

From the Articles of Incorporation:

1. *If authorized by a by-law which is duly adopted by the directors and confirmed by ordinary resolution of the members, the directors of the corporation may from time to time:
 - i. borrow money on the credit of the corporation;
 - ii. issue, reissue, sell, pledge or hypothecate debt obligations of the corporation; and
 - iii. mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the corporation, owned or subsequently acquired, to secure any debt obligation of the corporation.*

2. *We are required by law to keep a "Debt Obligations Register" if any debt obligations exist.*

Bylaw #2

A by-law relating to the borrowing powers of

Friends of lake Bernard / Amis du lac Bernard

hereafter referred to as the "corporation", incorporated under the Canada Not-For-Profit Corporations Act s.c. 2009 with "Certificate of Incorporation 1358062-8".

BE IT ENACTED as a By-Law #2 of the corporation as follows:

- 1) The Corporation may borrow money only upon the following terms and conditions:
 - i) The corporation may borrow funds, called "Supporting loans" but only for start-up, capital, or for other non-operating expenses of the organization.
 - ii) The corporation may not finance operating expenses with loans.
 - iii) Supporting loans will be accepted during the start-up period of December 2021 through June 2022 and possibly at future periods as decided by the board in order to finance capital projects.
 - iv) Supporting loans must be in an amount of at least \$1000 and for a 20 year fixed term at 0% interest. Supporting loans may be inherited, gifted, or sold by the lender.
 - v) Holders of a supporting loan become members of the Financial Oversight committee (FOC) (defined in s. 2 of this bylaw) for the duration of their loan.

- vi) Retiring of Supporting Loans: Starting at the end of Fiscal Year 11 of a supporting loan and continuing until Fiscal Year 20, a portion of the loan will automatically be converted into a donation by the following formula:
- (a) Year 11: 1/10 of the outstanding loan will be converted into a donation
 - (b) Year 12: 1/9 of the outstanding loan will be converted into a donation
 - (c) Year 13: 1/8 of the outstanding loan will be converted into a donation
 - (d) Year 14: 1/7 of the outstanding loan will be converted into a donation
 - (e) Year 15: 1/6 of the outstanding loan will be converted into a donation
 - (f) Year 16: 1/5 of the outstanding loan will be converted into a donation
 - (g) Year 17: 1/4 of the outstanding loan will be converted into a donation
 - (h) Year 18: 1/3 of the outstanding loan will be converted into a donation
 - (i) Year 19: 1/2 of the outstanding loan will be converted into a donation
 - (j) Year 20 : all of the outstanding loan will be converted into a donation
- vii) Supporting loans may be converted or partially converted into donations at any time of the owner's choosing. Such conversion would be in addition to any conversion under subsection vi) above. If the corporation gains charitable status from the CRA, any such donation would be eligible for a charitable receipt in the year the loan is converted to a donation.
- viii) The clubhouse property at 30 Christopher will be collateral for supporting Loans.
- ix) Supporting loans may be repaid at any time at the discretion of the board. Partial repayment must be approved by the FOC. Any repayment must be to all creditors in proportion to the outstanding amounts of the loans at the time of repayment. Disproportionate repayment can be made only if approved by a unanimous vote of the FOC.

2) Financial Oversight Committee (FOC)

- i) Consists of members who have loaned money to the corporation under the terms defined in section 1 (above). The FOC reviews and approves decisions that are made by the corporation.
- ii) Decisions of the Board or of the membership which have a financial impact of \$5000 or more must be brought to the FOC for approval before implementation. When notified, the FOC must meet in person and/or by electronic means within five (5) days of the receipt of the request for approval in order to review said request. Failure of the FOC to respond in the prescribed time will result in automatic rejection of the request.
- iii) Each committee member has one (1) vote per dollar of her/his outstanding loan owed by the corporation. Any decision of the FOC is by a simple majority vote of the FOC members who collectively hold at least fifty percent (50%) of the total value of the outstanding loans.
- iv) In the event that the corporation fails over a two year period to hold a number of events consistent with the specified purpose of the Corporation and its financial viability, or fails to pay bills or fails to have funds available to pay bills, the FOC can,

with a two-thirds ($\frac{2}{3}$) vote, call for repayment of the Supporting Loans on three (3) months' notice.

- v) The FOC ceases to exist when the total amount of outstanding loans is less than \$10,000.