

Equity Equivalent Investment Agreement

Funding Partners for Housing Solutions (FP) and _____ (Investor) agree to the following terms and conditions governing the Equity Equivalent Investment herein described. The terms and conditions of this investment may be modified upon mutual written consent of both the Investor and Funding Partners to strengthen the success of the following investment and program goals.

Purpose: To enable Funding Partners for Housing Solutions (FP) to raise permanent capital for its affordable housing activities through a financing instrument that functions as equity for FP, but is structured to facilitate investments from regulated financial institutions evaluated under the provisions of the Community Reinvestment Act (CRA). Non-regulated Investors, including public entities, benefit through the leverage such investments provide to the underlying mission outlined under the CRA.

Issuer: Funding Partners for Housing Solutions, a Colorado non-profit organization and certified Community Development Financial Institution (CDFI).

Investor: _____

Amount: \$

Service Area(s):

Instrument: Long-term subordinated debenture.

Maturity: Indeterminate - rolling 10-year term.

Renewal Date: The renewal date shall be January 15 of each year.

Extension of Maturity Date: Beginning at the first renewal date, and annually thereafter, the Investor may elect to extend the back end of the term for an additional year (or more), but is not required to do so. If the Investor elects not to extend the term of its investment an additional year to ten years out, Investor is obligated to notify FP at least thirty (30) days prior to the renewal date on which such decision becomes effective. If no such notice is received by FP, then the term is deemed automatically renewed for an additional year. Election not to extend the maturity date shall result in a fixed maturity date with a term starting at ten years from such election and declining thereafter. Election not to extend the maturity in one year does not preclude extension in subsequent years, but the Investor is not obligated to provide notice thereafter of its desire to call the debenture.

Definition of Terms Used in this Agreement:

1. Subordinated Debt - Any and all Equity Equivalent investments.
2. Senior Debt - Loans leveraged by FP for relending and/or direct use by FP.
3. Equity - The total of FP assets less senior debt.

Use of Proceeds: Funds from this investment are to be used to extend loans and other obligations to organizations, public entities and individuals in support of FP programs for low and moderate-income households. Deviation from this use of proceeds is allowable only upon written mutual consent of both the Investor and FP. Parameters for the lending of funds are at the discretion of FP and may vary depending on local market conditions, as long as income guidelines are maintained.

Investment Schedule and Contingencies: Investment shall be made in one lump sum, where proceeds are deposited in an account determined by FP within 15 days of final execution of this Agreement. FP shall reserve the right to deploy such funds throughout the service area(s) identified by Investor.

Pricing: Because the investment is an equity equivalent, no repayment of principal shall be required until maturity of this Agreement. Interest shall accrue at a rate of % per annum, with payment of all accrued interest repaid (annually) commencing (date) to an address determined by the Investor. At the option of FP and in the sole discretion of its Board of Trustees, dividends may be declared to investors.

Security: Investment is unsecured.

Preference: Subordinate and junior in right of payment to all other obligations of FP both currently outstanding and subsequently incurred, but pari passu with other similar subordinated debt or equity equivalent investments, whether currently outstanding or subsequently incurred.

Events of Default: Only the following conditions are events of default under this investment: A.) institution of bankruptcy proceedings by a court having jurisdiction over FP or by FP itself; B.) breach of the Performance Covenants listed below as regards primary business activity and continued existence.

If an Event of Default occurs and is continuing for 90 days or more, the Investor may declare the principal of the debenture to be due and payable immediately. Within the 90-day period, FP has the right to cure such event of default. After such cure FP shall resume full benefit of the provisions of this agreement. In the event of chronic default, the Investor may elect to call the debenture under the terms delineated above.

Performance Covenants:

1. FP's principal business activities will be to make loans to affordable housing producers/providers and low-income home buyers, consistent with CDFI certification requirements.
2. FP will pay Investor a rate of return as agreed under the above pricing parameters.
3. FP will not, without prior written consent from Investor (which consent shall not be unreasonably withheld), make any changes to their stated business activities that would have the effect of materially increasing the risk of default on this investment.
4. FP will maintain management and staff with the skills necessary to manage its operations in a sound business manner.
5. December 31 of each year shall be the measurement date of this investment. As of the measurement date, FP shall be found to meet financial standards relative to its financial strength:
 - a. the ratio of Subordinated Debt (equity equivalent investments) to Senior Debt (debt other than subordinated) shall not exceed 50%.
 - b. a minimum equity base of no less than \$2.5 million (including equity equivalents) shall be maintained after the Investment Schedule and Contingencies portion of this document are met.
 - c. All subordinated debt, including Investor's debenture, does not exceed 75% of FP capital.
6. Compliance with the financial standards detailed in #5 above will be evaluated from FP annual audit. FP will provide Investor with audited annual financial statements within 180 days after the end of FP fiscal year.
7. Within 45 days after the end of each calendar year, FP will provide Investor with (a) unaudited financial statements and (b) a report on FP's CDFI activities each of which shall be in reasonable detail in the form to which such statements are furnished to FP's Board of Trustees.
8. FP will continue as an identifiable, non-stock, non-profit corporation with activities as referenced in #1 above. FP will not consolidate with or merge into any corporation, or convey or transfer its properties and assets substantially as an entirety to any person, unless (a) the resultant corporation shall be a non-stock, non-profit corporation of similar mission and purpose, organized and existing under the laws of any domestic jurisdiction and shall expressly assume all of FP's obligations under the debenture and (b) immediately after giving effect to such transaction, no Event of Default (as defined in this document), and no event which, after notice or lapse of time, or both, would become an Event of Default shall have occurred and be continuing.

Prepayment: FP may prepay the investment in whole or in part at any time without premium or penalty upon 10 days written notice to the Investor.

Contact Information: All correspondence pertaining to terms, reporting and performance evaluation under this Agreement shall be directed through the following individual(s) and/or department(s) as updated periodically between parties.

Funding Partners for Housing Solutions
Attn: Joe Rowan
Executive Director
214 S. College Avenue, 2nd Floor
Fort Collins, CO 80524
(970) 494.2021
(970) 494.2022 Fax
joe@fundingpartners.org

Community Reinvestment Act Credit: Obtaining CRA credit for this investment is the sole responsibility of the Investor, as applicable, although FP shall provide information and support as requested by the Investor, within reasonable limits.

Funding Partners for Housing Solutions

_____ (Investor)

Executive Director

Signer
Title

Date

Date