

COMMERCIAL LOAN AGREEMENT

This Commercial Loan Agreement made and entered into this _____ day of _____ 20____

By and between _____, hereinafter referred to as "Lender", and SAIF, Inc. a California corporation for use in the Inventory Finance Fund hereinafter referred to as SAIF or borrower.

RECITALS

WHEREAS, the Lender wishes to loan funds to SAIF and SAIF intends to loan these funds, using SAIF, Inc., to automobile, truck and aircraft manufacturers or dealers to finance their inventories;

WHEREAS, SAIF will receive as collateral for its loans to these dealers 100% value (dollar per dollar) in title(s) to the manufacturers or dealers inventory;

WHEREAS, SAIF wishes to use this collateral as security for the lender's loans and the lender is willing to accept this as collateral; and

WHEREAS, the parties wish to enter into an agreement with SAIF who will hold the funds until such time as funds are loaned to manufacturers or dealers, at which time SAIF will hold the Dealer's Inventory as Security for the Lender's loans.

NOW, THEREFORE, on the basis of the recitals set forth above, and subject terms and conditions set forth below, the parties agree as follows:

1.0 LOAN

The Lender agrees to loan to SAIF an amount equal to or greater than the minimum amount in the investment schedule in section 2.0 below and to accept as SAIF'S promise to pay, a Collateralized Trust Promissory Note attached hereto and marked Exhibit "A".

2.0 ESTABLISHING AN LENDER ACCOUNT

To establish an lender account with SAIF the lender, if they are not a licensed lending institution, must meet the minimum qualification standards set forth by state and federal statues. Once satisfied a lender can then fill in his/her investment level in the schedule below. Minimum initial investment amount to open an account is \$50,000.

<u>LOAN SCHEDULE</u>			
<u>NOTE AMOUNT</u>	<u>DURATION</u>	<u>YIELD</u>	<u>NOTE TYPE</u>
_____	_____	_____	_____

Upon qualification and execution of the Promissory Note, attached as exhibit "A" hereto, the lender shall deliver to the SAIF their investment funds. These funds shall be held in SAIF's Account and administered in accordance with the terms of the Security Agreement for Wholesale Inventory executed by each dealer, a copy of which is available to each lender to read .

Interest earnings shall be - **reinvested** - or - **paid to lender** - and begin on: _____, and continue through _____, with one payment of \$ _____ or payments of \$ _____ each month until such time as the attached Exhibit "A" Promissory Note matures.

3.0 FUND SECURITY PROCEDURES

All lender funds shall be held in an SAIF's Account until such time as they are loaned to qualified vehicle manufacturers or dealers pursuant to a Security Agreement. In exchange, the collateral which SAIF, Inc. would otherwise take pursuant to the security agreement shall be held and administered by SAIF as security for the lender's note.

4.0 DEFAULT

In the event that SAIF defaults on the promissory note the lender may, at his/her option, demand payment of the promissory note from SAIF. If SAIF does not have sufficient funds to pay the promissory note according to its terms or fails to do so within thirty (30) days after demand, the lender may demand from SAIF'S account sufficient amount of collateral to satisfy SAIF'S obligation to the lender.

5.0 NOTICE OF LENDER'S CLAIM AND SATISFACTION THEREOF

Each claim by lender for reimbursement under this agreement shall be made by notice in writing to SAIF, stating the nature and amount of the claim. Any claim made by the lender to SAIF shall be conclusive in all respects thirty (30) days after receipt by SAIF of notice thereof, unless within such period SAIF shall have sent to the lender notice questioning the propriety of the claim, in which case such claim, unless settled by mutual agreement between lender and SAIF, shall be promptly referred by SAIF to the American Arbitration Association for settlement by arbitration in accordance with the rules of the American Arbitration Association, Business Panel, San Diego, California. Judgment upon the award by the Arbitrator or Arbitrators may be entered in any court having jurisdiction thereof. As part of such award, the Arbitrator may establish his/her fees and expenses in connection therewith. The fees and expenses of the Arbitrator shall be paid by the losing party. Any award by the Arbitrator shall be considered a conclusive determination of the matter and shall be binding upon the lender and SAIF, and shall not be contested by either party. Arbitration proceedings shall be held in the city of San Diego, California, unless SAIF and lender agree upon another location.

6.0 PERIODIC DETERMINATION OF ESCROW FUND

At intervals not to exceed ninety (90) days, SAIF and its Escrow Holder(s) shall produce a written report detailing the following items:

- A. The monthly level of funds available for dealer loans under the Security Agreement.
- B. A list of lender accounts, with their respective balances, who have cash, (non-invested monies), in SAIF's account.
- C. A list of all investors who have filed a claim with SAIF, the filing date of each claim, and the amount of claim.

NOTE: 1. Each lender shall be assigned a coded account number to ensure their anonymity.

7.0 ESCROW ACCOUNT

Notwithstanding anything herein to the contrary, an account shall be set up by SAIF and SAIF shall act in a fiduciary capacity for all funds received from the lender(s). In addition, SAIF may invest and/or reinvest the escrowed funds in savings accounts, certificates of deposit in U. S. Banks, Savings and Loan Associations, Securities issued and guaranteed by the United States Government or prime commercial paper backed by hard assets. SAIF Account Manager may decline any lender's funds if it believes the investment would jeopardize its fiduciary duty to the existing lender pool.

The Account Manager agrees to hold the collateral under the terms and conditions set forth in their employment contract agreement and to perform all acts and duties imposed upon them thereby. The account manager may act in reliance upon the advice of counsel in reference to any matter relating hereto and shall not be liable for any acts or omissions of any kind unless occasioned by its own negligence or fraudulent conduct. Account Managers shall not look to the lender for payment of its fees hereunder as SAIF shall be solely responsible for all fees due the Account Managers pursuant to this agreement.

8.0 EFFECT OF AGREEMENT

This Agreement shall be governed by the laws of the state of California, applicable hereto. It shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

9.0 SECURITY EXEMPT CLAUSE

The lender understands and acknowledges that this agreement and the promissory note attached as Exhibit "A" hereto, and the execution thereof, does not constitute a security offer or sale under section 5 of the Securities Act of 1933, as amended and, are expressly exempted under Rule 504, 505, and 506 In Regulation "D" of said act.

10.0 NOTICES

All notices pursuant to this agreement shall be in writing and shall be sufficient if delivered, sent or mailed registered or certified mail, postage paid, as follows:

A. If to SAIF, to: SAIF, INC.
119 N. El Camino Real
PMB 147
Encinitas, CA. 92024

B. If to Lender, to: _____

Or such other address as the parties may hereafter indicate in writing to the other party.

Do not sign this agreement until all blanks have been filled in.

IN WITNESS WHEREOF, the parties hereto have executed this agreement at _____
_____ on _____, 20 ____.

for: SAIF, Inc.

for: Lender

Please Print Name

Please Print Name

Title

Title

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