

Spokane LION  
(Local Investing Opportunities Network)  
Membership Agreement  
May, 2012

**I. Mission Statement:** Spokane LION creates opportunities for local individuals, businesses, and local investors to network, build prosperous local businesses, keep investing money in our community, and help build a more resilient and sustainable economy in the Spokane region.

**II. Membership Process:**

A. 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.

B. Applicants must submit a membership questionnaire to the new membership contact person and receive the Membership Agreement for their review.

C. The applicant's questionnaire is e-mailed to Spokane LION members, and they have two weeks to review it.

D. If, within two weeks, no members ask to discuss the application at a meeting, the applicant is automatically approved for membership.

E. If the application goes to a meeting discussion by request of any member, then a quorum and majority vote is required to approve the applicant for membership.

F. Once the applicant is approved for membership, the applicant must sign the Membership Agreement and attend a new member orientation organized by their sponsor to confirm their membership.

G. Confirmed members will be added to the Spokane LION e-mail list and will be eligible to begin receiving investing opportunities, including those that were submitted prior to their confirmation.

H. Members of Spokane LION shall remain members until 1) they request to leave the group, 2) they are removed by majority vote, or 3) Spokane LION ceases to exist.

**III. Membership Questionnaire:**

People applying for membership must provide:

A. Basic contact information

B. Name of sponsor member

C. Brief investing background & reasons for joining

D. Types of investments desired. This information is for informational purposes only, and is not used to screen investments for Spokane LION members.

E. Optional: Approximate amount of funds currently invested locally, and approximate amount available for future local investing. This is not a commitment. Answers help Spokane LION track its members' collective financial resources, and are not used to qualify any potential member.

F. Optional: Consent to be included (by name only) in lists of Spokane LION members that may be distributed publicly and/or to individuals and businesses that submit investing opportunities to Spokane LION.

#### **IV. Membership Agreement:**

I hereby agree to:

A. Strive for consensus during the Spokane LION decision-making process, with majority vote as the final arbiter.

B. 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 Spokane LION.

C. Keep confidential all group e-mails, discussions, investing opportunities, and related documents, and share them only with other members of Spokane LION, non-members of Spokane LION agreed to by majority vote of Spokane LION, or with my personal professional advisers as needed to help me make specific investing decisions. However, if a specific investing opportunity is known publicly, or the person or business seeking financing via Spokane LION the "Submitter") does not request confidentiality, then that investing opportunity and any related non-confidential documents may be shared outside Spokane LION at my personal discretion.

D. In the spirit of an open and transparent network, share investing opportunities equally with all eligible 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 Spokane LION.

E. Help cover any minimal out-of-pocket expenses for meetings, e-mail, copying, web site, outreach, etc.

F. Inform Spokane LION's members as soon as I become aware of any actual or potential conflict of interest listed below.

G. Represent that any views expressed or actions taken by myself are my own and do not reflect the views, actions, or recommendations of Spokane LION and its members.

H. Absolve Spokane LION and all of its members of all liability related to any financial activities in which I might be or become involved.

I. Make my investing decisions based solely on my own independent research, and consult with my personal professional advisers if I need legal, financial, tax, or other advice. I hereby acknowledge that Spokane LION and its members do not offer professional advice of any kind in their capacity as Spokane LION members.

J. Abide by this Membership Agreement and all other established Spokane LION policies and procedures. If I am no longer a member of Spokane LION, I agree to continue to be bound by all provisions contained herein regarding all Spokane 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 Spokane LION policies or procedures, I may be voted out of Spokane LION by majority vote, in addition to any form of dispute resolution that may occur.

K. I acknowledge, understand, and agree to the terms of the Legal Disclaimer (below).

**V. Actual or Potential Conflicts of Interest to be Disclosed to Members:**

A. Giving legal, financial, or business advice to a Submitter;

B. Receiving compensation or other income from a Submitter;

C. Having any existing or potential investment, loan, or other financial interest in any way related to a Submitter; or

D. Having a member of your immediate family who is a Submitter or who fits any of the preceding categories.

**VI. Legal Structure:** None

**VII. Member Discussions & Decisions:**

A. Regular in-person meetings will be held approximately once per quarter. The group will designate a facilitator and a minute-taker for each meeting.

B. 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 Membership Agreement.

C. Discussions about investing opportunities are encouraged, but neither Spokane LION nor any sub-group thereof shall be deemed to approve, disapprove, or otherwise have an opinion about investing opportunities. Any opinions are strictly those of the individual members.

D. Consensus and majority-vote decisions concerning membership, modification of this Membership Agreement, Policies and Procedures document, or any other matter that affects Spokane LION membership as a whole, shall only take effect with 1) a quorum of 50% or more of the membership present at a Spokane LION meeting, or 2) a majority of members sending their affirmative votes to the whole group via e-mail.

#### **VIII. Recordkeeping:**

Spokane LION will designate one or more record keepers who will maintain an archive that includes:

A. Minutes of all meetings;

B. Spokane LION related e-mails;

C. Incoming investing opportunities and related documents, signed Submitter agreements, and all other communications related to investing opportunity submissions; and

D. The membership list of names and e-mail addresses, member questionnaires and signed Membership Agreements.

#### **IX. Investing Opportunity Submissions:**

Spokane LION will designate a contact person to communicate with others on its behalf and assist people with the investing opportunity submission process. Upon completion of the following requirements, the Spokane LION investing opportunity contact person will forward, via e-mail, local (Spokane region) investing opportunity submissions to the members that are designated by Submitters.

All Submitters must:

A. Specify to whom they wish to have their investing opportunity and related documents distributed by selecting one of the following three options:

1. Only to the members whom the Submitter designates by selecting from a list of members that have consented to have their names be known publicly,

2. To all members, or
3. To all members plus anyone else outside Spokane LION whom any member feels might be interested.

B. Provide a business plan or an investing opportunity summary (preferably in electronic format) to the Spokane LION contact person which includes the following:

1. Name(s) and full contact information of the owner(s)/borrower(s)
2. Name and full contact information of the business (if applicable)
3. Description and history of the business or investing opportunity
4. Current financial situation of the business and/or borrower (including recent financial statements and projected income and expenses, if possible and not highly sensitive)
5. Amount and terms requested for loan or investment
6. Intended use of funds sought
7. Other loans or investment funds applied for
8. Name(s) and contact information for professional adviser(s) consulted
9. Names and contact information for at least two local references
10. Investing opportunity submissions should not include tax returns or other sensitive personal or confidential financial information.

C. Sign and date an agreement that states:

1. I hereby give Spokane LION permission to circulate my business plan and/or investing opportunity documents among a) those Spokane LION members whom I have designated, b) all Spokane LION members, or c) all Spokane LION members who may redistribute these documents to others outside Spokane LION who may be interested;
2. I acknowledge that the confidentiality of submitted documents is not guaranteed, even if requested; and
3. I acknowledge, understand, and agree to the terms of the Legal Disclaimer (below). I hereby release Spokane LION and its members from liability to the fullest extent of the law.

#### **X. After Circulation of an Investing Opportunity:**

A. Members may individually make contact with the Submitter to indicate their interest.

B. Members may invest individually or together, as desired, and no member shall be required to make any investment.

C. Investment negotiations, legal structures, and agreements are not the responsibility of Spokane LION but instead are the collective responsibility of the Submitter and its professional advisers, and the potential investors and their professional advisers.

D. For the purpose of measuring Spokane LION's networking effectiveness, members are encouraged, but not required, to notify Spokane LION of any investments made as a result of Spokane LION networking activities.

#### **XI. LEGAL DISCLAIMER:**

Spokane LION offers no legal, investment, or financial advice, nor does Spokane LION itself solicit, offer, or recommend any investment opportunities. Spokane LION provides basic forms for the purpose of providing information about potential investments to eligible investors, but Spokane LION does not represent these forms to be anything more than general identifying information. The actual investment information, documentation, and any other legal and/or regulatory requirements for any particular investment or financing transaction shall be the sole responsibility of the individuals, businesses, or other organizations directly involved, and to any appropriate professionals deemed necessary to effect such transactions. Every state has distinct laws and regulations regarding securities offerings, so the individuals, businesses, or other organizations involved are responsible for ensuring they comply with these and any other applicable laws and regulations. Spokane LION does not participate in any negotiations or solicitations for investment transactions, nor does it participate in the investment transactions themselves. Spokane LION exists solely to facilitate contacts between parties who provide local investing and financing opportunities, and eligible parties who may be interested in participating.

The fact that Spokane LION may facilitate submissions and/or distributions of information from individuals, businesses, and other organizations should not be construed as any sort of endorsement or approval of such submissions by Spokane LION or its members. Spokane LION does not examine or otherwise consider submissions beyond simply receiving them, checking them for basic identifying information, and forwarding them to the Spokane LION members who have been designated by the submitting individuals and/or entities. Spokane LION distributes investing opportunity submissions to its members according to instructions received by the submitting individuals and/or entities, and is made without investor qualification of any kind by Spokane LION itself. Any investor qualification is the sole responsibility of the submitting individuals and/or entities.

**Spokane LION's activities shall not constitute an offer to sell, or the solicitation of an offer to buy, securities or any other investment or financing opportunity, document, or vehicle.**

**In making an investment or financing decision, investors or financiers must rely on their own examination of the issuer or maker, and the terms of the offering or other transaction or transaction documentation, including the merits and risks involved.**

Prospective investors or financiers should not construe Spokane LION as providing legal, tax or financial advice. Each prospective investor or financier should consult his or her own professional advisors as to the legal, tax, financial or other matters relevant to the suitability of any investment or financing transaction or transaction documentation for such investor or financier.

**XII. Signature(s):**

I hereby agree to the foregoing Spokane LION Membership Agreement in its entirety.

If I am/we are completing this form via computer, my/our typed name(s) below shall be considered to have the same legal effect as my/our written signature(s).

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name