**Micro-loan Definitions & Protocol**

**Definitions**

*Parent organization* – Global Outreach/Freedom’s Friends, Inc.

*Sponsoring organization* – Any organization or group raising funds and granting them to either Global Outreach, Inc or directly to a recipient organization.

*Recipient organization* – Any qualified group, service club or other organization who receives a micro-loan grant, establishes a revolving loan account and makes micro-loans to members who do not have access to bank credit.

*Micro-loan grant* – A grant of funds generally between $2000 and $3000 made by the parent organization or sponsor to the recipient organization. When the Grant is received, it shall be deposited in a revolving loan account established for the purpose of making micro-loans.

*Revolving loan account* – An account opened with grant funds from a sponsoring organization or the parent organization from which the recipient organizations makes micro-loans.

*Micro-loan or loan* – Any loan not to exceed the equivalent of USD500 made from the revolving loan account of the recipient organization. The term of such loan is set by the recipient organization and shall not exceed one year.

*Peer loan group or Circle of Friends* – A group of individuals waiting to receive a micro-loan and whose order of selection is established by drawing of numbered lots. The group shall consist of no less than three members or more than seven. The individual members shall offer encouragement and assistance when necessary to the primary member who has received a loan. As soon as the loan is repaid, the next in line shall receive their loan and so on. When a member repays their loan, they shall be dropped from the group and another added in the last place. It is in this manor the progression continues. It shall not be allowed for Peer group members to change places. In the event one member drops out of the circle, all remaining members advance and another is added. Multiple peer groups are possible within one recipient organization.

**Protocol**

The parent organization – Global Outreach, Inc. – shall raise funds by any number of methods and make grants to qualifying organizations who will establish revolving loan accounts and make micro-loans from said account.

The micro-loans will be made to individual members who are arranged in a peer group in an orderly manner. The loans shall not exceed the equivalent of USD500 and shall be made only for the purpose of capitalizing or beginning a new business. The loan term may be set by agreement, but shall not exceed one year for repayment.

When the loan is repaid, the borrower drops out of the group and is replaced by another individual who joins the group in the last position. No collateral is required and no interest shall be charged for the loan.