably request.

5.3.5 The Grantee shall provide an end-of-project narrative report (and a final audited or non-audited financial statement if requested by Grantor) on the terms and conditions as shall be agreed to by the Parties. It is understood by the Parties that the narrative referenced herein may be triggered by actual end of the project (the "**Termination**") regardless of its cause and whether the termination of the project is voluntary or involuntary. (*See Section 9, below.*)

- 5.4. **Grantee Board Resolution.** Prior to the execution of this Agreement, the Grantee agrees to provide a corporate resolution from its Board of Directors authorizing the acceptance of the Grant pursuant to the terms of this Agreement.
- 5.5 [OPTIONAL] As a courtesy to Grantor, Grantee shall notify Grantor of any new indebtedness obligations without obtaining Grantor's prior written approval.
- 5.6 [OPTIONAL] As a courtesy to Grantor, Grantee shall notify Grantor if it acquires another company, sell or dispose of its assets, merge with another organization, terminate its corporate existence or wind up its operations, without the express prior written consent of Grantor.

- 5.8 **Change in Key Personnel.** Grantee agrees to notify Grantor should there be a change in any key personnel. Key personnel are any senior level managers at Grantee's operations to be further described by joint written agreement of the Parties, and at time that shall be mutually agreed to by the Parties. The Parties may, from time to time, update the list of Key Personnel, as may be needed, or as may be mutually agreed to by the Parties.

*This term allows the Parties "wobble room" to adjust who is in charge of the Project. This should be further addressed in detail for each project in an annex.*

- 5.9 **Due Diligence.** Prior to the Grantee repayment of the Grant, Grantor will conduct due diligence on Grantee in the same manner that it conducts due diligence for all of Grantor's charitable grantees. Such due diligence requires Grantee to provide to the Foundation that shall include, but shall not be limited to, the following documents:

5.9.1. Proof of tax-exempt status in [fill in state or country, e.g., "New York"].

5.9.2. Corporate resolution pursuant to section 5.4 above.

5.9.3. [Any additional documents deemed necessary by Grantor]

## 6. MISCELLANEOUS

- 6.1 Neither Parties shall assign or transfer any interest in this Agreement.
- 6.2 All conditions, covenants, duties and obligations contained in the Agreement may be amended only through a written amendment signed by the Parties.
- 6.3 Conditions, covenants, duties and obligations contained in this Agreement may be waived or amended only by written agreement between the Parties. No course of dealing on the part of Grantor, or any delay or failure on the part of Grantor to exercise any right, shall operate as a waiver of its rights.
- 6.4 This Agreement is for the sole benefit of the Parties (and their respective heirs, executors, administrators, successors and assigns) and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.
- 6.5 The Parties agree that damage may occur if any provision of this Agreement is not performed in accordance with the terms herein and that, under those circumstances, the Parties shall be entitled to pursue any reasonable remedy to which they may be entitled at law or in equity, including seeking the termination of this Agreement as set forth in Section 9.1, below.

## 7. GOVERNING LAW AND DISPUTES:

- 7.1 This Agreement shall be governed and construed in accordance with the laws of the State of New York without regard to its conflict of law provisions.
- 7.2 The Parties agree to bring any federal or state legal proceedings arising under this Agreement in a court of competent jurisdiction within the State of New York, [City of New York].
- 7.3 In the event of any disagreement or dispute between the Parties arising out of any matter relating to or arising out of this Agreement, the Parties shall, in the first instance, seek to resolve the matter by discussions between their respective representatives specially designated for this purpose. In the event these representatives are unable to resolve the disagreement or dispute within fourteen (14) business days, it shall be referred for resolution to a committee comprising a senior management (vice president level or above) representative from each Party.
- 7.4 If the disagreement or dispute is not resolved pursuant to the preceding clause within thirty (30) days from the date it first arose, or if either Party believes that it is unlikely to be resolved in this matter, any such dispute shall be referred to arbitration. Such claim shall be settled by arbitration administered by the American Arbitration Association under its commercial arbitration rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. One arbitrator shall be appointed in accordance with the commercial arbitration rules. The place of arbitration will be Washington, DC. The language of the arbitration shall be English.
- 7.5 Notwithstanding the determination by the Parties to utilize arbitration as specified above for resolution of disputes arising out of or in connection with this agreement, nothing herein shall preclude either Party from seeking and obtaining from a court of competent jurisdiction appropriate equitable relief, including without limitation, a temporary restraining order or other injunctive relief, to prevent a breach of this agreement or to otherwise maintain the status quo pending the outcome of any arbitration.

## 8. LIMITATION OF LIABILITY AND INDEMNIFICATION:

- 8.1 **Limitation of Liability.** Except for any claim of intentional fraud or willful misconduct, a material breach of a Party's confidentiality obligations (as defined in Annex 4), or a material breach of a Party's obligations contemplated in this Agreement, notwithstanding anything else to the contrary herein, no Party shall be liable to the other hereunder for any incidental, indirect, punitive, special, or consequential loss or damages of any kind, or for any loss of use, loss of business, opportunity, goodwill or loss of profit.
- 8.2 [OPTIONAL] **Indemnification.** The Grantee shall indemnify and hold Grantor, its Trustees, officers, agents, and employees harmless against any and all claims, demands, damages, liabilities, and costs which directly or indirectly result from,

or arise in connection with, any negligent act or omission of Grantee, its agents, or employees, pertaining to its activities and obligations under this Agreement or from the Grantee's use of the results of the Project.

*Note: A confidentiality clause is not included as an Annex as each agreement has unique information on what intellectual property materials may be generated. A confidentiality clause should be considered on a case-by-case basis and added as an annex to this Agreement.*

## 9. TERMINATION:

- 9.1 Either Party may terminate this Agreement upon sixty (60) days prior written notice to the other Party. In the event that either Party shall commit any material breach of or default in any terms or conditions of this Agreement, and also shall fail to reasonably remedy such default or breach within sixty (60) days after receipt of written notice of such default or breach from the other Party, the non-breaching Party may, at its option, and in addition to any other remedies which it may have at law or in equity, terminate this Agreement by sending notice of termination in writing to the other Party to such effect. Termination shall be effective as of the day of receipt of such notice (the "**Termination Date**"). Termination of this Agreement by either Party for any reason shall not affect the rights and obligations of the Parties accrued prior to the Termination Date.

*Grant Agreements typically include provisions specifying how and when the parties may terminate the Grant Agreement prior to the expiration of the Period of Performance. The sample language above provides a common formulation under which each has certain termination rights, upon prior written notice to the other party. In other common formulations, a termination section may include additional grounds for a lending organization to terminate a Grant Agreement, such as Grantor's determination that (i) an organization has not complied with the terms and conditions of the Grant Agreement; (ii) termination is necessary to comply with laws or regulations applicable to Grantor; and/or (iii) there have been significant changes in leadership, the principal managers conducting the Project, or the budget for the Project.*

- 9.2 Neither Party shall be liable to the other for any delay in, or failure of performance, of any requirement included in the Agreement caused by force majeure. The existence of such causes of delay or failure shall extend the period of performance until after the causes of delay or failure have been removed provided the non-performing Party exercises all reasonable due diligence to perform. Force majeure is defined as acts of God, war, fires, explosions, hurricanes, floods, failure of transportation, or other cause that are beyond the reasonable control of either Party and that by exercise of due foresight such Party could not reasonably have been expected to avoid, and which, by the exercise of all reasonable due diligence, such Party is unable to overcome.

## 10. NOTICES AND APPROVALS:

All notices, requests, consents, claims, demands, waivers and other communications pursuant to this Agreement shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally or internationally recognized overnight courier (receipt requested); (c) on the date sent by e-mail of a PDF document (with subsequent confirmation of transmission); or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the addresses indicated below.

[*Alternative Text*] Notices, invoices, communications, payments, requests, and approvals under this Agreement shall be delivered by mail or email to the other Party's primary contact, as specified below.

### To the Grantee:

[Address]  
Phone [Telephone #]  
Fax : [Facsimile #]  
[Email]  
Attention: [\_\_\_\_\_]

### If to Grantor:

Grantor, Inc.  
[Address]  
Phone: [Telephone #]  
Fax: [Facsimile#]  
Attention: [\_\_\_\_\_]

*Wire transfer details for Payment Arrangements may be added to an annex. (See Annex 5, below.)*

## 11. AUTHORITY:

- 11.1 By his or her signature below, each signatory represents and warrants that he or she is duly authorized to enter this Grant Agreement on behalf of the Party he or she purports to represent such that, upon execution and delivery, this Grant shall be a binding obligation of such Party.
- 11.2 Each of the Parties agree to be legally bound by this Agreement, and have set forth their respective signatures through their duly authorized officer or representative, to be effective on the date it has been signed by both Parties.

### GRANTEE

By: \_\_\_\_\_  
[Name of Signatory]  
[Title of Signatory]  
[Grantee Name]  
Dated: \_\_\_\_\_

### GRANTOR

By: \_\_\_\_\_  
[Name of Signatory]  
[Title of Signatory]  
Grantor, Inc.  
Dated: \_\_\_\_\_

**Annex 1**  
**Proof of Concept**

[Optional Annex to provide supplementary information on the purpose of the Grant]

This Annex 1 is attached to and made a part of that certain Agreement, dated [date of Agreement], between Grantor and Grantee.

[Overview of Grant Purpose]

**Annex 2**  
**Repayment Schedule [Optional] & Repayment Milestones**

[Optional Annex to provide specifics on the Repayment Schedule and Repayment Milestones]

**NOTE:** This Annex refers to the agreement by and between the Parties set forth in Section 3.5 above.

This Annex 2 is attached to and made a part of that certain Agreement, dated [date of Agreement], between Grantor and Grantee.

[Repayment Schedule Terms]

[Repayment Schedule Terms with Milestones] refers to **Section 3.5 [OPTION 2]** above, whereby the Grantee agrees to repay the Grant to Grantor based on milestones as may be agreed to by the Parties and as completed with respect to the project throughout the grant term (the “**Repayment Milestone**”). Grantee may make periodic repayments of the Grant to Grantor at any time during the grant period in accordance with the (“**Repayment Schedule**”), attached hereto in [**Annex 2**], unless otherwise agreed to by the Parties. Grantee shall notify Grantor within ninety (90) days of the completion of each Repayment Milestone.

**Annex 3**  
**Key Personnel**

[Annex to provide specifics on Key Personal]

This Annex 3 is attached to and made a part of that certain Agreement, dated [date of Agreement], between Grantee and Grantor.

[Key Personnel Details and specifics on wiggle room for changes]

**Annex 4**  
**Confidentiality Agreement**

[Optional Annex to provide specifics on non-disclosure]

This Annex 4 is attached to and made a part of that certain Agreement, dated [date of Agreement], between Grantee and Grantor

**Annex 5**  
**Wire Payment Details**

[Annex to provide specifics on Wire Payment Details]

This Annex 5 is attached to and made a part of that certain Agreement, dated [date of Agreement], between Grantee and Grantor.

[Wire Payment Details]

## VIII. Attachment C – Annotated Loan Agreement Template

The loan agreement below can be used as a template that may be edited. Annotations are included in the template in blue boxes to give context to different parts of the agreement. These blue boxes should be removed if being used for an actual project. If GRANTOR wishes to serve as a microfinance lender by providing funds to an individual or organization and receiving interest on the initial investment, a loan may be the best mechanism.

**PLEASE BE ADVISED THAT THIS (AND ALL TEMPLATES PROVIDED IN THIS DELIVERABLE) IS *NOT* LEGAL ADVICE, NOR MAY IT BE RELIED ON AS LEGAL ADVICE. IF ANY USER WISHES TO USE THESE TEMPLATES AS A STARTING POINT, SUCH USERS *MUST* CONSULT WITH AN ATTORNEY DESIGNATED BY ONE OR BOTH PARTIES, OR AS MAY BE AUTHORISED TO PRACTICE IN THE JURISDICTION THAT CONTROLS THE USE OF THE TEMPLATE.**

**[GRANTEE'S NAME]  
("GRANTEE"),**

**AND**

**[GRANTOR, INC.]  
("GRANTOR"),**

---

**LOAN AGREEMENT**

---

## LOAN AGREEMENT

### 1. INTRODUCTION AND PARTIES

1.1 This Loan Agreement (the "**Agreement**") is entered into this \_\_\_ day of \_\_\_\_\_ 20\_\_ among:

1.1.1 [Grantee Name] (hereinafter referred to as the "**Grantee**") organized in accordance with the laws of [state or country where incorporated] with its registered address at [Grantee's address];

1.1.2 GRANTOR, INC (hereinafter referred to as "**Grantor**"), a [state of incorporation] not-for-profit corporation and having its registered address at [Grantor's address]; and

1.2 The parties referred to in Sections 1.1. shall hereinafter be referred to collectively as the "**Parties**," and individually as the "**Party**."

*This section name which organizations are part of this loan agreement: Grantee, and Grantor (optional 3<sup>rd</sup> party).*

### 2. NATURE OF THIS AGREEMENT

2.1 Grantor supports Grantee and [description of their services or work product].

2.2 Grantor has determined that Grantee's [service or work product] would have a significant impact on [topic service or work product addresses] that would help address and eradicate poverty in [community where Grantee is working].

2.3 if needed to go into more detail] Grantor determined that Grantee's work would contribute significantly to [describe other purposes directly addressed by Grantee's operations].

2.4 **[OPTIONAL]** The purpose of this Agreement is to set out the obligations of each Party with respect to that certain Proof of Concept by and among Grantor, and Grantee initiative dated as of [xx] (the "**Proof of Concept**"), **[OPTIONAL]** is attached hereto and incorporated into the Agreement as Annex 1)].

*Note: The Loan Agreement is drafted as stand-alone document here so that it may be used in many different contexts.*

2.5 The purpose of this Agreement is to set out the obligations of each Party with respect to the Loan in an amount of [\$XX USD] to Grantee, subject to the following terms and conditions: [insert necessary terms and conditions].

*This section provides an overview of the deliverable(s) the third party Grantee will be producing in exchange for Grantor's loan.*

*Sections 2.4, and 2.5, are optional provisions that may be included to add more detail of the deliverables that the third party will be producing. Alternatively, these sections could be provided in an annex or submitted directly to Grantor when applying for or while negotiating the loan.*

*Regardless of how the scope of the project is referenced or where the details are made available, inclusion of a full and detailed description of the project the loan amount may help to avoid disputes as to whether the funding is being used for its intended purposes. A term sheet would also be a good attachment to add, if helpful.*

### 3. LOAN

*There are many different types of loan agreements: a term loan, line of credit, revolving loans, and collateralized (secured) loans, to name a few. For the purposes of this template an unsecured loan (Option1) and secured (Option 2) are outlined below.*

*Unsecured Loan – An unsecured loan is not backed by any collateral. Thus, there is no way for the lender (i.e., Grantor) to have any recourse in the event that the borrower/Grantee fails to repay all or part of the Loan.*

*Secured Loan – A secured loan provides more assurance to the lender (Grantor) that the borrower/Grantee will repay the principal and interest on the loan because collateral is provided which may be seized by GRANTOR in the event of loan default. Collateral may be a lien. Liens may be assessed on physical or financial assets (e.g., income streams, farming equipment, real property, personality, debt, etc.).*

*With the added assurance that a lender will recoup their finances, interest rates typically are lower for secured loans compared to unsecured loans. In other words, the lender assumes less risk if the loan is secured insofar as the underlying collateral interest may be executed in cases of loan default.*

#### [OPTION 1 – Unsecured Loan, remove if using Secured Loan provisions]

- 3.1 Grantor agrees pay Grantee in the amount of [ \$ \_\_\_\_\_ USD ] (the “**Loan**”) for the sole purpose of supporting Grantee’s [name of program or description of work]. (the “**Project**”).
- 3.2 After execution of the Agreement and receipt of all required documents from Grantee, confirmed by written acknowledgment from Grantor, Grantor shall disburse by [check, wire, etc.] the [full] Loan to Grantee no later than [90 days after

execution of Agreement and receipt of required documents] (the “Closing”). The Parties may agree in writing to change the Closing date.

*A term loan is paid all at once and no further borrowing or re-borrowing is permitted under the same loan. Moreover, there is no security interest (e.g., secured lien) that is pledged by the borrower Grantee that would give a creditor a claim or interest in a specific asset to secure repayment of the debt. In the event of a loan default, the creditor would file an action in court to seize the collateral to offset the loss of the loan repayment.*

- 3.3 This Loan is for a duration of [# of years] years.
- 3.4 The Loan, as well as any interest earned, may not be extended for without the prior written approval of Grantor.
- 3.5 **[OPTION 1 – Straight line amortization]** Grantee agrees to pay interest and principal payments of the Loan to Grantor on a fixed schedule, as set forth in the amortization schedule (“**Amortization Schedule**”) attached hereto in [Annex 2].

**[OPTION 2 – Interest Only Balloon]** Grantee agrees to pay interest payments only during the term of the Loan. At maturity, Grantee will repay the principal balance of the loan in on lump-sum payment, as set forth in the amortization schedule, (“**Amortization Schedule**”) attached hereto in [Annex 2].

*NOTE: A balloon repayment refers to the payment of all of the outstanding principal sum which is made at the end of a loan period. All of the interest has already been paid at that point.*

*An Amortization Schedule has been omitted from this template because the specific details of a project are needed in order to determine when payments are due and the amounts due. An Amortization Schedule should be included as an attachment.*

*If GRANTOR wishes to allow for early payments (i.e., pre-payment of the loan] this will result in smaller interest payments. In that case, the following language could be included:*

Grantee may make periodic repayments of the Loan to Grantor, and pre-pay the loan without penalty at any time during the loan period. Grantor shall send an invoice to Grantee 90 days before the Repayment Date of the Loan.

- 3.6 Grantee shall not use the Loan to attempt to influence legislation or the outcome of any specific public election, or any other prescribed uses as may be designated by Grantor.

[OPTION 2 – Secured Loan, remove if using Unsecured Loan provisions]

*A collateralized or secured loan typically has a lower rate of interest compared to an unsecured loan due to the decreased risk to the lender. The type of collateral used to secure the loan can be specific or fixed (e.g., mortgage, income of sales). For purposes of this template, specific collateral will be used.*

Grantor agrees pay Grantee in the amount of [\$ \_\_\_\_\_ USD] (the “**Loan**”) for the sole purpose of supporting Grantee’s [name of program or description of work] (the “**Project**”).

3.7 After execution of the Agreement and receipt of all required documents from Grantee, confirmed by written acknowledgment from Grantor, Grantor shall disburse by [check, wire, etc.] the *[full or by installments]* the amount of the Loan to Grantee no later than [90 days after execution of Agreement and receipt of required documents] (the “**Closing**”). The Parties may agree in writing to change the Closing date.

*A collateral or secured loan is paid all at once and no further borrowing or re-borrowing is permitted under the same loan.*

- 3.8 This **Loan** is for a duration of [# of years] years.
- 3.9 The interest on the **Loan** will be [x percent] (the “**Interest**”) of the principal amount of the Loan. The **Loan** and **Interest** collectively will be known as the debt (the “**Debt**”) hereinafter in this Agreement.
- 3.10 The **Loan**, as well as any interest earned, may not be extended for any other purpose without the prior written approval of Grantor.
- 3.11 As security for payment of the Debt, Debt shall be secured by the following [insert items and types of collateral that will be used to secure the loan] (the “**Collateral**”). Grantee will execute financing statements, letters in lieu of production forms, assignments, notices and other documents and instruments which are necessary or appropriate to perfect the security interests to create the Collateral, and register all appurtenant items in the Collateral in the name of Grantor. Further, Grantee will register the Collateral to Grantor in the appropriate collateral registry in the appropriate jurisdiction, as may be agreed to by the Parties, as security for the repayment of all the debt]. If the Debt is paid in full or Grantor acknowledges in writing that it is satisfied with Grantee’s payments, Bank will release Collateral to the Grantee. If any of the Debt remains unpaid, Grantor will retain its security interest in all of the Collateral until the remaining Debt is paid in full. Grantee hereby acknowledges that all Collateral will be deposited with the Bank for safekeeping as security for the repayment of all of the Debt.

**[OPTION 1 – Straight line amortization]** Grantee agrees to pay interest and principal payments of the Loan to Grantor on a fixed schedule, as set forth in the amortization schedule (“**Amortization Schedule**”) attached hereto in [Annex 2].

**[OPTION 2 – Interest Only Balloon]** Grantee agrees to pay interest payments only during the term of the Loan. At maturity, Grantee will repay the principal balance of the loan in on lump-sum payment, as set forth in the amortization schedule, (“**Amortization Schedule**”) attached hereto in [Annex 2].

3.12 Grantee shall not use the Loan to attempt to influence legislation or the outcome of any specific public election.

#### 4. REPRESENTATIONS AND WARRANTIES OF THE GRANTEE

4.1 Grantee is a [description of entity e.g., nonprofit, corporation, non-governmental actor, co-op, etc.] duly organized and in good standing under the laws of [country of incorporation]. Grantee has all requisite corporate power and authority to execute this Agreement.

*U.S. lenders are accustomed to having their borrowers represent that they are “in good standing” in the jurisdiction where they are incorporated and licensed to do business. Grantee not in good standing may jeopardize lenders with delinquent payments or other issues.*

4.2 Except as disclosed in writing to Grantor [on the attached schedules], there are no judgments, actions, claims, liens, legal proceedings, or investigations pending or threatened involving Grantee.

*If there are judgments, actions, claims, liens, legal proceedings, or other investigations pending or threatened these should be outlined in an attached schedule.*

4.3. The [audited] statement of the financial standing of Grantee as of [date of audit] delivered to Grantor are complete, correct, and fairly present the financial position of Grantee.

*Audited financial statements provide third-party assurance of their accuracy. However, audited financial statements are expensive and may not be necessary for Grantor.*

4.4. Grantee has filed all tax and information returns required to be filed in [jurisdictions that it’s incorporated and operating in] and has paid all taxes, assessments, fees of other governmental charges. There are no tax audits currently being conducted involving Grantee.

4.5 All financial statements and related information furnished by Grantee to Grantor are true and correct in all material respects and fairly represent the financial condition of Grantee. Grantee acknowledges Grantor has relied and will rely on the truthfulness, accuracy and completeness of such information as an incentive for making the Loan. Grantee shall promptly provide Grantor with written notice of any material, adverse change in the financial condition of the Grantee as represented hereby as may occur at any time during the term of the Loan.

5. **OBLIGATIONS OF AND THE DUTY TO COOPERATE BY GRANTEE**

5.1 Grantee shall use the Loan to advance [purpose]. All proceeds of the Loan shall be used by Grantee in its [description of what the loan will support] work. The Loan may not be pledged or used as security for any indebtedness of the Grantee.

5.2 Grantee shall maintain its corporate existence and status as a charitable organization throughout the duration of the Project.

5.3. **Reporting Requirements.** Grantee shall furnish to Grantor the following information in a timely manner:

5.3.1 **[OPTION 1] *Quarterly financial statements.*** Quarterly financial statements shall be provided within 90 days of the end of each quarter.

**[OPTION 2 for less frequent] *Annual financial statements.*** Annual financial statements shall be provided within 90 days of the end of each fiscal year. GRANTOR reserves the right to request that copies of all financial statements operating summaries, and similar reports, shall be made within thirty (30) days after the close of each quarter. The Grantee shall have a duty to report within ten (10) business days, any information that may be deemed by the Grantee to be material to the Grantee's existence or operation.

*Grantor may want to have more frequent updates on financials of depending on the maturity of or Grantor's familiarity with the Grantee borrowing funds.*

5.3.2. Annual [audited] financial statements. Annual financial statements shall be provided within 120 days of the end of the calendar year.

5.3.3. Annual narrative report from Grantee's executive director [or equivalent leadership title] describing the use of the Loan and how the Loan furthered its [description] programs. This narrative shall be provided within 120 days of the end of the calendar year.

*This term allows Grantor to get annual updates on the status of the Project.*

5.3.4. Any other information respecting the operations, activities and financial condition of Grantee that Grantor may reasonably request.

5.3.5 The Grantee shall provide an end-of-project narrative report (and a final audited or non-audited financial statement if requested by Grantor) on the terms and conditions as shall be agreed to by the Parties. It is understood by the Parties that the narrative referenced herein may be triggered by actual end of the project (the “**Termination**”) regardless of its cause and whether the termination of the project is voluntary or involuntary. (See Section 9, below.)

- 5.4. **Grantee Board Resolution.** Prior to the execution of this Agreement, the Grantee agrees to provide a corporate resolution from its Board of Directors authorizing the acceptance of the Loan pursuant to the terms of this Agreement.
- 5.5 Grantee shall not incur or assume any new indebtedness obligations without obtaining Grantor’s prior written approval.
- 5.6 Grantee shall not acquire another company, sell or dispose of its assets, merge with another organization, terminate its corporate existence or wind up its operations, without the express prior written consent of Grantor.
- 5.8 **Change in Key Personnel.** Grantee agrees to notify Grantor should there be a change in any key personnel at Grantee. Key personnel are any senior level managers at Grantee to be further described by joint written agreement of the Parties, and at time that shall be mutually agreed to by the Parties. The Parties may, from time to time, update the list of Key Personnel, as may be needed, or as may be mutually agreed to by the Parties, [[Optional] attached hereinto the Agreement as Annex 3)].

*This term allows the Parties wiggle room to adjust who is in charge of the Project. This should be further addressed in detail for each project in an annex*

- 5.9 **Due Diligence.** Prior to Grantor’s payment of the Loan, Grantor will conduct due diligence on Grantee in the same manner that it conducts due diligence for all Grantor’s borrowers, whether they be for-profit or not-for-profit entities. Such due diligence requires Grantee to provide to Grantor that shall include, but shall not be limited to, the following documents:
- 5.9.1. Proof of tax-exempt status in New York (if applicable).
- 5.9.2. Corporate resolution pursuant to section 5.4 above.
- 5.9.3. [Any additional documents deemed necessary by Grantor].

**6. MISCELLANEOUS**

- 6.1 Neither Parties shall assign or transfer any interest in this Agreement.
- 6.2 All conditions, covenants, duties and obligations contained in the Agreement may be amended only through a written amendment signed by the Parties.
- 6.3 Conditions, covenants, duties and obligations contained in this Agreement may be waived or amended only by written agreement between the Parties. No course of dealing on the part of Grantor or any delay or failure on the part of Grantor to exercise any right shall operate as a waiver of its rights.
- 6.4 This Agreement is for the sole benefit of the Parties (and their respective heirs, executors, administrators, successors and assigns) and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.
- 6.5 The Parties agree that damage may occur if any provision of this Agreement is not performed in accordance with the terms herein and that, under those circumstances, the Parties shall be entitled to pursue any reasonable remedy to which they may be entitled at law or in equity, including seeking the termination of this Agreement as set forth in Section 9.1, below.

**7. GOVERNING LAW & DISPUTES:**

- 7.1 This Agreement shall be governed and construed in accordance with the laws of the state of New York without regard to its conflict of law provisions.
- 7.2 The Parties agree to bring any federal or state legal proceedings arising under this Agreement in a court of competent jurisdiction within the State of New York, [City of New York].
- 7.3 In the event of any disagreement or dispute between the parties arising out of any matter relating to or arising out of this Agreement, the Parties shall, in the first instance seek to resolve the matter by discussions between their respective representatives designated specially for this purpose. In the event these representatives are unable to resolve the disagreement or dispute within fourteen (14) business days, it shall be referred for resolution to a committee comprising a senior management (vice president level or above) representative from each Party.
- 7.4 If the disagreement or dispute is not resolved pursuant to the preceding clause within 30 days from the date it first arose, or if either Party believes that it is unlikely to be resolved in this matter, any such dispute shall be finally referred to arbitration. Such claim shall be settled by arbitration administered by the American Arbitration Association under its commercial arbitration rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. One arbitrator shall be appointed in accordance with the commercial

arbitration rules. The place of arbitration will be Washington DC. The language of the arbitration shall be English.

7.5 Notwithstanding the determination by the parties to utilize arbitration as specified above for resolution of disputes arising out of or in connection with this agreement, nothing herein shall preclude either Party from seeking and obtaining from a court of competent jurisdiction appropriate equitable relief, including without limitation, a temporary restraining order or other injunctive relief, to prevent a breach of this agreement or to otherwise maintain the status quo pending outcome of any arbitration.

## 8. [OPTIONAL] INDEMNIFICATION & LIMITATION OF LIABILITY

8.1 [OPTIONAL] **Indemnification.** The Grantee shall indemnify and hold Grantor, its Trustees, officers, agents, and employees harmless against any and all claims, demands, damages, liabilities, and costs which directly or indirectly result from, or arise in connection with, any negligent act or omission of Grantee, its agents, or employees, pertaining to its activities and obligations under this Agreement or from the Grantee's use of the results of the Project.

8.2 **Limitation of Liability.** Except for any claim of intentional fraud or willful misconduct, a material breach of a Party's confidentiality obligations (as defined in Annex 4), or a material breach of a Party's obligations contemplated in this Agreement, notwithstanding anything else to the contrary herein, no Party shall be liable to the other hereunder for any incidental, indirect, punitive, special, or consequential loss or damages of any kind, or for any loss of use, loss of business, opportunity, goodwill or loss of profit.

*Note: A confidentiality clause is not included as an Annex as each agreement has unique information on what intellectual property materials may be generated. A confidentiality clause should be considered on a case-by-case basis and added as an annex to this Agreement.*

## 9. TERMINATION

9.1 Either Party may terminate this Agreement upon [sixty 60 days] prior written notice to the other Party. In the event that either Party shall commit any material breach of or default in any terms or conditions of this Agreement, and also shall fail to reasonably remedy such default or breach within [sixty 60 days] after receipt of written notice of such default or breach from the other Party, the non-breaching Party may, at its option, and in addition to any other remedies which it may have at law or in equity, terminate this Agreement by sending notice of termination in writing to the other Party to such effect. Termination shall be effective as of the day of receipt of such notice (the "**Termination Date**"). Termination of this Agreement by either Party for any reason shall not affect the rights and obligations of the Parties accrued prior to the Termination Date.

9.2 Neither Party shall be liable to the other for any delay in, or failure of performance, of any requirement included in the Agreement caused by force majeure. The existence of such causes of delay or failure shall extend the period of performance until after the causes of delay or failure have been removed provided the non-performing Party exercises all reasonable due diligence to perform. Force majeure is defined as acts of God, war, fires, explosions, hurricanes, floods, failure of transportation, or other cause that are beyond the reasonable control of either Party and that by exercise of due foresight such Party could not reasonably have been expected to avoid, and which, by the exercise of all reasonable due diligence, such Party is unable to overcome.

*Loan Agreements typically include provisions specifying how and when the parties may terminate the Loan Agreement prior to the expiration of the Period of Performance. The sample language above provides a common formulation under which each has certain termination rights, upon prior written notice to the other party. In other common formulations, a termination section may include additional grounds for a lending organization to terminate a Loan Agreement, such as Grantor's determination that (i) an organization has not complied with the terms and conditions of the Loan Agreement; (ii) termination is necessary to comply with laws or regulations applicable to Grantor; and/or (iii) there have been significant changes in leadership, the principal managers conducting the Project, or the budget for the Project.*

## 10. NOTICES & APPROVALS

10.1 All notices, requests, consents, claims, demands, waivers and other communications pursuant to this Agreement shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally or internationally recognized overnight courier (receipt requested); (c) on the date sent by e-mail of a PDF document (with subsequent confirmation of transmission); or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the addresses indicated below.

10.2 **[Alt text]** Notices, invoices, communications, payments, requests, and approvals under this Agreement shall be delivered by mail or email to the other Party's primary contact, as specified below.

**To the Grantor:**

[Address]

[Phone]

[Fax]

[Email]

Attention: [\_\_\_\_\_]

**If to Grantee:**

[Address]

Phone: [Telephone #]

Fax: [Facsimile#]

Email: [Email]

Attention: [\_\_\_\_\_]

**[DELETE SPACE BAR: HIDDEN IN TEXT]**

**11. AUTHORITY**

11.1 By his or her signature below, each signatory represents and warrants that he or she is duly authorized to enter this Loan Agreement on behalf of the Party he or she purports to represent such that, upon execution and delivery, this Agreement shall be a binding obligation of such Party.

11.2 Each of the Parties agree to legally bind to this Agreement set forth their respective signatures through their duly authorized officer or representative, to be effective on the date it has been signed by both Parties.

**GRANTEE**

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

[Name of Signatory]

[Title of Signatory]

[Grantee Name]

Dated: \_\_\_\_\_

**GRANTOR, INC.**

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

[Name of Signatory]

[Title of Signatory]

Grantor, Inc.

Dated: \_\_\_\_\_

**Annex 1**  
**Term Sheet [OPTIONAL]**

**[Optional Annex to provide information on the agreed upon terms and conditions of the Loan]**

This Annex 1 is attached to and made an integral of the Agreement, dated [date of Agreement], between Grantee and Grantor.

[Below are terms and conditions of the loan that should be considered when drafting a term sheet:

- Parties
- Proposed transaction
- Consideration
- Process issues, such as due diligence
- Conditions to closing, such as regulatory filings and a fairness opinion
- Definitive documentation
- Term and termination rights
- Break-up fees
- Expenses
- Exclusivity
- Confidentiality
- Publicity
- Governing law]

**Annex 2**  
**Amortization Schedule**

**[Annex to provide information on the agreed upon repayment obligations and schedule of payments until Loan is paid to zero.]**

This Annex 2 is attached to and made an integral part of the Agreement, dated [date of Agreement], between Grantee and Grantor.

[Information on dates, time, amount, and how payments will be made]

**Annex 3**  
**Key Personnel**

**[Annex to provide specifics on Key Personal]**

This Annex 3 is attached to and made an integral part of the Agreement, dated [date of Agreement], between Grantee and Grantor.

[Key Personnel Details and specifics on wiggle room for changes]

**Annex 4**  
**Confidentiality Agreement**

**[Optional Annex to provide specifics on non-disclosure]**

This Annex 4 is attached to and made an integral part of the Agreement, dated [date of Agreement], between Grantee and Grantor.

**Annex 5**  
**Wire Payment Details**

**[Annex to provide specifics on Wire Payment Details]**

This Annex 5 is attached to and made an integral part of the Agreement, dated [date of Agreement], between Grantee and Grantor.

[Wire Payment Details]