

**TERMS AND CONDITIONS OF SUBSCRIPTION FOR  
DEBT SECURITIES OF CHURCH EXTENSION INVESTORS FUND LTD.**

**Terms of the Offering**

1. The Investor acknowledges (on its own behalf and, if applicable, on behalf of each person on whose behalf the Investor is contracting) that this subscription is subject to rejection or allotment by Church Investors Fund in whole or in part at any time prior to the Closing Time (as defined herein).

2. The Investor acknowledges (on its own behalf and, if applicable, on behalf of each person on whose behalf the Investor is contracting) that the Debt Securities subscribed for by it hereunder form part of a larger issuance and sale by Church Investors Fund of Debt Securities representing aggregate gross proceeds of up to \$20,000,000 (the “**Offering**”). Depending on market conditions, Church Investors Fund reserves the right to increase the gross proceeds under the Offering.

3. The Debt Securities are issuable in various forms of bonds with varying maturity dates and interest rates, as set forth in this Subscription Agreement. The Debt Securities held by the Investor are **non-transferable and non-negotiable** and are unsecured obligations of Church Investors Fund. The features for each series of Debt Securities is as follows:

- (a) **Bonds:** Maturity date and interest to be paid as indicated by the Investor in this Subscription Agreement.

Bonds are dated as of the Closing Date and are issued for various terms from one (1) to five (5) years. The minimum purchase amount for Bonds is \$1,000.

The interest rate for the applicable type of Debt Security is set out in the interest rate sheet accompanying this Subscription Agreement. Interest rates depend upon the amount invested and the prevailing rates at the time of purchase. Interest rates on Bonds do not vary over the term of the Bond except in the case of Foundation, Building Fund and Ministry Fund Bonds. Church Investors Fund may offer higher interest rates for higher levels or tiers of investment in the Bonds.

The Investor may elect to have interest on Bonds paid out periodically, accrued annually, or compounded and paid out at maturity. If the periodic payment option is elected, interest payments will be remitted to the Investor annually, semi-annually, quarterly (only for investments over \$5,000) or monthly (only for investments over \$50,000), as the Investor elects, with any remaining interest owing paid at maturity. No interest payments will be issued for interest amounts of less than \$25. Such interest amounts and interest accruing on Bonds for which the periodic payment option is not elected will be added to the principal amount of the Bond annually and will bear interest thereafter and be paid at maturity. Interest may be paid to the Investor by electronic transfer.

The Investor may agree to donate to Church Investors Fund the interest earned on such Bonds, which will be allocated to a common pooled fund account to be used to reduce interest rates and payments on loans to new churches.

Bonds are automatically renewed at maturity without further action by Church Investors Fund or the Investor, unless the Investor, prior to or on maturity, demands payment. If renewed automatically, the Bond will have the same maturity period and other provisions as the matured Bond, except that the interest rate will be the then-current interest rate for Bonds having that term. There is no limit on the number of times a Bond may be renewed automatically. Church Investors Fund will normally give written notice of maturity and automatic renewal to the Investor at least 30 days before maturity.

See also “*Redemption of Debt Securities Prior to Maturity*” below.

- (b) **Foundation Bonds:** Due on demand and interest to be paid as indicated by the Investor in this Subscription Agreement.

The minimum subscription amount for a Foundation Bond is \$250.

The interest rate for the applicable type of Debt Security is set out in the interest rate sheet accompanying this Subscription Agreement. Foundation Bonds pay higher interest rates for higher minimum balances. **Church Investors Fund reserves the right to change the rates of interest for the minimum balance levels at any time without notice to the Investor.** Such interest rate changes may also include modifying the number of interest rate tiers and the minimum balances associated with each.

The Investor may elect to have interest on Foundation Bonds either paid out monthly or compounded and paid out at redemption. If the periodic payment option is elected, interest payments will only be remitted to the Investor monthly for investments over \$50,000, with any remaining interest owing paid at redemption. No interest payments will be issued for interest amounts of less than \$25. Such interest amounts and interest accruing on Foundation Bonds for which the periodic payment option is not elected will be accumulated and credited to the account monthly and will bear interest thereafter and be paid at maturity. Interest may be paid to the Investor by electronic transfer.

Certain optional features of Foundation Bonds may be available, including electronic transfer, or other similar services. If available and selected by an Investor, certain costs for such optional services will be charged to the Foundation Bond in the form of fees and/or adjustments to interest payable on the account.

A Foundation Bond may be redeemed, after an initial 30 days of opening the new Bond, upon notice of demand being given to Church Investors Fund in writing or in another manner acceptable to Church Investors Fund. If funds are withdrawn from the Foundation Bond account without the Foundation Bond being redeemed, a fee of \$10 per withdrawal will be charged for the fourth and any subsequent withdrawal in any given calendar month.

- (c) **Building Fund Bond:** Due on demand, subject to an early redemption fee unless used for specified purposes, with interest to be paid as indicated by the Investor in this Subscription Agreement.

Church Investors Fund sells “Building Fund Bonds” to church organizations only. They are not available to individual investors or other organizations. Building Fund Bonds are payable on demand and pay a higher variable interest rate for higher minimum balances, which are always equal to the then current interest rate being offered on new Term Bonds with a three-year term at either the \$1,000 or \$50,000 investment tier, as applicable. An investing church may fully or partially redeem the principal balance of a Building Fund Bond without an early redemption fee for purposes related to that church’s buildings, including improvements to and the maintenance of buildings, construction of a new building, or the purchase of a building or land. Funds redeemed for other purposes will have a 1.0% early redemption fee assessed on the amount redeemed, although we will typically not charge a penalty that exceeds the interest earned on the Bond.

The Investor may elect to have interest on Building Fund Bonds either paid out monthly or compounded and paid out at redemption.

- (d) **Ministry Fund Bond:** Due on demand, subject to an early redemption fee unless used for specified purposes, with interest to be paid as indicated by the Investor in this Subscription Agreement.

Church Investors Fund sells “Ministry Fund Bonds” to a “**Qualified Organization**” only. They are not available to individual investors or other organizations. Ministry Fund Bonds are payable on demand and pay a higher variable interest rate for higher minimum balances, which are always equal to the then current interest rate being offered on new Term Bonds with a three-year term at either the \$1,000 or \$50,000 investment tier, as applicable. An investing “**Qualified Organization**” may fully or partially redeem the principal balance of a Ministry Fund Bond without an early redemption fee for the purposes stipulated in its Purchase Application and Agreement. These stipulated purposes must be provided in written form, signed by the “**Qualified Organization**” designated signers, provided to CeIF and approved by CeIF management in its sole discretion before the Bond will be issued. Funds redeemed for other purposes will have a 2.0% early redemption fee assessed on the amount redeemed, although we will typically not charge a penalty that exceeds the interest earned on the Bond. We may require you to certify that the redeemed funds will be used for the stipulated purpose, and if you are not able or willing to make such a certification, your redemption will be deemed subject to the 2.0% penalty. CeIF is not responsible to the owner, its members, agents, or affiliated parties for its decision to approve or reject a purpose, approve or reject a change to a purpose, permit redemption without a penalty, or impose a penalty, and owners of Ministry Fund Bonds are required to indemnify CeIF against any claims related to CeIF’s decisions as to the same or to the application or use of redeemed funds.

The Investor may elect to have interest on Ministry Fund Bonds either paid out monthly or compounded and paid out at redemption.

- (e) **Revocable Gift Bond:** Maturity date and interest to be paid as indicated by the Investor in this Subscription Agreement.

The minimum purchase amount for Revocable Gift Bonds is \$1,000. Revocable Gift Bonds are issued for designated terms of one (1) to six (6) years. Joint ownership on Revocable Gift Bonds, if desired, is limited to spouses. The other terms of the Revocable Gift Bonds are similar to those of Bonds, except as described below.

Upon issuance of the Revocable Gift Bond, the Investor is deemed, in the case of a Revocable Gift Bond with a six (6) year term, to make a revocable gift of the principal amount of the Revocable Gift Bond to Church Investors Fund for the benefit of Church Investors Fund upon the Investor's death.

The interest rate for the applicable type of Debt Security is set out in the interest rate sheet accompanying this Subscription Agreement. The interest rate on Revocable Gift Bonds with a six (6) year term will be at a premium rate compared to the interest rate on Revocable Gift Bonds with a five (5) year term.

In the case of a Revocable Gift Bond with a term of one (1) to five (5) years, the Investor is deemed to make a revocable gift of the principal to Church Investors Fund, a designated church, or other institution affiliated with the NAB (a "**Qualified Organization**") for the benefit upon the Investor's death. In the event that the designated beneficiary is no longer a Qualified Organization at the date of the Investor's death, the contingent beneficiary shall be Church Investors Fund or such other Qualified Organization as Church Investors Fund, in its sole discretion, shall designate.

If the Investor has elected for interest on the Revocable Gift Bond to be paid at maturity, the gift also includes unpaid accrued interest to the date of payment after death. If the Investor has elected for interest on the Revocable Gift Bond to be paid periodically, the gift does not include any unpaid accrued interest.

The Investor can revoke the gift at any time during the Investor's life. However, in the case of a six (6) year Revocable Gift Bond, if the Investor revokes the gift, the annual interest rate will be automatically reduced by the amount of the interest rate premium on such bonds over Revocable Gift Bonds with a five (5) year term, effective retroactively to the date of issuance and continuing until maturity or redemption. In such cases, if interest is being paid periodically, interest payments after revocation will be reduced as required until all interest overpayments have been recovered.

Any revocation of the gift must be in writing, must be signed and dated by the Investor, and must be received by Church Investors Fund in order to be effective. A revocation of the gift does not effect a redemption of the Revocable Gift Bond and will not affect the maturity date or automatic renewal features of the Revocable Gift Bond. The revocation right is personal to the Investor, and may be exercised only during the Investor's lifetime; it is not transferable to or exercisable by the Investor's heirs or the legal representatives of the Investor's estate.

Acceleration of maturity of Revocable Gift Bonds by the Investor also revokes the gift of principal and accrued unpaid interest, and in the case of a six (6) year Revocable Gift Bond, the interest rate is reduced as indicated above. In addition, the regular 2% early redemption fee applicable to acceleration of maturity of Bonds applies to Revocable Gift Bonds.

See also "*Redemption of Debt Securities Prior to Maturity*" below.

If the Investor is purchasing a Revocable Gift Bond, the Investor requests that Church Investors Fund designate the church or organization noted in this Subscription Agreement as beneficiary to receive the principal and any unpaid accrued interest on the Revocable Gift Bond at the Investor's death. The Investor may change or revoke this beneficiary designation at any time. The terms of this beneficiary designation, the Revocable Gift Bond and this Subscription Agreement shall be binding on the Investor's heirs, beneficiaries and legal representatives. **In addition, the Investor represents and warrants either (i) that the Investor is unmarried, or (ii) that the Investor's spouse has signed this Subscription Agreement or has otherwise agreed to be bound as a joint subscriber.**

- (f) **Institutional Bonds:** Maturity date and interest to be paid as indicated by the Investor in this Subscription Agreement, at the discretion of Church Investors Fund.

Institutional Bonds are available to Church Organizations only and are not available to individuals. The terms of these Institutional Bonds are negotiated between Church Investors Fund and the Church Organization and are dependent upon the amount of and nature of investment. A minimum investment of at least \$100,000 is required.

Institutional Bonds are issued for a term of one (1) to five (5) years. An Investor may redeem up to 20% of the original principal balance of an Institutional Bond annually without the normal 2% early redemption fee for redemption prior to maturity.

**(g) Redemption of Debt Securities Prior to Maturity:**

There is generally no provision for the redemption of Bonds or Revocable Gift Bonds prior to maturity. The Investor of any Bond or Revocable Gift Bond may make written request that Church Investors Fund accelerate the maturity date of the Debt Security held; however, Church Investors Fund is not obligated to honour such a request. **If interest rates rise, Investors do not have the right to redeem a Debt Security prior to its maturity for the purpose of purchasing higher-yielding obligations. Early redemption, if granted by Church Investors Fund, may take up to 30 days to process and will result in a 2.0% early redemption fee applied to the amount of the principal balance being redeemed.** In the past, Church Investors Fund has redeemed Bonds and Revocable Gift Bonds prior to maturity at the request of an Investor, subject to an early redemption fee. No assurance can be given that Church Investors Fund will be willing or able to make early redemptions at the request of an Investor in the future.

Church Investors Fund reserves the right to repurchase or redeem and thereby terminate any or all Debt Securities on its own initiative at any time by refunding the principal plus unpaid accrued interest to the date of redemption to the Investor, provided at least 30 days' notice is given the Investor in advance of the redemption date. In the case of repurchases or redemptions of less than all of a particular class of Debt Securities, the Debt Securities to be repurchased or redeemed will be selected by Church Investors Fund by lot or in such other manner as Church Investors Fund deems equitable. Such notice will be given by registered or certified mail, will specify the redemption date, and will advise the Investor that interest will stop accruing on the specified redemption date and that payment of principal and interest will be made when the certificate representing the Debt Security, if any, is surrendered. No early redemption fee will be levied when a Debt Security is redeemed on Church Investors Fund's initiative.

**(h) Book Entry System for Debt Securities:**

Church Investors Fund uses a book entry system for its Debt Securities. As a result, Church Investors Fund does not issue and deliver to Investors paper certificates evidencing Debt Securities. Rather, upon investment, Debt Securities will be registered in the name of Investors in the book entry system only and Investors will receive a confirmation and receipt of their investment. Thereafter, any additions or redemptions by an Investor with respect to the same account also will be entered in the book entry system only and the Investor would receive further confirmation and a receipt of such transactions. In addition, an Investor will receive the normal periodic report of status applicable to the particular type of Debt Security purchased.

**4. The Investor hereby acknowledges that it has read, acknowledges and accepts the Risk Factors as set out in Exhibit 1 attached hereto.**

**5. BY EXECUTING THIS SUBSCRIPTION AGREEMENT, THE SUBSCRIBER (ON ITS OWN BEHALF AND, IF APPLICABLE, ON BEHALF OF EACH PERSON ON WHOSE BEHALF THE SUBSCRIBER IS CONTRACTING) ACKNOWLEDGES THAT THE CORPORATION IS NOT A "REPORTING ISSUER" IN ANY PROVINCE IN CANADA OR ANY OTHER JURISDICTION AND THE CORPORATION HAS NO OBLIGATION TO BECOME A REPORTING ISSUER.**

**Representations, Warranties, Acknowledgements and Covenants by the Investor**

6. The Investor (on its own behalf and, if applicable, on behalf of each person on whose behalf the Investor is contracting) represents, warrants, acknowledges and covenants, as applicable, to Church Investors Fund and its counsel (and acknowledges that Church Investors Fund and its counsel, are relying thereon) both at the date hereof and at the Closing Time (as herein defined) that:

- (a) the Investor has been independently advised to consult with the Investor's own legal advisers as to restrictions with respect to trading in the Debt Securities imposed by applicable securities legislation in the jurisdiction in which the Investor resides or to which the Investor is otherwise subject, confirms that no representation (written or oral) has been made to the Investor by or on behalf of Church Investors Fund with respect thereto, acknowledges that the Investor is aware of the characteristics of the Debt Securities, the risks relating to an investment therein and of the fact that the Investor may not be able to resell the Debt Securities; and
- (b) the Investor has not received nor been provided with, nor has the Investor requested, nor does the Investor have any need to receive, any offering memorandum, any prospectus, sales or advertising literature, or any other similar document (other than, if any, an annual report or other continuous disclosure document), the content of which, if applicable, is prescribed by securities law and that, in each case, has been filed, if

applicable, with applicable securities commissions, such document describing, or purporting to describe, the business and affairs of Church Investors Fund which has been prepared for delivery to, and review by, prospective purchasers in order to assist such prospective purchasers in making an investment decision in respect of the Debt Securities; and

- (c) the Investor has not become aware of, and the purchase of the Debt Securities is not made through or as a result of any general solicitation or any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display such as the Internet) with respect to the distribution of the Debt Securities; and
- (d) the Investor is, or is deemed to be, purchasing the Debt Securities as principal for the Investor's own account, not for the benefit of any other person, for investment only and not with a view to the resale or distribution of all or any of the Debt Securities, the Investor certifies that it is resident in the jurisdiction set out as the "Investor's Address" on the face page hereof, and if the Investor is acting as agent or trustee for a principal/beneficial purchaser, such principal/beneficial purchaser is purchasing as principal for its own account, not for the benefit of any other person, for investment only and not with a view to resale or distribution, and is resident in the jurisdiction set forth in this Subscription Agreement as the "Principal's Address" of the principal/beneficial purchaser; and
- (e) the Investor acknowledges that Church Investors Fund is relying on the "Not for profit issuer" exemption at section 2.38 of National Instrument 45-106 ("**NI 45-106**") and
- (f) the Investor acknowledges that:
  - (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Debt Securities; and
  - (ii) there is no government or other insurance covering the Debt Securities; and
  - (iii) there are risks associated with the purchase of the Debt Securities; and
  - (iv) there are indefinite restrictions on the Investor's ability to resell the Debt Securities and it is the responsibility of the Investor to find out what those restrictions are and to comply with them before selling the Debt Securities; and
  - (v) Church Investors Fund has advised the Investor that Church Investors Fund is relying on an exemption from the requirements to provide the Investor with a prospectus and to sell securities through a person or company registered to sell securities under the *Securities Act* (Alberta) and other applicable securities laws and, as a consequence of acquiring Debt Securities pursuant to this exemption, certain protections, rights and remedies provided by the *Securities Act* (Alberta) and other applicable securities laws, including statutory rights of rescission or damages, will not be available to the Investor; and
- (g) the Investor has not received from Church Investors Fund any financial assistance of any kind, directly or indirectly, in connection with its purchase of the Debt Securities hereunder; and
- (h) the Investor has not and will not enter into any voting trust or similar agreement that has the effect of directing the manner in which the votes attached to the Debt Securities purchased pursuant to this Subscription Agreement may be voted following the Closing Date (as defined herein); and
- (i) the Investor is aware that the Debt Securities have not been and will not be registered under the United States Securities Act of 1933, as amended ("**U.S. Securities Act**") or the securities laws of any state and that the Debt Securities may not be offered or sold, directly or indirectly, in the United States without registration under the U.S. Securities Act and applicable state securities law or in compliance with requirements of an exemption from registration and the applicable laws of all applicable states and acknowledges that the Limited Partnership has no present intention of filing a registration statement under the U.S. Securities Act or applicable state securities laws in respect of such securities; and

- (j) the Debt Securities have not been offered to the Investor in the United States, and the individuals making the order to purchase the Debt Securities and executing and delivering this Subscription Agreement on behalf of the Investor were not in the United States when the order was placed and this Subscription Agreement was executed and delivered; and
- (k) the Investor is not a U.S. Person (as defined in Regulation S under the U.S. Securities Act, which definition includes, but is not limited to, an individual resident in the United States, an estate or trust of which any executor or administrator or trustee, respectively, is a U.S. Person and any partnership or corporation organized or incorporated under the laws of the United States) and is not purchasing the Debt Securities on behalf of, or for the account or benefit of, a person in the United States or a U.S. Person; and
- (l) the Investor undertakes and agrees that it will not offer or sell the Debt Securities in the United States; and
- (m) if the Investor is a corporation, partnership, unincorporated association or other entity, the Investor has the legal capacity and competence to enter into and be bound by this Subscription Agreement and to perform all of its obligations hereunder, and if the Investor is a body corporate, the Investor is duly incorporated or created and validly subsisting under the laws of the jurisdiction of its incorporation, and further certifies that all necessary approvals of directors, shareholders, partners or otherwise have been given and obtained; and
- (n) if the Investor is an individual, the Investor is of the full age of majority in the jurisdiction in which the Subscription Agreement is executed and is legally competent to execute this Subscription Agreement and take all action pursuant hereto; and
- (o) this Subscription Agreement has been duly and validly authorized, executed and delivered by and constitutes a legal, valid, binding and enforceable obligation of the Investor; and
- (p) the Investor acknowledges that this Subscription Agreement is not enforceable by the Investor until the Subscription Agreement has been accepted by Church Investors Fund; and
- (q) in the case of a subscription by the Investor for Debt Securities acting as agent for a principal/beneficial purchaser, the Investor is duly authorized to execute and deliver this Subscription Agreement and all other necessary documentation in connection with such subscription on behalf of such principal/beneficial purchaser and this Subscription Agreement has been duly authorized, executed and delivered by or on behalf of, and constitutes a legal, valid and binding agreement of, such principal/beneficial purchaser and the Investor acknowledges that Church Investors Fund is required by law to disclose to certain regulatory authorities the identity of each principal/beneficial purchaser for whom the Investor may be acting; and
- (r) the Investor, or each principal/beneficial purchaser for whom it is acting, has such knowledge in financial and business affairs as to be capable of evaluating the merits and risks of its investment and the Investor, or, each principal/beneficial purchaser for whom it is acting, is able to bear the economic risk of loss of its entire investment; and
- (s) the Investor has relied solely upon this Subscription Agreement and publicly available information relating to Church Investors Fund and, other than as stated herein, not upon any verbal or written representation as to fact or otherwise made by or on behalf of Church Investors Fund and agrees and acknowledges that Church Investors Fund's counsel is acting as counsel to Church Investors Fund and not as counsel to the Investor; and;
- (t) the Investor understands and acknowledges that the Debt Securities are being offered for sale only on a "private placement" basis and that the sale and delivery of the Debt Securities is conditional upon such sale being exempt from the requirements as to the filing of a prospectus or delivery of an offering memorandum or upon the issuance of such orders, consents or approvals as may be required to permit such sale without the requirement of filing a prospectus or delivering an offering memorandum; and
- (u) if required by applicable securities legislation, regulations, rules, policies or orders or by any securities commission or other regulatory authority, the Investor will execute, deliver, file and otherwise assist Church Investors Fund in filing, such reports, undertakings and other documents with respect to the issue of the Debt Securities as may be required; and

- (v) the Investor will not resell the Debt Securities except in accordance with applicable securities legislation, in the future; and
- (w) the entering into of this Subscription Agreement and the transactions contemplated hereby will not result in a violation of any of the terms or provisions of any law applicable to the Investor, or if the Investor is not a natural person, any of the Investor's constating documents, or any agreement to which the Investor is a party or by which the Investor is bound; and
- (x) none of the funds that the Investor is using to purchase the Debt Securities represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)* (the "PCMLTFA") and the Investor acknowledges that Church Investors Fund may in the future be required by law to disclose the Investor's name and other information relating to this Subscription Agreement and the Investor's subscription hereunder, on a confidential basis, pursuant to the PCMLTFA, and to the best of the Investor's knowledge:
  - (i) the Aggregate Subscription Amount to be provided by the Investor:
    - (A) has not been or will not be derived from or related to any activity that is deemed criminal under the law of Canada, the United States of America, or any other jurisdiction; or
    - (B) is not being tendered on behalf of a person or entity who has not been identified to the Investor; and
  - (ii) the Investor shall promptly notify Church Investors Fund if the Investor discovers that any of such representations ceases to be true, and to provide Church Investors Fund with appropriate information in connection therewith; and
- (y) none of the funds the Investor is using to purchase the Debt Securities are, to the knowledge of the Investor, proceeds obtained or derived, directly or indirectly, as a result of illegal activities; and
- (z) the Investor understands and acknowledges that the Debt Securities are being purchased pursuant to exemptions from the prospectus requirements contained in applicable securities legislation and, as a result:
  - (i) the Investor is restricted from using most of the civil remedies available under applicable securities legislation; and
  - (ii) the Investor may not receive information that would otherwise be required to be provided to the Investor under applicable securities legislation; and
  - (iii) Church Investors Fund is relieved from certain obligations that would otherwise apply under applicable securities legislation; and
- (aa) the Investor acknowledges that it has been encouraged to and should obtain independent legal, income tax and investment advice with respect to its subscription for the Debt Securities, including, but not limited to, the applicable resale restrictions, and accordingly, has been independently advised, or has waived such independent advice, as to the meanings of all terms contained herein relevant to the Investor for purposes of giving representations, warranties and covenants under this Subscription Agreement; and
- (bb) the Investor is aware that there is no minimum gross proceeds amount under the Offering, Church Investors Fund may close on any amount and the Investor may be the only purchaser under the Offering; and
- (cc) the Investor is aware and has been advised that his subscription funds will not be held in escrow and represent "seed" or "risk" capital for the immediate use of Church Investors Fund, a non-reporting issuer and for whose securities there is no market whatsoever; and
- (dd) except for its knowledge regarding its subscription for the Debt Securities hereunder, the Investor has no knowledge of a "material fact" or a "material change" (as those terms are defined in the *Securities Act* (Alberta) and which generally means a fact or change which would reasonably be expected to have a

significant effect on the market price of Church Investors Fund's Common Shares) in the affairs of Church Investors Fund that has not been generally disclosed; and

- (ee) the Investor confirms that neither Church Investors Fund nor any of its directors, employees, officers, affiliates, advisors or underwriters, have made any representations (written or oral) to the Investor:
  - (i) regarding the future value of the Debt Securities;
  - (ii) that any person will resell or repurchase the Debt Securities; or
  - (iii) that any person will refund the purchase price of the Debt Securities other than as provided in this Subscription Agreement; and
- (ff) the Investor is aware that any Debt Securities issued upon Church Investors Fund's acceptance of this Subscription Agreement will be subject to restrictions on resale imposed by the securities legislation and the Investor agrees to be bound by and to comply with such restrictions; and
- (gg) the Investor acknowledges that Church Investors Fund may complete additional financings in the future in order to develop the proposed business of Church Investors Fund and to fund its ongoing development; that there is no assurance that such financings will be available and, if available, on reasonable terms; any such future financings may have a dilutive effect on current securityholders, including the Investor; that if such future financings are not available, Church Investors Fund may be unable to fund its ongoing development and the lack of capital resources may result in the failure of its business venture; and
- (hh) the Investor acknowledges that Church Investors Fund is not a reporting issuer in any jurisdiction and Church Investors Fund cannot and is not representing that the Debt Securities are or will be listed on the TSX Venture Exchange Inc., The Toronto Stock Exchange or any other exchange and no market exists for the securities of Church Investors Fund; and
- (ii) upon acceptance by Church Investors Fund of this Subscription Agreement, the Aggregate Subscription Amount is immediately releasable to Church Investors Fund to be used for the ongoing business of Church Investors Fund; and
- (jj) unless it is purchasing under Sections 5(d)(ii)(A) or 5(d)(iii)(D) hereof, the Investor is not a "control person" of Church Investors Fund, as that term is defined in the *Securities Act* (Alberta), will not become a "control person" of Church Investors Fund by purchasing the number of Debt Securities subscribed for under this Subscription Agreement, and does not intend to act jointly or in concert with any other person to form a control group in respect of Church Investors Fund; and
- (kk) no authorization, consent, order, approval or notice of any federal, provincial, territorial, municipal or foreign regulatory body or official must be obtained or given, and no waiting period must expire, in order that this Subscription Agreement and the transactions contemplated herein can be consummated by the Investor; and
- (ll) the Investor does not act jointly or in concert with any other person for the purposes of the acquisition of the Debt Securities; and
- (mm) the delivery of this Subscription Agreement, the acceptance hereof by Church Investors Fund and the issuance of the Debt Securities to the Investor complies or will comply with all applicable laws of the Investor's jurisdiction of residence and domicile and will not cause Church Investors Fund or any of its officers or directors to become subject to or require any disclosure, prospectus or other reporting requirement; and
- (nn) the Investor acknowledges that the Investor or Church Investors Fund may be required to provide the applicable securities regulatory authorities with a list setting forth the identities of the beneficial purchasers of the Debt Securities and notwithstanding that the Investor may be purchasing the Debt Securities as agent for a principal, it will provide, on request, particulars as to the identity of such principal as may be required by Church Investors Fund (in order to comply with the foregoing).



## Closing

7. **The Investor agrees to deliver to Church Investors Fund c/o Canadian Western Bank, 3322-23 Street N.E., Calgary, AB T2E 8Z5, not later than 4:30 p.m. (Edmonton time) on the day that is two business days before the Closing Date:** (a) this duly completed and executed Subscription Agreement; and (b) a certified cheque or bank draft payable to “Church Extension Investors Fund Ltd.” for the Aggregate Subscription Amount of the Debt Securities subscribed for under this Subscription Agreement or payment of the same amount in such other manner as is acceptable to Church Investors Fund.

8. The sale of the Debt Securities pursuant to this Subscription Agreement will be completed at the offices of Church Investors Fund, in Edmonton, Alberta at 10:00 a.m. (Edmonton Time) or such other times as Church Investors Fund may determine (the “**Closing Time**”) on such date or dates as Church Investors Fund may determine (each a “**Closing Date**”). At the Closing Time, the certified cheque or bank draft payable to Church Investors Fund in payment of the Aggregate Subscription Amount delivered as set forth in section 7 will be tendered to Church Investors Fund against delivery by Church Investors Fund of the confirmation and receipt of the Investor’s investment with respect to the Debt Securities.

9. Church Investors Fund shall be entitled to rely on delivery of a facsimile copy or electronic copy of executed subscriptions, and acceptance by Church Investors Fund of such facsimile or electronic copy of subscriptions shall be legally effective to create a valid and binding agreement between the Investor and Church Investors Fund in accordance with the terms hereof. Notwithstanding the foregoing, the Investor shall deliver originally executed copies of the documents listed in section 7 hereof to Church Investors Fund within two business days of the Closing Date. In addition, this Subscription Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same document.

## General

10. The Investor agrees that the representations, warranties and covenants of the Investor herein will be true and correct both as of the execution of this Subscription Agreement and as of the Closing Time as if made at that time and will survive the completion of the issuance of the Debt Securities. The representations, warranties and covenants of the Investor herein are made with the intent that they be relied upon by Church Investors Fund and its counsel in determining the Investor’s eligibility to purchase the Debt Securities and the Investor hereby agrees to indemnify and hold harmless Church Investors Fund and its respective directors, officers, employees, advisors, affiliates, shareholders, partners and agents from and against any and all loss, liability, claim, damage and expense whatsoever including, but not limited to, any fees, costs and expenses whatsoever reasonably incurred in investigating, preparing or defending against any litigation, administrative proceeding or investigation commenced or threatened or any claim whatsoever arising out of or based upon any representation or warranty of the Investor contained herein or in any document furnished by the Investor to Church Investors Fund in connection herewith being untrue in any material respect or any breach or failure by the Investor to comply with any covenant or agreement made by the Investor herein or in any document furnished by the Investor to Church Investors Fund in connection herewith. The Investor undertakes to immediately notify Church Investors Fund c/o Ogilvie LLP, Suite 1400, 10303 Jasper Avenue, Edmonton, AB T5J 3N6, Attn: Paul Nothof (Fax Number: (780) 701-5944) of any change in any statement or other information relating to the Investor set forth herein which takes place prior to the Closing Time.

11. The Investor, if an individual, acknowledges that this Subscription Agreement and the Exhibits hereto require the Investor to provide certain personal information to Church Investors Fund and its counsel. Such information is being collected by Church Investors Fund and its counsel for the purposes of completing the Offering described herein, which includes, without limitation, determining the Investor’s eligibility to purchase the Debt Securities under applicable securities legislation, preparing and registering certificates, if any, representing the Debt Securities to be issued to the Investor and completing filings required by any stock exchange, securities commission or securities regulatory authority or taxation authorities. Certain securities commissions have been granted the authority to indirectly collect this personal information pursuant to securities legislation and this personal information is also being collected for the purpose of administration and enforcement of securities legislation. In Ontario, the Administrative Assistant to the Director of Corporate Finance, Suite 1903, Box 55 20 Queen Street West, Toronto, Ontario M5H 3S8, Telephone (416) 593-8086, Facsimile: (416) 593-8252 is the public official who can answer questions about the indirect collection of personal information. The Investor agrees that the Investor’s personal information may be disclosed by Church Investors Fund or its counsel to: (a) securities commissions or securities regulatory authorities; (b) Church Investors Fund’s registrar and transfer agent; (c) taxation authorities; (d) any of the other parties involved in the Offering, including legal counsel. By executing this Subscription Agreement, the Investor is deemed to be authorizing and consenting to the foregoing collection (including the indirect collection of personal information), use

and disclosure of the Investor's personal information as set forth above. The Investor also consents to the filing of copies or originals of any of the Investor's documents described in this Subscription Agreement as may be required to be filed with any securities commission or securities regulatory authority in connection with the transactions contemplated hereby.

12. The Investor hereby irrevocably authorizes Church Investors Fund to: (a) act as the Investor's representative and to execute in the Investor's name and on the Investor's behalf all documents required; (b) complete or correct any errors or omissions in any form or document, including this Subscription Agreement, provided by the Investor; (c) receive on the Investor's behalf certificates representing the Debt Securities purchased under this Subscription Agreement or a confirmation and receipt of the Investor's investment with respect to the Debt Securities; and (d) approve any opinions, certificates or other documents addressed to the Investor.

13. The obligations of the parties hereunder are subject to all required regulatory approvals.

14. The Investor agrees that upon satisfaction of the closing conditions, the entire Aggregate Subscription Amount shall be immediately released to Church Investors Fund on the Closing Date, and that no part of such proceeds will be held in escrow.

15. The Investor acknowledges and agrees that all costs incurred by the Investor (including any fees and disbursements of any special counsel retained by the Investor) relating to the sale of the Debt Securities to the Investor shall be borne by the Investor.

16. The contract arising out of this Subscription Agreement and all documents relating thereto shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. The parties irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Alberta. Time shall be of the essence hereof.

17. This Subscription Agreement represents the entire agreement of the parties hereto relating to the subject matter hereof and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein, provided that in the event of any inconsistency between the terms of this Subscription Agreement and the terms of any Debt Security, the terms of the Debt Security shall prevail.

18. The terms and provisions of this Subscription Agreement shall be binding upon and enure to the benefit of the Investor and Church Investors Fund and their respective heirs, executors, administrators, successors and assigns; provided that, except for the assignment by an Investor who is acting as nominee or agent to the beneficial owner and as otherwise herein provided, this Subscription Agreement shall not be assignable by any party without prior written consent of the other parties.

19. Except as otherwise provided herein, the parties may waive, modify, change, discharge or terminate this Subscription Agreement only by a written instrument signed by each party against whom the waiver, change, discharge or termination is sought.

20. The invalidity, illegality or unenforceability of any provision of this Subscription Agreement shall not affect the validity, legality or enforceability of any other provision hereof.

21. The Investor, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder, agrees that this subscription is made for valuable consideration and may not be withdrawn, cancelled, terminated or revoked by the Investor, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder.

22. In this Subscription Agreement (including exhibits), references to "\$" are to Canadian dollars.

## EXHIBIT 1

### RISK FACTORS

#### **Speculative Nature and Terms of the Securities**

A purchase of the Debt Securities must be considered speculative, and is not a charitable donation for income tax purposes. There is no government or other insurance covering the Debt Securities. A purchaser may lose all of his or her investment. Investors must be prepared to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of Church Investors Fund.

The Debt Securities are unsecured obligations of Church Investors Fund. As a result, principal repayment and interest payments on the Debt Securities are dependent solely upon the financial condition of Church Investors Fund. No sinking fund or trust indenture has been or will be established to provide for repayment of the principal amount of the Debt Securities, and no assets have been or will be pledged as security for repayment of principal. The Debt Securities will be of equal rank with all outstanding Debt Securities.

Interest rates may vary in the future. Each investor should be aware that if interest rates rise, the Investor does not have the right to redeem a Debt Security prior to its maturity for the purpose of purchasing higher yielding obligations, and that there is generally no provision for early or partial redemption. Further, early redemption of a Debt Security, if requested by an Investor and granted by Church Investors Fund, will result in a 2.0% early redemption fee applied to the principal balance being redeemed. Church Investors Fund retains the right to redeem or repurchase any or all previously issued and outstanding Debt Securities at any time without the consent of the Investor, but only upon notice to the Investor. See “*Redemption of Debt Securities Prior to Maturity*”.

To the knowledge of Church Investors Fund, the Debt Securities offered hereunder are not qualified investments under the *Income Tax Act (Canada)* for trusts governed by registered retirement savings plans, registered retirement income funds, registered education saving plans or deferred profit-sharing plans. Investors are urged to contact their own tax advisers in respect of the tax consequences of an investment in the Debt Securities.

#### **General Economic Trends**

The worldwide economic slowdown and tightening of credit in the financial markets may adversely affect Church Investors Fund. A number of governments, including the United States and Canada have taken, and may continue to take, unusual measures to address current economic conditions. Such measures could include changes in government expenditures and tax rights, and changes in interest rates. Such measures may adversely affect the value of Church Investors Fund’s Debt Securities.

#### **No Transferability of the Securities**

The Debt Securities are not transferable, so an Investor may not sell them. Therefore, investors should view the purchase of any Debt Security as an investment for the full term thereof.

#### **Business of Church Investors Fund**

Church Investors Fund is organized exclusively for religious purposes and not for profit. Church Investors Fund’s continued viability depends in part on further financing, as well as on profits it generates internally. Purchasing the Debt Securities will not guarantee the continuation or success of Church Investors Fund’s operations.

Church Investors Fund’s loans are made primarily to Church Organizations. The ability of such organizations to repay principal and interest on such loans when due will depend upon contributions they receive from their members and other participants. Both the number of members and other participants and the amount of contributions may fluctuate. Further, in view of the relationship of Church Investors Fund with its borrowers, Church Investors Fund may have different lending policies than commercial lenders and may be willing in certain instances to accommodate late payments. No assurance can be given, however, that Church Investors Fund will be able or willing to refinance, accommodate or restructure delinquent loans in the future. Significant increases in loan delinquencies or in the restructuring or accommodation of such delinquencies could impair the ability of Church Investors Fund to pay interest on the Debt Securities when due and repay the Debt Securities on maturity.

Mortgage loans to Church Organizations are generally secured by first mortgages in favour of Church Investors Fund. In many instances, as determined by Church Investors Fund’s Loan Processing Committee, Church Investors Fund does not obtain independent appraisals in connection with the mortgaged properties. There is no assurance that the foreclosure sale value of the mortgaged properties will be adequate to fully repay any defaulted loan. If a default and foreclosure occur, there may be substantial periods of time during which Church Investors Fund will receive no payments on such mortgaged property. If this occurs with respect to a significant number of mortgage loans, it could

impair Church Investors Fund's ability to pay interest on the Debt Securities when due and repay the Debt Securities on maturity.

#### **Financing Payments on Investment Obligations**

Church Investors Fund attempts to substantially equate the maturity of recent sales of Debt Securities to the maturity of loans made. However, some mortgage loans to be made (or advances to be made on loans previously approved) with proceeds from the sale of the Debt Securities offered hereby may mature at a point after the Debt Securities themselves have matured. While most Debt Securities are automatically renewable and while Church Investors Fund intends to encourage such renewals, no assurance can be given that net withdrawals of Debt Securities at maturity will not exceed net additions through new purchases of Debt Securities.

In order to provide funds in the event that the principal and interest payments received on Church Investors Fund's mortgage loans are not sufficient to meet interest and principal requirements on Debt Securities, Church Investors Fund generally allocates a specified portion of the proceeds from the sale of certain Debt Securities to maintain liquid reserve funds. Historically Church Investors Fund has never failed to make any interest or principal payments on the Debt Securities when due. However, no assurance can be given that withdrawals of Debt Securities at maturity will not exceed new purchases of Debt Securities by an amount beyond such invested fund resources. In such event, Church Investors Fund may have to draw on its existing line of credit, borrow from commercial sources or liquidate some or all of its assets, including its mortgage loan portfolio, in order to meet such obligations. No assurance can be given that net proceeds from such borrowing or liquidation would be adequate to fully meet all such obligations.

#### **Management of Church Investors Fund**

The success of the business and plans of Church Investors Fund will be largely dependent upon the management and key personnel of Church Investors Fund. Loss of such management or personnel could have an adverse effect on the business operations and prospects of Church Investors Fund in the short term. There is no key person insurance in place in respect of such management and personnel.

#### **Control of the Company**

Pursuant to the Articles of Association, all of the issued and outstanding common shares of the Company are held by certain directors of Church Investors Fund and the Associate Director of Marketing of Church Investors Fund. As a result, these individuals will be able to solely influence all matters requiring shareholder approval, including the election of directors and significant corporate transactions.

#### **Association with the NAB**

While Church Investors Fund is separately incorporated, it is affiliated with the NAB. It is possible that claims could be made against Church Investors Fund with respect to matters involving NAB or its other affiliated entities.

#### **Conflicts of Interest**

The directors and officers of Church Investors Fund will not be devoting all of their time to the affairs of Church Investors Fund, but will be devoting such time as is required to effectively manage Church Investors Fund. Some of the directors and officers of Church Investors Fund are engaged and will continue to be engaged in other properties or businesses on their own behalf or on behalf of others.