

**Karma Co-operative, Inc.
739 Palmerston Avenue
Toronto, Ontario M6G 2R3**

Incorporated under the Ontario Co-operative Corporations Act

Building Loans 2010, SAMPLE certificate B0000

This certificate acknowledges and registers the receipt of \$1000 from Edward Example on 15 October, 2010, as a loan to Karma Co-operative, Inc.

This demand loan has been received under the provisions of Regulation 178 of the Revised Regulations of Ontario, Section 12.6, which specifies that a co-operative may, without issuing an offering statement, issue debt obligations to members if the value of such an issue does not exceed \$1,000 per member in a year and does not exceed an aggregate value of \$10,000 per member.

The terms of this loan are as follows:

Interest Rate: Each month, interest will be computed using a percent per annum which is 50 basis points higher than the rate which Alterna Savings and Credit Union is paying for its investment savings account, as of the last day of the month. Interest will be accrued on the last day of each month, without compounding, until the end of the fiscal year, 31 May, at which time the accrued interest will be paid to the lender by cheque.

Ranking: The Demand Loans will be direct unsecured obligations of the Cooperative and will rank *pari passu* (equally) with each other and with all other unsecured indebtedness of the Co-operative. This loan is not secured by assets, inventory, or accounts receivable.

Repayment: After 1 year the holder of the loan may demand repayment on 60 days notice. If the demand is greater than \$1,000 the co-operative may repay up to \$1,000 every quarter until the amount is paid in full. The co-operative reserves the right not to redeem more than 10% of all outstanding loans in one fiscal year.

This loan is non-transferrable, repayable only to the lender or, in the case of the death of the lender, to her or his estate.

Any demand for repayment of this loan must be made in writing, either on paper or by facsimile but not by electronic mail, and signed by the lender or by an authorized representative. Any such representative must provide original or notarized written authorization to accompany the demand for repayment.

This loan certificate is a receipt, not a negotiable document, and it does not need to be produced or surrendered when a demand for repayment is made.

The Canada Revenue Agency requires the lender's social insurance number for tax reporting purposes.

The lender whose signature appears below confirms that he or she has read and accepts the terms of the loan specified above:

SAMPLE CERTIFICATE ONLY -- NOT VALID FOR ACTUAL LOANS

Lender name (printed) Lender signature Date

Social insurance number _____

SAMPLE CERTIFICATE ONLY -- NOT VALID FOR ACTUAL LOANS

Name (printed) Signature Date
Authorized representative of Karma Co-operative