

Forward Community Investments

A Community Loan Fund

211 South Paterson Street, Suite 160, Madison, WI 53703 • 608.257.3863 or 866.687.1468

LOAN SUBSCRIPTION AGREEMENT FOR WISCONSIN INVESTORS

THIS AGREEMENT, made on this day, [REDACTED] between [REDACTED] ("Lender"), whose address is [REDACTED] and FORWARD COMMUNITY INVESTMENTS, INC. ("Borrower"), a Wisconsin not-for-profit corporation, having its principal mailing address at 211 S. Paterson Street, Suite 160, Madison, Wisconsin 53703 (which address is subject to change).

WITNESSETH:

WHEREAS, Borrower is a not-for-profit corporation organized under the Wisconsin Nonstock Corporation Law, (Chapter 181 of Wisconsin Statutes), to act as an intermediary between socially responsible investors and those individuals and groups located in or serving economically disadvantaged communities in the State of Wisconsin and in need of affordable capital;

WHEREAS, to carry out its corporate purposes, Borrower is engaged in providing and servicing loans for housing and economic development, small business enterprises and nonprofit service agency facilities that Borrower believes will strengthen the long-term economic base of the Wisconsin communities in which they are located (the "Community Loans");

WHEREAS, to obtain funds necessary to carry out its corporate purposes, Borrower is accepting grants and loans from individuals and organizations; and

WHEREAS, The Lender is willing to lend to Borrower the principal amount of [REDACTED] **Thousand Dollars (\$ [REDACTED])** to enable Borrower the ability to provide Community Loans.

NOW, THEREFORE, in consideration of the foregoing and the mutual and dependent covenants set forth below, the parties to this Agreement agree as follows:

- 1. Agreement to Make Loan.** Subject to the terms and conditions of this Agreement, Lender hereby lends to Borrower, and Borrower hereby accepts from Lender, the principal amount of [REDACTED] **Thousand Dollars (\$ [REDACTED])** (such loan, together with any additional advances pursuant to Section 5 of this Agreement are referred to collectively as the "Investor Loan").
- 2. Interest.** Interest shall accrue on the outstanding principal balance of the Investor Loan at the rate of [REDACTED] **percent ([REDACTED] %)**, starting from the date of Borrower's receipt of the principal amount of the Investor Loan (the "Funding Date"). Accrued interest shall be paid in semi-annual installments on June 1 and December 1, unless Investor directs in writing less or more frequent distributions.

3. **Repayment.** Borrower agrees to repay to Lender the entire principal amount of the Investor Loan, together with any accrued and unpaid interest, on or by the date that is [REDACTED] ([REDACTED]) months after the date of the Funding Date, unless Investor requests in writing renewal of the Investor Loan and Borrower consents. If Investor and Borrower agree to renew, this Agreement shall automatically renew for another term of ([REDACTED]) months.
4. **Promissory Note.** On the Funding Date, Borrower shall execute and deliver to Lender a promissory note in the form attached to this Agreement (the "Note"), evidencing Borrower's obligation to repay the Investor Loan together with interest thereon at the Interest Rate. If Investor and Borrower agree to renewal, pursuant to Section 3, the new term of the Note shall be for the term set forth in Section 3 and Borrower shall issue a new Note.
5. **Additional Principal.** Lender may, at any time with Borrower's consent, increase the principal amount of the Investor Loan. If the principal of the original Investor Loan is subsequently increased, (a) Lender shall deliver the original Note to Borrower for cancellation, and Borrower shall execute and deliver a new note evidencing the increased amount of the Investor Loan ("New Note"), (b) interest at the Interest Rate shall accrue on any such additional principal starting from the date on which the additional amount is deposited, and (c) the entire principal amount shall be repaid on the date described in Section 3 above, or on any other date that shall be agreed upon in writing by Lender and Borrower. Upon increase of the principal amount of the Investor Loan by delivery of the New Note evidencing such increased amount, the parties agree that this Agreement shall thereby automatically be amended such that the total amount of the Investor Loan, as evidenced by the New Note, shall constitute the "Investor Loan" for purposes of this Agreement, and the New Note shall constitute the "Note" for purposes of this Agreement. By executing and delivering the New Note, Borrower thereby certifies that all representations and warranties made by Borrower in this Agreement are true and correct as of the date of the New Note.
6. **Optional Prepayments.** Borrower shall have the right at any time and from time to time to prepay the Note in whole or in part without premium or penalty, upon ten (10) days' prior written notice to Lender. Each such prepayment shall be applied first to accrued interest and then to principal.
7. **Payments.** All payments of principal and interest due under this Agreement and under the Note shall be made by check payable to the order of Lender at its address referred to above, or in immediately available funds by transfer to Lender's account at such bank as Lender shall have previously designated in writing to Borrower, or at the option of Lender, in such manner and at such place in the United States as Lender shall have designated to Borrower in writing.
8. **Early Withdrawals.** FCI, in its sole discretion, may consider Lender requests for acceleration of repayment. If FCI approves an acceleration, a penalty will be charged against interest earned on the Note. Specifically, monies withdrawn within the first year before interest has accrued will receive no interest payments. Monies withdrawn after the first year and before maturity will receive a 50% penalty against the interest accrued in the current year in which the money is withdrawn.
9. **Representations and Warranties of Borrower.** Borrower hereby represents and warrants to Lender to the best of Borrower's knowledge and belief, as of the date of this Agreement, as follows:

- a. Borrower is a nonstock corporation duly organized and validly existing under the laws of the State of Wisconsin and has received a letter from the Internal Revenue Service determining Borrower to be exempt from tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code");
- b. Borrower holds all licenses, authorizations, consents and registrations required by applicable law, and that it has the power and authority to own its assets and to carry on its business and operations as now being conducted, and that the amount of the Investor Loan is within the Borrower's available borrowing power; and
- c. Borrower has taken all action necessary to authorize the execution and delivery of this Agreement and the Note; this Agreement is, and the Note, when signed, shall be, the valid and binding obligation of Borrower; neither the execution and delivery of this Agreement by Borrower nor the consummation by Borrower of the transactions contemplated by this Agreement shall constitute a violation or breach of (i) Borrower's Articles of Incorporation, (ii) Borrower's bylaws, (iii) any provision of any contract or other instrument to which Borrower is a party or by which it is bound; or (iv) any order, writ, injunction, decree, statute, rule or regulation; and no further consent, order, authorization or other approval of any governmental body or agency is required in order for Borrower to execute, deliver and perform this Agreement or the Note.
- d. There is no suit, action, or proceeding pending before any court or arbitrator or any governmental body, agency or official affecting the Borrower, nor does the Borrower know of the threat of any such suit, action or proceeding that might materially and adversely affect the Borrower's financial position, the results of its operations, or its ability to perform any of its obligations under this Agreement or Note, or that may affect in any way the validity and effectiveness of this Agreement or Note.
- e. For purposes hereof, (i) the Prospectus and all other information Borrower has furnished to Lender is true, accurate and complete and that there are no material omissions that could render the disclosure misleading; (ii) Borrower has disclosed to Lender in writing any and all facts that may materially and adversely affect Borrower's financial position or its ability to perform its obligations under this Agreement and the Note; and (iii) Borrower shall hold Lender harmless from any and all liabilities (in tort, contract, or otherwise) relating to any information provided to Lender.

10. Borrower's Covenants. Borrower hereby covenants with Lender as follows:

- a. As long as the Note or any portion of the Note remains unpaid, Borrower shall furnish to Lender as soon as available after the end of each fiscal year of Borrower, but no more than 120 days, the audited financial statements of Borrower;
- b. Borrower shall maintain its valid existence and its good standing as a Wisconsin nonstock corporation, and shall notify Lender within three (3) days of the termination of its valid existence or good standing as a Wisconsin nonstock corporation;
- c. Borrower shall maintain its tax-exempt status under Section 501 (c)(3) of the Code, and shall notify Lender within three (3) days of the termination of its tax-exempt status;

- d. Borrower shall make all payments required by this Agreement and the Note and carry out the terms of this Agreement and the Note; and
- e. Borrower shall use its best efforts to comply with all material state and federal statutory and regulatory provisions applicable to Wisconsin nonstock corporations issuing securities, including those requiring the filing of returns, reports and other information, and shall maintain in full force and effect all licenses, approvals and permits necessary for the execution of the Investor Loan and the carrying out of Borrower's business and operations, as well as comply with and observe all the conditions and restrictions contained in or imposed by any such licenses, approvals or permits.
- f. Upon written notice from Lender, Borrower shall permit Lender or a person designated by Lender to visit and inspect Borrower's offices during regular business hours; examine the applicable business records, accounting books, and tax returns; and request from Borrower's officials and receive promptly information about Borrower's activities, operations, and financial position.

11. Use of Investor Loan Proceeds. Lender and Borrower hereby acknowledge and agree that the proceeds of the Investor Loan shall be used only for the following purposes:

- a. Borrower shall utilize the principal amount of the Investor Loan for the purpose of providing Community Loans for projects selected by Borrower in its sole discretion ("Loan Purpose"), and shall manage the Community Loans diligently and efficiently and in accordance with safe and sound financial practices and consistent with this Agreement. Borrower shall use its best efforts to utilize the entire principal amount of the Investor Loan for the Loan Purpose.
- b. Subject to Section 11.a., to the extent that the proceeds of the Investor Loan, or any portion of the Investor Loan, are not immediately used for Community Loans, Borrower may deposit the proceeds from this Investor Loan, or any portion of such proceeds, into an interest-bearing account or accounts; Lender expressly acknowledges that Borrower may commingle the proceeds from this Investor Loan with other monies of the Borrower, including, without limitation, proceeds of other Investor Loans, grants, donations and other revenues;
- c. Interest or other income, if any, earned by Borrower with respect to the original principal amount of the Investor Loan (whether such interest or income represents interest received by Borrower upon repayment of Community Loans or interest or other income earned on the Investor Loan proceeds while in the interest-bearing account(s) described in subparagraph (b) above) may be used by Borrower, in its sole discretion, for any of its corporate purposes, including, without limitation, the following:
 - (i) to pay interest due on the Investor Loan or principal or interest due on other borrowings made by Borrower;
 - (ii) to pay the administrative and operating expenses of Borrower;
 - (iii) to make Community Loans;
 - (iv) to contribute to the loan loss reserve established by Borrower; and
 - (v) to contribute to a pool of loan capital established by Borrower.

12. Representations, Warranties and Acknowledgments of Lender. Lender hereby acknowledges, represents and warrants to Borrower as follows:

- a. Lender acknowledges that Lender has received and read a copy of the Borrower's current Prospectus; Lender acknowledges that no representations have been made to Lender by Borrower or any of Borrower's directors, officers or employees that are inconsistent with the information contained in the Prospectus; Lender acknowledges that Lender has received satisfactory responses from Borrower to any and all inquiries that Lender may have made concerning Borrower, this Agreement, the Note and Prospectus; Lender further acknowledges that Lender has been afforded an opportunity by borrower to examine any of Borrower's documents which are material to this Agreement and which Lender sought to examine after reasonable notice;
- b. Lender acknowledges that the Note offered under this Agreement has not been registered under the Securities Act of 1933, as amended, in reliance upon available exemption thereunder relating to securities issued by entities which are organized and operated exclusively for religious, educational, or charitable purposes and not for pecuniary profit. The Lender further acknowledges its understanding that the Note is offered in Wisconsin without registration based upon available exemptions for Wisconsin nonstock corporations that are organized and operated exclusively for charitable purposes.
- c. Lender represents that it is an individual whose primary residence is in Wisconsin or that it is a Wisconsin corporation or organization that is organized under the laws of Wisconsin.
- d. Lender acknowledges Lender's understanding that the Investor Loan is a below-market interest rate loan; Lender has agreed to such below-market terms in order to support Borrower's objectives of providing Community Loans;
- e. Lender acknowledges that Borrower has disclosed to Lender that the interest rate charged by Borrower on Community Loans shall bear no relationship to the interest payable under the Investor Loan, but rather shall be determined by Borrower, in its sole discretion, based upon a given project's need for funds and ability to repay, Borrower's overall cost of funds and similar factors,
- f. Lender acknowledges and agrees that, although Borrower intends to use the proceeds of the Investor Loan to provide Community Loans to borrowers selected by Borrower, Lender's only recourse for repayment of the Investor Loan shall be against Borrower. Lender understands that in no event shall Lender have any recourse against projects financed by Community Loans, entities to which Borrower provides Community Loans, or other persons or entities providing loans or grants to Borrower;
- g. Lender hereby agrees to waive all recourse against Borrower under this Agreement beyond those sums of principal and interest collected by Borrower from its Community Loans. In the event that FCI's loan loss reserves are insufficient to cover defaults on its Community Loans, Lender agrees to forgive Borrower for the unpaid principal and interest, as provided above, without foreclosure or legal action against the Community Loan borrowers.

- h. Lender has not requested, nor has Borrower agreed to make, a grant of any security interest, mortgage, pledge or the like covering any property (real and personal, tangible and intangible) or assets of Borrower as security for repayment of the Investor Loan;
- i. Lender shall acquire the Note for Lender's own account, for investment purposes only, and not with a view to, or for, resale, distribution or fractionalization of the Note, in whole or in part, and no other person shall have a direct or indirect beneficial interest in such Note;
- j. Lender has the financial ability to bear the economic risk of Lender's investment, has adequate means for providing for Lender's current needs and personal or other contingencies and has no need for liquidity with respect to Lender's investment in the Note;
- k. Lender is not relying on Borrower or the Prospectus with respect to tax or other economic considerations involved in this investment;
- l. Lender shall not sell or otherwise transfer the Note; and
- m. If Lender is a corporation, partnership, trust, estate or other entity, it is empowered, authorized and qualified to acquire and hold the Note, and the person signing this Loan Subscription Agreement on behalf of such entity has been duly authorized by such entity to do so.

13. Default. There shall be an "Event of Default," and Lender shall have the remedies set forth in Section 14 of this Agreement, upon the occurrence of any one or more of the following:

- a. Borrower fails to repay the principal and interest on the Note on or before the date such payment is due.
- b. Any representation or warranty made by Borrower under this Agreement is false or fraudulent in any material respect.
- c. Borrower fails to timely observe or perform any of the covenants or duties contained in this Agreement or the Note.
- d. A material adverse change occurs in Borrower's financial condition.
- e. Lender at any time believes in good faith that the prospect of payment or performance under this Agreement or the Note is impaired.

14. Lender's Remedies. If an Event of Default shall occur, Lender may exercise all or any of the following remedies:

- a. After thirty (30) days written notice to Borrower, unless the relevant Event(s) of Default are cured within thirty (30) days after Lender gives written notice to Borrower and Borrower actually receives or refuses to accept receipt specifying such Event(s) of Default (provided, however, that if such default is susceptible of cure but cannot reasonably be cured within such thirty (30) day period and provided further that Borrower shall have commenced to cure such default within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for an additional fifteen (15) days); then the unpaid principal and any interest

under the Note shall, at the option of Lender, mature and become immediately due and payable, whether or not then payable in accordance with the terms of the Note, without presentment, demand or protest, all of which are hereby expressly waived. No delay in accelerating the maturity of any obligation as provided in the preceding sentence or in taking any other action with respect to any Event of Default shall affect the rights of Lender later to take such action with respect to such Event of Default, and no waiver as to a prior occasion shall affect rights as to any other Event of Default, and Lender's receipt of any payment on the Note after the occurrence of an Event of Default shall not constitute a waiver of the default or the Lender's rights and remedies upon such default; or

- b. The unpaid principal and any interest under the Note shall automatically mature and become immediately payable in the event Borrower becomes the subject of bankruptcy or other insolvency proceedings; or
- c. Lender Rights: Upon default, Lender may, at its election, hire an attorney or other third party to help collect the unpaid amounts under the Note. Subject to any limits under applicable law, Borrower shall also pay Lender's reasonable fees and expenses in connection with the foregoing. Such fees and expenses shall also include any reasonable attorneys' and court costs for collection and/or bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), or appeals in connection with any anticipated post-judgment collection service. Without affecting the liability of Borrower, Lender may, without notice, accept partial payments and, from time to time, renew or extend the time for payment.

15. Miscellaneous.

- a. Notices. All notices, requests, demands, consents, waivers and other communications given under any of the provisions of this Agreement shall be in writing and shall be delivered or mailed, and if mailed, shall be deemed given when deposited in the mail first-class, postage prepaid, registered or certified mail, return receipt requested, sent to the parties' respective addresses first written above or such other address as the addressee may have specified in a notice duly given to the sender;
- b. Entire Agreement. Subject to Section 5, this Agreement and the Note contain the entire agreement of the parties to this Agreement with respect to the transaction contemplated by this Agreement, and no change, modification or waiver of any provision of this Agreement or the Note shall be valid unless in writing, and signed by the party to be bound.
- c. No Waiver. No delay or failure on the part of Lender in exercising any rights under this Agreement or the Note, as applicable, and no partial or single exercise of such rights, shall constitute a waiver of such rights or of any other rights under this Agreement or the Note.
- d. Other Parties. Nothing in this Agreement shall be construed as giving any person, firm, corporation or other entity other than the parties to this Agreement any right, remedy or claim under or in respect of this Agreement or any provision of this Agreement.
- e. Applicable Law. This Agreement and the Note shall be governed by and construed in accordance with the laws of the State of Wisconsin except to the extent such laws are preempted by federal law.

