**PROMISSORY NOTE**

$[ ] [ ], 2024

FOR VALUE RECEIVED, [SCHOOL NAME], a [SCHOOL STATE] nonprofit corporation, (the “School”), promises to pay to the order of The Sunlight Loan Fund, LLC (the “Lender”), the principal sum of [ ] DOLLARS ($[ ]) (the “Loan”). This Promissory Note shall be binding upon, and shall inure to the benefit of, the School and the Lender and their respective successors and assigns.

* **1. Maturity Date**: All unpaid principal, together with any unpaid amounts payable hereunder, shall be due and payable on the earlier of (i) [MATURITY DATE] (the “Maturity Date”) and (ii) at the Lender’s option, if the School defaults on the Loan as described in Section 6 below.
* **2. Fees, Interest and Principal**. The School shall pay the Lender an underwriting fee of 1% of the principal sum of the Loan to be accounted for in the net proceeds as calculated in Exhibit A. The unpaid principal balance of the Loan from time to time shall bear interest at a rate equal to five percent (5%) per annum starting upon issuance of the Loan and through the Maturity Date. Interest hereon shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The interest amount computed shall be payable in 12 monthly installments payable together with each principal payment due and owing in accordance with the terms herein. The principal balance of the Loan shall be paid in monthly installments as outlined below. The School may prepay this Loan, in part or in full, at any time.

| **Payment Due Date** | **Payment Amount** |
| --- | --- |
| Beginning [ ] and monthly thereafter until [ ] | $[ ] per month |
| Beginning [ ] and monthly thereafter until [ ] | $[ ] per month |
| Beginning [ ] and monthly thereafter until [ ] | $[ ] per month |
| Beginning [ ] and monthly thereafter until [ ] | $[ ] per month |

* **3. Grant of Security Interest**. In consideration of the financial accommodations given or to be given to the School by the Lender and as security for the payment and performance of all of the School’s obligations hereunder, including the payment of the principal balance and all accrued and unpaid interest (if any) of this Promissory Note and all expenses of collection, the School hereby grants to the Lender a security interest in all of the School’s right, title, and interest in and to the following, whether now owned or hereafter owned, existing, arising or acquired and wherever located (the “Collateral”): all accounts, deposit accounts, contract rights, chattel paper (whether electronic or tangible), instruments, promissory notes, documents, equipment, fixtures, general intangibles, inventory, goods, investment property, intellectual property, payment intangibles, commercial tort claims, software, software source code, letter of credit rights, health-care insurance receivables and other rights to payment of every kind now existing or at any time hereafter arising, together with all proceeds, accessions or additions to any of the foregoing and whatever is receivable or received when any of the foregoing or the proceeds thereof are sold, leased, collected, exchanged or otherwise disposed of, whether such disposition is voluntary or involuntary, including without limitation, all rights to payment, any insurance relating to any of the foregoing, and all rights to payment with respect to any claim or cause of action affecting or relating to any of the foregoing. All terms used in this Section 3 which are not specifically defined herein shall have the meaning assigned to such terms in Article 9 of the Uniform Commercial Code as in effect in the State of Minnesota (the “UCC”). The Lender is authorized to file UCC financing statements or any other such statements evidencing its security interest in the Collateral.
* **4. Covenants**. So long as any amounts remain outstanding hereunder, the School hereby covenants and agrees as follows:
  + The School shall provide to the Lender (a) within 45 days after the end of each fiscal quarter of the School, the unaudited financial statements of the School for such quarter, including a profit and loss statement and balance sheet and (b) as requested and at least annually detailed information on student and teacher demographics, the enrollment and tuition schedule and the number of qualified low income students for such year.
  + The School shall provide to Lender any information relating to the operations of the School or its assets or business that the Lender may reasonably request from time to time.
  + The School will not create, incur, assume, or be liable for any indebtedness for borrowed money without approval of Lender, other than any indebtedness owing in favor of Lender, other than any indebtedness owing in favor of Lender or trade debt (including without limitation credit card debt) incurred in the ordinary course of business in aggregate outstanding amount in excess of $10,000.
  + The School shall not pledge, mortgage or create, or suffer to exist a lien, encumbrance, charge, or security interest in any of its assets or properties in favor of any person other than the Lender without approval of the Lender, or agree with another person not to pledge, mortgage, create or suffer to exist a lien, encumbrance, charge, or security interest, in each case, other than any of the foregoing existing as of the date hereof.
  + The School will not sell or otherwise dispose, or offer to sell or otherwise dispose, of any of its assets or properties outside of its ordinary course of business, unless it immediately uses all net proceeds thereof to repay outstanding amounts hereunder.
* **5. Representations**. The School hereby represents and warrants to the Lender as follows:
  + This Promissory Note and the consummation of the transactions contemplated hereby, have been duly authorized by the School and constitute the legal, valid, and binding obligations of the School, enforceable against the School in accordance with its terms.
  + The execution, delivery and performance by the School of this Promissory Note do not and will not (i) conflict with or constitute a breach of, or default under, or require any consent under, law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to the School;
  + There are no actions, suits, investigations, or proceedings pending or, to the School’s actual knowledge, threatened at law, in equity, in arbitration or by or before any other authority involving or affecting: (a) the School’s ability to perform its obligations hereunder; or (b) the School’s ability to continue to operate its business in the manner in which it is presently being conducted, or (c) the School’s ability to make the payments required to be made by the School to the Lender hereunder in accordance with Section 2 above. There are no judgments entered against the School, and the School is not in default with respect to any judgment, writ, injunction, order, decree or consent of any court or other judicial authority, that could materially adversely affect the School’s ability to perform its obligations hereunder.
* **6. Events of Default and Remedies**. The occurrence of any of the following events or conditions shall constitute an event of default hereunder (an “Event of Default”):
  + The School shall fail to pay any amounts owing hereby as and when due and payable;
  + A representation or warranty made by the School in this Promissory Note is incorrect in any material respect when made;
  + The School shall fail to perform or observe any term, covenant or agreement contained in this Promissory Note other than any requirement to pay any amounts due and owing hereunder; provided, however, that if any such failure is capable of remedy, such failure shall not constitute an Event of Default unless it is not remedied within thirty (30) days of the Schools receipt from the Lender of notice of such failure.
  + The School (a) shall generally not, or be unable to, or shall admit in writing its inability to, pay its debts as its debts become due; (b) shall make an assignment for the benefit of creditors, or petition or apply to any tribunal for the appointment of a custodian, receiver or trustee for its or a substantial part of its assets; (c) shall commence any proceeding under any law relating to bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation; (d) shall have had any such petition filed, or any such proceeding shall have been commenced against it, in which an adjudication is made or order for relief is entered or which remains undismissed for a period of 60 days; (e) shall have had a receiver, custodian or trustee appointed for all or a substantial part of its property; or (f) takes any action effectuating, approving or consenting to any of the events described in clauses (a) through (e).
  + Upon occurrence of an Event of Default, lender may declare all amounts then unpaid pursuant to Section 2 hereof to be immediately due and payable whereupon the same shall become and be forthwith due and payable without presentment, demand, protest, notice of acceleration or intention to accelerate or further notice of any kind, all of which are hereby expressly waived by the School, provided that in the case of an Event of Default described above, all amounts then unpaid pursuant to Section 2 hereof shall be immediately due and payable.
    - Upon the occurrence of an Event of Default, Lender may exercise any and all rights and remedies it may have under this Promissory Note, under the UCC and under any applicable law.
    - All rights and remedies shall be cumulative and not exclusive. The failure of Lender to exercise all or any of his rights, remedies, powers or privileges hereunder, or any other agreement or applicable law in any instance shall not constitute a waiver thereof in that or any other instance.
* **7. Governing Law; Waiver of Right to Jury Trial**. This Promissory Note and the rights and obligations of the School and the Lender shall be governed by and interpreted and enforced in accordance with the laws of the State of Minnesota without reference to any conflict of law or choice of law principles of such state that might apply the law of another jurisdiction. Each of School and Lender irrevocably and unconditionally submits to the exclusive jurisdiction of the federal courts located in the State of Minnesota or, if such court does not have or will not accept jurisdiction, the state courts located in Hennepin County, Minnesota or any other court of competent civil jurisdiction sitting in the State of Minnesota in connection with this Promissory Note or the transactions contemplated hereby. The School and Lender hereby irrevocably and unconditionally waive any right to a trial by jury in respect of this Promissory Note or the transactions contemplated hereby.
* **8. Miscellaneous**.
  + The provisions of this Promissory Note are intended to be severable. If for any reason any provisions of this Promissory Note shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions thereof in any jurisdiction.
  1. No amendment, modification, supplement or waiver of any provision of this Promissory Note nor consent to departure by the School or Lender therefrom shall be effective unless the same shall be in writing and (a) in the case of an amendment, modification or supplement, signed by the School and the Lender, and (b) in the case of a waiver, by the party waiving rights hereunder. Any waiver or consent granted hereunder shall be effective only in the specific instance and for the specific purpose for which given.
  2. No failure on the part of Lender to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof or preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.
  3. To be effective, all notices and demands, consents and other communications under this Promissory Note must be in writing and must be given (a) by depositing the same in the United States mail, postage prepaid, certified or registered, return receipt requested, (b) by facsimile or electronic mail, (c) by delivering the same in person and receiving a signed receipt therefor, or (d) by sending the same by an internationally recognized overnight delivery service. For purposes of notices, demands, consents and other communications under this Promissory Note, the addresses of the School and Lender shall be as set forth on the signature pages hereto. Notices, demands, consents and other communications mailed in accordance with clause (a) above shall be deemed to have been given and made seven (7) business days following the date so mailed. Notices, demands, consents and other communications mailed in accordance with clause (d) above shall be deemed to have been given and made two (2) business days following the date so mailed. The School or Lender may designate a different address to which notices or demands shall thereafter be directed and such designation shall be made by written notice given in the manner hereinabove required.
  4. This Promissory Note may be assigned or transferred by the Lender to any person or entity, without notice to or consent from the School. The School may not assign or transfer this Promissory Note or any of its rights hereunder without the prior written consent of the Lender. This Promissory Note shall inure to the benefit of, and be binding upon, the parties and their permitted assigns.
  5. It is understood that the School has signed and is bound by the terms of The Wildflower Foundation Membership Agreement the (“Agreement”). If, for any reason, the Agreement terminates, the School agrees the interest rate referred to in Section 3 of this Promissory Note will increase from five percent (5%) per annum to ten percent (10%) per annum. All other terms of this Promissory Note shall remain the same.

[Rest of page intentionally left blank]

**IN WITNESS WHEREOF**, the School has executed and delivered this instrument as of the day and year first above written.

[SCHOOL NAME]

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
By:  
Name:  
Title:

Address:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
By:  
Name:  
Title:

Address:

**EXHIBIT A: FEES AND NET PROCEEDS**

* Principal sum of the loan:
* Underwriting fee ( %):
* Net proceeds to be wired:

Annual interest rate:

Annual percentage rate (APR):