

DISCLAIMER: The attached document is the Agreement to Guarantee form for the CDFI Bond Guarantee Program. This is the document that the Secretary of the Treasury will enter into with each Qualified Issuer that is approved for a Guarantee through the CDFI Bond Guarantee Program. This form document is provided for illustrative purposes only and should not be revised or relied on for any other purpose and is subject to further modification by the CDFI Fund. The exact terms and conditions of each specific guarantee will be set forth in the Agreement to Guarantee that is executed by the Secretary and each Qualified Issuer.

**CDFI BOND GUARANTEE PROGRAM
AGREEMENT TO GUARANTEE**

As Between

THE SECRETARY OF THE TREASURY

and

[QUALIFIED ISSUER]

Dated as of _____, 20__

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AGREEMENT TO GUARANTEE

This Agreement to Guarantee is made and entered into as of the ___ day of _____, 20___, by and between the Secretary of the Treasury (the Guarantor) pursuant to the CDFI Bond Guarantee Program, and [QUALIFIED ISSUER] (the Qualified Issuer), as hereinafter defined.

RECITALS

WHEREAS, the Act authorized the CDFI Bond Guarantee Program, whereby the Guarantor may provide a Guarantee for the repayment of the full amount of the bonds or notes issued by a Qualified Issuer for the purpose of making loans to Eligible CDFIs for Eligible Community or Economic Development Purposes, subject to the conditions set forth in the Act; and

WHEREAS, the Qualified Issuer will enter into an Agreement to Guarantee and each Eligible CDFI that is approved to receive a Bond Loan will execute a Term Sheet attached thereto; the Qualified Issuer and each Eligible CDFI receiving a Bond Loan will enter into a Bond Loan Agreement; the Qualified Issuer and the Bond Purchaser will enter into a Bond Purchase Agreement; and the Qualified Issuer and the Master Servicer/Trustee will enter into a Bond Trust Indenture.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE 1
Definitions

Section 1.1. Definitions. The following terms, which are not defined elsewhere in this document, shall have the following meanings, *provided* that any terms not otherwise defined herein shall have the meanings ascribed thereto in the Regulations:

“*Act*” means section 114A of the Riegle Community Development and Regulatory Improvement Act of 1994 (Pub. L. 103-325, 108 Stat. 2160), as added by section 1134 of the Small Business Jobs Act of 2010 (Pub. L. No. 111-240, 124 Stat. 2504, 2515), codified at 12 U.S.C. § 4713a.

“*Affiliate*” means any entity that controls, is controlled by, or is under common control with, another entity. Control means (1) ownership, control or power to vote twenty-five percent (25%) or more of the outstanding shares of any class of Voting Securities (as defined in 12 C.F.R. § 1805.104(mm)) of any legal entity, directly or indirectly or acting through one or more other person; or (2) control in any manner over the election of a majority of the directors, trustee, or general partners (or individual exercising similar functions) of any legal entity; or (3) the power to exercise directly or indirectly, a controlling influence, as determined by the CDFI Fund, over the management, credit or investment decisions, or policies of any legal entity.

“*Agency Administrative Fee*” means a fee in an amount equal to 10 basis points (0.1 percent) of the amount of the unpaid principal of the Bond Issue, payable annually to the CDFI Fund by a Qualified Issuer.

“*Agreement to Guarantee*” or “*Agreement*” means this Agreement to Guarantee between the Guarantor and the Qualified Issuer, setting forth the terms and conditions on which the Guarantor will provide the Guarantee, as may be amended from time to time in accordance with its terms.

“*Authorized Representative*” means (A) in the case of an Eligible CDFI, the person or persons authorized by a resolution or the by-laws of the Eligible CDFI to perform any act or execute any document on behalf of such Eligible CDFI, and (B) in the case of the Qualified Issuer, the **[INSERT TITLE OF OFFICER]** or the person or persons authorized by a resolution or the by-laws of the Qualified Issuer to perform any act or execute any document on behalf of the Qualified Issuer.

“*Banking Day*” means a day on which the Federal Reserve Bank of New York is open for business.

“*Bond*” means a security, in the form of a draw-down bond or note issued by the Qualified Issuer, with each advance of funds thereunder bearing interest at an applicable Bond Rate established by the Bond Purchaser in accordance with Section 1808.300 of the Regulations, as amended, and sold to the Bond Purchaser, the proceeds of which will be used for Eligible Purposes, and which benefits from a Guarantee.

“*Bond Counsel,*” means **[INSERT BOND COUNSEL]**, a law firm having a national reputation in the field of public finance law, whose opinions are generally accepted by bondholders, appointed by resolution of the Qualified Issuer with the approval of the CDFI Fund and the Master Servicer/Trustee.

“*Bond Documents*” mean the respective Bonds, Bond Purchase Agreement, Bond Trust Indenture, Agreement to Guarantee, Guarantee, Reimbursement Note, and all other instruments and documentation pertaining to the issuance of the Bond.

“*Bond Issuance Fees*” mean amounts paid by an Eligible CDFI for reasonable and appropriate expenses, administrative costs, and fees for services incurred in connection with the issuance of the Bond (but not including the Agency Administrative Fee) and the making of the Bond Loan.

“*Bond Issue*” means at least \$100,000,000 and no more than \$500,000,000¹, in aggregate original principal amount of Bonds covered by a single Guarantee; *provided* that each Bond in the Bond Issue shall be in the minimum principal amount of \$10,000,000.

¹ \$500,000,000 in FY 2013; \$1,000,000,000 in FY 2014, subject to Congressional authorization.

“*Bond Issue Date*” means the date on which the Bond is deemed to be issued or originated, which date shall also be the effective date of the Bond Documents.

“*Bond Loan*” means a loan of Bond Proceeds by the Qualified Issuer to an Eligible CDFI, in an initial principal amount that is not less than \$10,000,000 and Bond Loan proceeds must be used for Eligible Purposes, pursuant to Article 2 of this Agreement.

“*Bond Loan Agreement*” means an agreement between the Qualified Issuer and each Eligible CDFI receiving a Bond Loan, the provisions of which shall govern the terms and conditions of such Bond Loan, the terms of which agreement (and any amendments thereto) shall have been approved in advance and in writing by the CDFI Fund.

“*Bond Loan Documents*” means the Bond Documents together with the Bond Loan Agreement and any other documents executed in connection with the Bond Loan.

“*Bond Loan Payment Default Rate*” means, in the event of a Bond Loan payment default, the applicable interest rate on any overdue amount from its due date to the date of actual payment and shall be calculated in the same manner as a late charge rate is calculated in the underlying Bond.

“*Bond Loan Rate*” means the rate of interest for each advance of funds under a Bond Loan, which shall be the same as the Bond Rate, in accordance with Section 2.5 hereof.

“*Bond Loan Requirements*” means the credit criteria established by the CDFI Fund for assessing the creditworthiness and capacity of each Eligible CDFI applicant to receive a Bond Loan, which may be amended from time to time by the CDFI Fund.

“*Bond Proceeds*” means the funds that are advanced by the Bond Purchaser to the Qualified Issuer under a Bond.

“*Bond Purchase Agreement*” means an agreement executed by the Qualified Issuer, the Bond Purchaser, the Guarantor and the CDFI Fund, the provisions of which shall govern the terms and conditions of the purchase of Bonds.

“*Bond Purchaser*” or “*Bondholder*” means the Federal Financing Bank, the body corporate and instrumentality of the Federal Government created by the Federal Financing Bank Act of 1973 (12 U.S.C. § 2281 *et seq.*).

“*Bond Rate*” means the rate of interest for each advance of funds under a Bond.

“*Bond Trust Indenture*” or “*Indenture*” means the Bond Trust Indenture between the Qualified Issuer and the Master Servicer/Trustee, together with the applicable Supplemental Indentures for each Bond Issue, the terms of which and any amendments thereto shall have been approved in advance and in writing by the CDFI Fund, that sets forth the Master Servicer/Trustee’s duties, responsibilities, rights and remedies of the Qualified Issuer and Master Servicer/Trustee with respect to the Bonds, to include responsibilities regarding the management of the collateral, the management of the funds and accounts, the repayment and redemption of the Bonds, and the circumstances and processes surrounding any default.

“*Breach*” has the meaning specified in Section 10.1 hereof.

“*Calculation Date*” means, following the Notification Date, the earlier of: (1) the date on which the balance in a Relending Account is less than or equal to the applicable Relending Account Maximum, or (2) six (6) months following the Notification Date.

“*Capital Distribution Plan*” means the component of the Guarantee Application that demonstrates the Qualified Issuer’s comprehensive plan for lending, disbursing, servicing, and monitoring each Bond Loan and that meets the requirements of Section 1808.401 of the Regulations, as amended, and such other requirements as may be designated in the applicable Notice of Guarantee Availability. The Capital Distribution Plan includes, among other components, a Statement of Proposed Sources and Uses of Funds, and shall include one or more Secondary Capital Distribution Plans.

“*CDFI*” means a Community Development Financial Institution, a financing entity that has a primary mission of promoting community development.

“*CDFI Fund*” means the Community Development Financial Institutions Fund, a wholly owned government corporation within the U.S. Department of the Treasury, established under the Riegle Community Development Banking and Financial Institutions Act of 1994, 12 U.S.C. § 4701 *et seq.*, as amended.

“*Certified CDFI*” means a financing entity that has a primary mission of promoting community development and that has been certified by the CDFI Fund as meeting the eligibility requirements set forth in 12 C.F.R. § 1805.201, as amended.

“*Comptroller General,*” the Comptroller General of the United States or any representative thereof.

“*Costs of the Eligible Purpose*” means all costs properly allocated to or necessary in connection with an Eligible Purpose.

“*Credit Enhancement*” means such instrument or document proffered by an Eligible CDFI to enhance the credit quality of the Bond and/or Bond Loan. Credit Enhancements may include, but are not limited to, pledges of financial resources and lines and letters of credit issued by: an Eligible CDFI; an Affiliate; a regulated financial institution; a foundation; or another entity. The Risk-Share Pool Fund is not a form of Credit Enhancement.

“*Department Opinion*” means an internal opinion by the CDFI Fund regarding compliance by the Qualified Issuer with requirements for approval of a Guarantee.

“*Eligible CDFI*” means a Certified CDFI that has submitted an application to a Qualified Issuer for a Bond Loan, has been deemed creditworthy based on the Bond Loan Requirements, and has received a Bond Loan.

“*Eligible Community or Economic Development Purpose*” or “*Eligible Purpose*” means the allowable uses of Bond Proceeds and Bond Loan proceeds, which includes: (i) financing or Refinancing for community or economic development purposes described in 12 U.S.C. § 4707(b)

including, but not limited to, community or economic development purposes in Low-Income Areas or Underserved Rural Areas, as deemed eligible by the CDFI Fund in its sole discretion; (ii) Bond Issuance Fees in an amount not to exceed one percent (1%) of Bond Loan proceeds; and (iii) capitalization of loan loss reserves in an amount that is up to five percent (5%) of the par amount of the Bond Loan, or such other amount that is determined by the CDFI Fund in its sole discretion. The making of Secondary Loans by the Eligible CDFI shall also constitute an Eligible Purpose.

“*Governmental Authority*” means any legislative body or other governmental official, department, commission, board, bureau, agency, instrumentality, body or public benefit corporation which has the jurisdiction and power to take the action it purports to take and where such action taken is effective to accomplish the intended purpose.

“*Guarantee*” means the guarantee, issued by the Guarantor pursuant to this Agreement to Guarantee, of the repayment of one hundred percent (100%) of the Verifiable Losses of Principal, Interest, and Call Premium, if any, on the corresponding Bonds issued as part of a Bond Issue; each Guarantee shall be in substantially the form attached hereto as Appendix A and shall be issued for a Bond Issue of at least \$100,000,000, plus the related interest and call premiums.

“*Guarantee Application*” means the application document that a Qualified Issuer submits in order to apply for a Guarantee.

“*Guarantor*” means the Secretary or the Secretary’s designee.

“*Inspector General*” means the Inspector General of the Department of the Treasury or any representative thereof.

“*Interest Account*” means the account so designated, created and established within the Debt Service Fund by the Master Servicer/Trustee for the deposit of funds for the payment of interest on Bonds.

“*Investment Area*” means a geographic area meeting the requirements of 12 C.F.R. § 1805.201(b)(3)(ii).

“*Investment Securities*” means U.S. Treasury securities with maturities that do not exceed the dates on which monies will be required for anticipated purposes and may be sold to the extent funds are needed sooner than anticipated.

“*Loan Application*” means the application a Certified CDFI shall complete and submit to the Qualified Issuer seeking to become an Eligible CDFI and become eligible to receive a Bond Loan.

“*Loan Application File*” means the file the Qualified Issuer shall maintain throughout the life of the Program and for six (6) years thereafter for each Eligible CDFI seeking a Bond Loan

“*Low-Income Area*” means a census tract or block numbering area in which the median income does not exceed eighty percent (80%) of the median income for the area in which such

census tract or block numbering area is located. With respect to a census tract or block numbering area located within a Metropolitan Area, the median family income shall be at or below eighty percent (80%) of the Metropolitan Area median family income or the national Metropolitan Area median family income, whichever is greater. In the case of a census tract or block numbering area located outside of a Metropolitan Area, the median family income shall be at or below eighty percent (80%) of the statewide non-Metropolitan Area median family income or the national non-Metropolitan Area median family income, whichever is greater.

“*Master Servicer/Trustee*” means [INSERT MS/T], not in its individual capacity but solely as Trustee under a certain Bond Trust Indenture, [dated _____,] and its successors and assigns, whose duties include, among others, exercising fiduciary powers to enforce the terms of the Bonds and Bond Loans pursuant to the Bond Trust Indenture entered into by and between the Master Servicer/Trustee and the Qualified Issuer, overseeing the activities of Servicers, and facilitating Bond principal and interest payments to the Bond Purchaser.

“*Metropolitan Area*” means an area that contains an urban core based statistical area of 50,000 or more population and is designated as such by the Office of Management and Budget pursuant to 44 U.S.C. § 3504(e), 31 U.S.C. § 1104(d) and Executive Order 10253 (3 C.F.R. 1949-1953 Comp., p. 758), as amended.

“*Notice of Guarantee Availability*” or “*NOGA*” means the notice, published by the CDFI Fund on _____, 2013, , that announced to all interested parties the opportunity to submit Qualified Issuer Applications and Guarantee Applications pursuant to Sections 1808.400 and 401 of the Regulations, as amended.

“*Notification Date*” means the date on which the Master Servicer/Trustee notifies the Eligible CDFI that the balance in the applicable Relending Account exceeds the applicable Relending Sub-Account Maximum.

“*Outstanding*” means, when used in reference to Bonds, as of a particular date, all Bonds authenticated and delivered under a Bond Trust Indenture and under a Bond Purchase Agreement except: (i) any Bond the payment of which shall have been provided for by the irrevocable deposit in trust of obligations which are not prepayable maturing as to principal and interest in such amounts and at such times as will ensure the availability of sufficient moneys to make payments on such Bonds; (ii) any Bond canceled by the Master Servicer/Trustee at or before such date; (iii) any Bond deemed to have been paid in accordance with the Bond Trust Indenture; (iv) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the Bond Purchase Agreement; and (v) any Bond which has been redeemed or refunded or otherwise retired or canceled.

“*Principal Loss Guarantee Provision*” means a cash or cash equivalent guarantee or facility provided in lieu of pledged collateral set forth in the Bond Documents and Bond Loan Documents.

“*Program*” means the Community Development Financial Institutions Bond Guarantee Program.

“*Program Administrator*” means [INSERT PA], the entity that will perform certain administrative duties related to application preparation, compliance monitoring, and reporting, as well as other duties set forth in Section 1808.606(b) of the Regulations.

“*Qualified Issuer*” means [INSERT QUALIFIED ISSUER], the entity that meets the qualification requirements set forth in Section 1808.200 of the Regulations, and that has been approved as such by the CDFI Fund pursuant to review and evaluation of the Qualified Issuer Application.

“*Qualified Issuer Application*” means the application document that the Qualified Issuer submitted in order to be approved as a Qualified Issuer prior to, or simultaneously with a Guarantee Application.

“*Qualified Secondary Loan Receivable*” means payment receivables from Secondary Loan(s) relating to the corresponding Bond Loan.

“*Refinance*” (or “*Refinancing*”) means the use of Bond Proceeds to refinance an Eligible CDFI’s or Secondary Borrower’s existing loan, which must have been used for an Eligible Purpose.

“*Regulations*” means the regulations governing the CDFI Bond Guarantee Program set forth at 12 C.F.R. Part 1808, as amended.

“*Reimbursement Note*” means the note executed and delivered by each Eligible CDFI to the United States of America, to evidence the Eligible CDFI’s obligation to reimburse the Guarantor for any payments made by the Guarantor pursuant to a Guarantee.

“*Relending Fund*” and therein “*Relending Accounts*” means the fund established and maintained by the Master Servicer/Trustee to allow an Eligible CDFI to relend Secondary Loan repayments for Eligible Purposes, not to exceed the Relending Account Maximum. The Relending Fund will include a Relending Account for each Bond Loan.

“*Relending Account Maximum*” means the balance of not more than ten percent (10%) of the principal amount of the Bonds, minus the balance in the Risk-Share Pool Fund, as of the Calculation Date.

“*Revenue Fund*” and therein “*Revenue Accounts*” means the fund or accounts maintained by the Master Servicer/Trustee for the deposit of all payments of debt service or prepayments on the Bond Loan pursuant to the Bond Loan Documents, other payments by the Eligible CDFI pursuant to the Bond Loan Documents, and any investment income derived from the corresponding accounts or subaccounts in the Debt Service Fund. The Revenue Fund will include a Revenue Account for each Bond Loan.

“*Revenues*” means all payments received or receivable by the Qualified Issuer from or on behalf of an Eligible CDFI pursuant to a Bond Loan Agreement which are to be paid to the Master Servicer/Trustee (except payments to the Master Servicer/Trustee for administrative costs and expenses or fees of the Master Servicer/Trustee).

“*Risk-Share Pool*” means an account maintained by the Master Servicer/Trustee throughout the term of a Guarantee to cover losses before the Guarantee is exercised; the Risk-Share Pool is capitalized by pro rata payments equal to three percent (3%) of the amount disbursed on the Bonds from all Eligible CDFIs within a Bond Issue; payments must be funded at each disbursement under the Bond and associated Bond Loan; amounts in the Risk-Share Pool will not be returned to the Eligible CDFIs until maturity of all of the Bonds, and termination of all Bond Loans, within a Bond Issue.

“*Risk-Share Pool Fund*” and therein “*Risk-Share Pool Accounts*” means the fund held by the Master Servicer/Trustee under the Bond Trust Indenture to which the Risk-Share Pool is credited and administered.

“*Secondary Borrower*” means an entity that has made application to the Eligible CDFI for a Secondary Loan, been deemed creditworthy by the Eligible CDFI, meets the criteria set forth in the applicable Secondary Loan Requirements to receive a Secondary Loan, and has received a Secondary Loan.

“*Secondary Capital Distribution Plan*” means the component of the Capital Distribution Plan that pertains to the making of Secondary Loans, demonstrates the Eligible CDFI’s comprehensive plan for lending, disbursing, servicing and monitoring Secondary Loans, includes a description of how the proposed Secondary Loan will meet Eligible Purposes, and meets such other requirements as may be designated in the applicable Notice of Guarantee Availability.

“*Secondary Loan*” means the use of Bond Loan proceeds by an Eligible CDFI to finance or Refinance a loan to a Secondary Borrower for Eligible Purposes, which meets the applicable Secondary Loan Requirements.

“*Secondary Loan Documents*” means the promissory note, loan agreement and any other documents executed by each Secondary Borrower in connection with the making of each Secondary Loan by the Eligible CDFI.

“*Secondary Loan Requirements*” mean the minimum required criteria used by each Eligible CDFI (in addition to the Eligible CDFI’s underwriting criteria) to evaluate a request by a Secondary Borrower applicant for a Secondary Loan as established by the CDFI Fund and incorporated into the Bond Loan Documents.

“*Secretary*” means the Secretary of the Treasury, or his designee.

“*Servicer*” means **[INSERT SERVICER]**, the entity that will perform various Bond Loan servicing duties, as set forth in Section 1808.606(c) of the Regulations.

“*Special Servicer*” means the Master Servicer/Trustee, or an entity designated by the Master Servicer/Trustee and approved by the CDFI Fund, that performs certain administrative duties related to the restructuring of Bond Loans that are in or about to enter into an event of default, as well as other duties set forth in Section 1808.606(d) of the Regulations.

“*Statement of Proposed Sources and Uses of Funds*” means the component of the Guarantee Application that describes the proposed uses of Bond Proceeds and the proposed sources of funds to repay principal and interest on the Bond and the Bond Loans.

“*Supplemental Indenture*” means the supplement to the Bond Trust Indenture with respect to a specific Bond.

“*Targeted Population*” means individuals or an identifiable group of individuals who are Low-Income persons or lack adequate access to Financial Products or Financial Services (as those terms are defined in 12 C.F.R. 1805.104) and meeting the requirements of 12 C.F.R. § 1805.201(b)(3)(iii).

“*Trust Estate*” means each Bond Loan Agreement and promissory notes evidencing the Bond Loans, all funds and accounts related to the Bonds and held by the Master Servicer/Trustee pursuant to the Bond Trust Indenture including, but not limited to, the Revenue Accounts and Relending Accounts, and any additional collateral pledged directly by the Eligible CDFI.

“*Underserved Rural Area*” means an area that has significant unmet needs for loans, Equity Investments, or Financial Services (as those terms are defined in 12 C.F.R. § 1805.104) and is not contained within either a Consolidated Metropolitan Statistical Areas or Primary Metropolitan Statistical Areas, as such areas are defined in OMB Bulletin No. 99-04 (Revised Statistical Definitions of Metropolitan Areas and Guidance on Uses of MA Definitions).

“*United States*” (or “*U.S.*”) means the United States of America.

“*Verifiable Losses of Principal, Interest, and Call Premium*” means any portion of required debt service payments related to or arising out of a Bond and Bond Loan, or the enforcement of either of them, that the Qualified Issuer is unable to satisfy.

Section 1.2. Interpretation. As used in this Agreement, the singular shall include the plural and the plural shall include the singular unless the context requires otherwise. The masculine gender shall include the feminine.

Section 1.3. Headings. References in this Agreement to Guarantee to Articles, Appendices, Exhibits or Sections are to Articles, Appendices, Exhibits or Sections of this Agreement to Guarantee unless the context requires otherwise. The headings of this Agreement to Guarantee and the headings of the Articles, Appendices, Exhibits and Sections are inserted for convenience of reference only and are not part of this Agreement.

ARTICLE 2

Bond Loans

Section 2.1. Qualified Issuer Responsibilities.

The Qualified Issuer is responsible for: (i) preparing and submitting the Guarantee Application on behalf of Eligible CDFI applicants that designated it to serve as Qualified Issuer, including any additional information needed for review by the CDFI Fund; (ii) during the CDFI Fund’s review and evaluation of the Guarantee Application, serving as the primary point of

contact between the CDFI Fund and the Eligible CDFI applicants that designated the Qualified Issuer to serve on their behalf; (iii) issuing Bonds for purchase by the Bond Purchaser; (iv) making Bond Loans to Eligible CDFIs, requiring that one hundred percent (100%) of Bond Proceeds are used to make Bond Loans; (v) charging interest on the Bond Loans as set forth in the Regulations, and the Bond Loan Documents, and providing for a schedule of repayment of Bond Loans that will provide adequate and timely funds for payment of principal and interest on the Bonds; (vi) during the duration of the Bonds and the Bond Loans, serving as primary point of contact between the CDFI Fund and the Eligible CDFIs; (vii) overseeing the work of, or serving in the capacity of, the Program Administrator and Servicer; (viii) enforcing the terms and requirements of the Bond Trust Indenture (including, but not limited to, requiring the repayment of Bond Loans in a timely manner pursuant to the terms of the Bond Loan documents, assigning delinquent Bond Loans to the Guarantor upon demand by the CDFI Fund or the Guarantor, and requiring the Master Servicer/Trustee establish and maintain the Risk-Share Pool and the Risk-Share Pool Fund throughout the term of the Guarantee); (ix) reviewing collateral and Credit Enhancement requirements for each Bond Loan and providing information on such collateral and Credit Enhancement to the CDFI Fund; (x) making payment of the Agency Administrative Fee to the CDFI Fund; (xi) submitting all required reports and additional documentation (including, reconciling financial data and updating its Capital Distribution Plan); and (xii) such other duties and responsibilities as the CDFI Fund, the Guarantor or the Bondholder may require.

Section 2.2. *Selection Criteria*

Prior to making a Bond Loan to an Eligible CDFI, the Qualified Issuer must adhere to the following selection criteria:

(A) The Qualified Issuer shall require each Eligible CDFI seeking to receive a Bond Loan to submit, to the Qualified Issuer, complete and accurate Guarantee Application materials demonstrating each Eligible CDFI’s ability to repay its Bond Loan.

(B) The Qualified Issuer shall require each Eligible CDFI seeking to receive a Bond Loan to submit to the Qualified Issuer, detailed plans relating to the Eligible Purpose of the Bond Loan, including a Secondary Capital Distribution Plan.

(C) The Qualified Issuer shall not approve any Bond Loans to an Eligible CDFI where the Qualified Issuer has actual knowledge, based upon reasonable inquiry, that within the past five (5) years the Eligible CDFI: (i) has been delinquent on any payment obligation (except upon a demonstration by the Qualified Issuer satisfactory to the CDFI Fund that the delinquency does not affect the Eligible CDFI’s creditworthiness), or has defaulted and failed to cure any other obligation, on a loan or loan agreement previously made under the Act; (ii) has been found by the Qualified Issuer to be in default of any repayment obligation under any Federal program; (iii) is financially insolvent in either the legal or equitable sense; or (iv) is not able to demonstrate that it has the capacity to comply with the payment schedule established by the Qualified Issuer.

Section 2.3. *Conditions Precedent to Bond Loans.*

The making of any Bond Loan shall be subject to the satisfaction of the following conditions precedent:

(A) Delivery by the Qualified Issuer to the CDFI Fund of the following:

- (1) Executed Bond Loan Documents;
- (2) Opinions of Bond Counsel and legal counsel to each Eligible CDFI;
- (3) Organizational documents of the Eligible CDFI;
- (4) Certifications by the Qualified Issuer and the Eligible CDFI that Bond Proceeds and Bond Loan proceeds will not be used for lobbying by recipients of Federal loans or guarantees;
- (5) A statement that no default, event of default, or due and unsatisfied liability has occurred and is continuing with respect to any obligations of the Qualified Issuer and the Eligible CDFI to the CDFI Fund, the Guarantor, the Bond Purchaser, the U. S. Internal Revenue Service, or any other agency, authority or instrumentality of the Federal Government; and

(B) Satisfaction of any and all other conditions precedent set forth in the Bond Loan documents, including documentation that the Eligible CDFI has secured Credit Enhancements, if any, and has pledged the collateral (including executed security documents, UCC-1 financing statements or mortgages, as applicable);

(C) If the Qualified Issuer was organized as an Affiliate or subsidiary of a parent corporation for purposes which allows for fulfilling its obligations under the Program, its performance under this Agreement to Guarantee, and the Bond Documents (excluding its obligations to make payments of debt service under any Bond), delivery of a performance guarantee pursuant to Section 12.3 of this Agreement to Guarantee that the such obligations will be absolutely and unconditionally guaranteed by such parent corporation, such guarantee to be acceptable in form and substance to the Guarantor.

(D) Execution of this Agreement to Guarantee; and

(E) Receipt of written notice from the CDFI Fund to the Qualified Issuer that the Qualified Issuer may proceed to make such Bond Loan.

Section 2.4. *Bond Loan Application File*

The Qualified Issuer shall complete and maintain throughout the life of each Bond Loan, and for six (6) years thereafter, a loan application file (the “Loan Application File”) for each Eligible CDFI seeking a Bond Loan including, but not limited to:

(A) a Loan Application;

- (B) all materials required pursuant to Section 2.3 of this Agreement to Guarantee;
- (C) such written notification as provided by the CDFI Fund pursuant to Section 7.1(B) of the Agreement to Guarantee;
- (D) Secondary Capital Distribution Plan(s); and
- (E) credit reports, credit analyses, loan contracts, past debt performance and any other documentation reasonably requested by the Qualified Issuer.

Section 2.5. *Length of and Interest on Bond Loans.*

(A) The maturity date of a Bond Loan shall not be later than twenty-nine and one half (29.5) years after the Bond Issue Date. The maturity date of Bond Loans may be earlier than, but may not be later than, the maturity date of the corresponding Bond.

(B) The Bond Loan Rate shall be the same as the Bond Rate on the particular advance of funds under the Bond that funds the Bond Loan.

(C) The rate of interest for each Secondary Loan shall be established by the Eligible CDFI in accordance with Subsection 1808.307(c) of the Regulations, and may be subject to limitations specified in the NOGA.

(D) In the event of a payment default on a Bond Loan, the Eligible CDFI shall pay interest on any overdue amount from its due date to the date of actual payment at the Bond Loan Payment Default Rate. The Bond Loan Payment Default Rate shall be calculated in the same manner as a late charge is calculated under the underlying Bond.

Section 2.6. *Bond Loan Terms and Conditions; Covenants.* The Qualified Issuer shall require the following requirements and covenants to be included in all Bond Loan Agreements:

(A) Bond Loan general recourse obligation; Collateral.

(1) The Bond Loan shall be a general recourse obligation of the Eligible CDFI.

(2) The Bond Loan shall be further secured by collateral as set forth in Section 2.10 hereof.

(B) Disbursement of Bond Loan proceeds.

(1) Bond Loans shall be draw-down loans. Disbursements of Bond Loan proceeds to the Eligible CDFI shall be made pursuant to a requisition process established by the CDFI Fund, which shall include a process described in Section 3.8.

(2) No Bond Loan proceeds may be disbursed later than sixty (60) months after the Bond Issue Date. Any Bond Loan proceeds not disbursed will have been forfeited by the Eligible CDFI.

(3) Disbursements to capitalize the Eligible CDFI's Loan Loss Reserves shall be made pursuant to a requisition process established by the Qualified Issuer and the CDFI Fund.

(C) Amortization of Bond Loan. Each Bond Loan shall amortize in the same manner as the corresponding Bond; *provided* that principal and/or interest on each Bond Loan shall be payable to the Qualified Issuer in monthly installments based on the required quarterly or semi-annual installments, as applicable, due on the corresponding Bond; *provided, further*, that each Eligible CDFI shall prefund one (1) monthly payment installment not later than the thirtieth (30th) day prior to the first payment date of the corresponding Bond so that on the thirtieth day prior to such Bond payment date, the Eligible CDFI shall have paid in full all amounts due on such Bond payment date.

(D) Optional prepayment of Bond Loan. The Bond Loan shall be subject to prepayment, in whole or in part, at the option of the Eligible CDFI in accordance with the optional prepayment provisions of the corresponding Bond (including the required prepayment minimums of \$100,000) and shall be subject to the payment of a prepayment price, as determined by the Bondholder in accordance with the corresponding Bond.

(E) Mandatory prepayment of Bond Loan. The Bond Loan shall be subject to mandatory prepayment by the Eligible CDFI in accordance with the mandatory prepayment provisions of the corresponding Bond.

(F) Covenants. Each Eligible CDFI shall covenant in its respective Bond Loan Agreement that it will:

(1) Furnish to the Qualified Issuer, at the Eligible CDFI's expense, certain annual and periodic financial and performance reporting as may be required by the CDFI Fund, the Guarantor and/or the Qualified Issuer;

(2) Maintain books and records related to the Bond Loan and Secondary Loans, the collateral and the project that is to be financed by Bond Loan proceeds, and allow inspection thereof;

(3) Preserve its corporate existence and status as a Certified CDFI;

(4) Comply with all laws to which it is subject;

(5) Maintain insurance, as required by the Qualified Issuer, against such risks as would customarily be maintained by commercially reasonable companies in a similar line of business;

(6) Pay and discharge all Federal, State and local taxes;

(7) Use Bond Loan proceeds to make Secondary Loans;

(8) Pay all required administrative expenses;

(9) Indemnify the Guarantor, the CDFI Fund, the Qualified Issuer and the Master Servicer/Trustee and their Affiliates against claims arising out of or relating to the transaction;

(10) Assign all rights, title, and interest in and to Secondary Loan collateral to the Master Servicer/Trustee;

(11) Maintain the collateral;

(12) Enforce the covenants against the Secondary Borrowers;

(13) Be bound, to the extent applicable, to provisions of the Bond Trust Indenture;

(14) Periodically, as directed by the CDFI Fund, furnish certain information designed to measure the impacts of the Bond Loan and the CDFI Bond Guarantee Program;

(15) Periodically, as directed by the CDFI Fund, furnish to the Qualified Issuer and/or the CDFI Fund updates to the Capital Distribution Plan;

(16) Comply with all representations and warranties set forth in the Bond Loan Documents;

(17) Comply with specific financial requirements as required by the Guarantor and the CDFI Fund;

(18) Not incur or issue additional long-term or short-term debt to the extent that the incurrence of such additional debt would violate the specific financial covenants of such Eligible CDFI under the Bond Loan;

(19) Not permit liens on all or any part of the Bond Loan collateral, except as permitted pursuant to the Bond Loan Documents, and only then to the extent consistent with the applicable laws and regulations governing the Bond Loan and as approved by the CDFI Fund;

(20) Engage a qualified escrow or paying agent (which fiduciary shall be approved by the Qualified Issuer) (the “Escrow Agent”), at the Eligible CDFI’s expense, to (i) collect principal and interest, and premium, if any, payments with respect to each Secondary Loan directly from each Secondary Borrower, (ii) establish a lockbox trust account in the name of the Qualified Issuer into which such Secondary Loan payments shall be deposited, (iii) account for all amounts on deposit in such trust accounts, (iv) report to the Qualified Issuer and the Eligible CDFI all amounts on deposit in such trust accounts at the request of either party, and (v) remit monies to the Master Servicer/Trustee in accordance with the invoice for the Bond Loan delivered from the Qualified Issuer and in accordance with such trust agreements as may be executed between the Qualified Issuer, the Eligible CDFI and the Escrow Agent; and

(21) Provide monies other than proceeds of the Bonds for deposit to the Bond Issuance Fees Account for application to Bond Issuance Fees in excess of the one percent (1%) permitted to be applied from proceeds of the Bond.

Section 2.7. Closing. Closings of Bond Loans (each a “Bond Loan Closing”) shall occur at a time and place determined by the CDFI Fund; *provided, however*, that, unless the CDFI Fund approves an extension, no closing date shall be set less than two (2) weeks following delivery to the Guarantor of this Agreement to Guarantee, including a term sheet, substantially in the form(s) attached hereto as Appendix D-1, signed on behalf of the Qualified Issuer and each Eligible CDFI, describing and assenting to the security agreed upon, to the other terms of the proposed loan, and to the Eligible CDFI’s understanding of the Risk-Share Pool requirements to be included in the Bond Loan Agreement. Provided further that, with respect to the initial Bond Issue, the terms sheets are attached hereto as Appendix D-2. The Qualified Issuer shall deliver to the Guarantor 1 closing binders, and two (2) electronic copies, for such Closing in accordance with Section 7.5.

Disbursement of Bond Loan Proceeds shall not occur until (i) the Qualified Issuer has approved the Eligible Purpose for which the Bond Loan is to be made; and (ii) a Bond Loan Agreement has been fully executed by the Qualified Issuer and the Eligible CDFI.

Section 2.8. Disbursements for Eligible Purposes. All disbursements of Bond Loan proceeds for Eligible Purposes to Eligible CDFIs shall be made in accordance with Section 3.8 of this Agreement. In no event shall the Qualified Issuer advance Bond Loan proceeds to Eligible CDFIs.

Section 2.9. Monitoring. Throughout the term of the Bond Loan, the Qualified Issuer must require, among other things, that the use of Bond Loan proceeds and Secondary Loan proceeds conforms to the approved Guarantee Application, Bond Loan application, Capital Distribution Plan, and Secondary Capital Distribution Plan.

Section 2.10. Security for Bond Loans.

(A) The Qualified Issuer must require that each Eligible CDFI receiving a Bond Loan provides adequate security for repayment of its indebtedness under the Bond Loan and that the Bond Loan is secured in a manner that is valid, binding, perfected and enforceable. Each Bond Loan shall be a general recourse obligation of the Eligible CDFI and shall be further secured by a first lien of the Master Servicer/Trustee, on behalf of the Bondholder, on:

(1) the Trust Estate;

(2) Qualified Secondary Loan Receivables; and

(3) either (i) an assignment of the Secondary Loan collateral (other than a Principal Loss Collateral Provision) from the Eligible CDFI to the Master Servicer/Trustee, or (ii) provision of Principal Loss Collateral Provision for the benefit of the Master Servicer/Trustee, in accordance with the Bond Loan Requirements and the Secondary Loan Requirements, as applicable.

(B) Notwithstanding the foregoing, the CDFI Fund may, in its sole discretion, approve alternative forms of Bond Loan collateral.

(C) A parity first lien on pledged collateral may be accepted, in the sole discretion of the CDFI Fund.

(D) If any collateral becomes non-performing during the term of the Bond Loan, the CDFI Fund may require the applicable Eligible CDFI to substitute other collateral that is of equal or better quality and value to the initial collateral, when performing, acceptable to the Guarantor in its sole discretion.

(E) An Eligible CDFI's parent organization, Affiliate, or an entity that is related to the Eligible CDFI through its management structure, may assume limited recourse obligation for the Bond Loan if it provides Credit Enhancement and/or pledges financial resources or such other financial support or risk mitigation that would enhance the Eligible CDFI's creditworthiness and its ability to repay the Bond Loan, thereby decreasing the risk underlying the Guarantee.

(F) The Qualified Issuer shall require that each Eligible CDFI receiving a Bond Loan pledges and assigns Credit Enhancement and such collateral as required by the Secondary Loan Requirements, as applicable, in a timely manner for the benefit of the Bondholders, the Qualified Issuer and the Guarantor. The Qualified Issuer further shall require that such security interest is perfected and maintained throughout the life of the Bond Loan and that all financing statements and agreements related thereto from time to time are properly filed in all necessary public filing places such that the liens created thereby are valid, binding, perfected and enforceable as to all parties having claims of any kind in tort, contract or otherwise.

Section 2.11. Risk-Share Pool; Draw on Guarantee; Replenishment.

Each Bond Loan Agreement shall provide that if a delinquency on a Bond Loan results in amounts being withdrawn from the Risk-Share Pool Fund by the Master Servicer/Trustee and/or there is a payment by the United States under the Guarantee to pay principal and/or interest on a Bond, the Eligible CDFI immediately must make arrangements with the Qualified Issuer to replenish the amounts so withdrawn from the Risk-Share Pool Fund or to repay the amounts paid under the Guarantee.

Section 2.12. Guarantor's Rights. Notwithstanding the rights of the Master Servicer/Trustee set forth in Section 2.13, in the event of any enforcement or foreclosure on collateral set forth in Section 2.13, the Guarantor shall direct the Qualified Issuer to direct the Master Servicer/Trustee to do one of the following: (i) directly enforce the lien on or foreclose on any collateral; or (ii) assign to the Guarantor its rights to enforce the lien on or foreclose on the collateral pursuant to Section 2.13 in which case the Guarantor shall do whatever is necessary and proper to effectuate such enforcement; *provided, however*, that any such assignment of enforcement or foreclosure rights shall not necessitate a like assignment of the Bond Loan pursuant to Section 8.4 and, as such, shall not result in any termination or release of any other rights, duties or obligations of the Master Servicer/Trustee's pursuant to the Bond Trust Indenture.

Section 2.13. Foreclosure and Enforcement of Collateral. The Qualified Issuer shall do whatever is necessary and proper to ensure that, subject to Section 2.12, the Master Servicer/Trustee may enforce the lien on or foreclose on any property which secures a Bond Loan and may bid for and purchase at any foreclosure, or any other sale, any property

which secures a Bond Loan. In the event the Guarantor, pursuant to its rights under Section 2.12(ii), acquires property pursuant to this Section 2.13, notwithstanding any other provisions of law relating to the acquisition, handling or disposal of real property by the United States, he may complete, administer, remodel and convert, dispose of, lease, and otherwise deal with such property, except that:

(A) such action shall not preclude any other action by the Guarantor to recover any deficiency in the amount of a Bond Loan assigned to the Guarantor pursuant to Section 8.4; and

(B) any such acquisition of real property shall not deprive any state or political subdivision thereof of its civil or criminal jurisdiction in and over such property or impair the civil rights under the state or local laws of the inhabitants on such property.

Section 2.14. *Secondary Loan Applications.* In connection with the making of Secondary Loans for Eligible Purposes, the Qualified Issuer shall direct the Eligible CDFI to provide to the Qualified Issuer the Secondary Loan application submitted to the Eligible CDFI demonstrating that the Secondary Borrower has been deemed creditworthy and meets the criteria set forth in the applicable Secondary Loan Requirements to receive a Secondary Loan. The Qualified Issuer shall require each Eligible CDFI, before making a Secondary Loan, to make a determination, based on data in the Secondary Loan application, that the following Secondary Loan terms and conditions will be satisfied:

(A) Eligible Purposes. The Qualified Issuer must require that Eligible CDFIs make Secondary Loans only for Eligible Purposes. Secondary Loan proceeds may not be used to capitalize loan loss reserves.

(B) Making Secondary Loans. The Qualified Issuer must require that the Eligible CDFI executes Secondary Loan documents (in the form of promissory notes) with each Secondary Borrower as follows: (i) not later than twelve (12) months after the Bond Issue Date, Secondary Loan documents representing at least fifty percent (50%) of the Eligible CDFI's Bond Loan proceeds must be allocated for Secondary Loans, and (ii) not later than twenty-four (24) months after the Bond Issue Date, Secondary Loan documents representing one hundred percent (100%) of the Eligible CDFI's Bond Loan proceeds must be allocated for Secondary Loans (excluding any amounts used for payment of Bond Issuance Fees pursuant to Section 1808.304(b)) of the Regulations. In the event that the Eligible CDFI does not comply with the foregoing requirements of clauses (i) and (ii) of this paragraph, the available Bond Loan proceeds at the end of the applicable period shall be reduced by an amount equal to the difference between the amount required by clauses (i) and (ii) minus the amount previously committed to the Secondary Loans in the applicable period. Consistent with the corresponding Bond Loan, the Secondary Loans shall be drawn down by the Secondary Borrowers upon demonstration of an Eligible Purpose.

(C) No Commingling. Secondary Loans made from proceeds of a Bond Loan or from the Relending Account shall not be effectuated through the commingling of such funds with funds derived from other sources or other Bond Loans of the Eligible CDFI. Each Secondary Loan must be separate and distinct and, as such, must be

evidenced by separate and distinct agreements, notes and other applicable instruments or contracts.

(D) Secondary Loan Interest Rate. The rate of interest with respect to each Secondary Loan shall be determined by each Eligible CDFI in accordance with the following limitations:

(1) With respect to each Secondary Loan, the Eligible CDFI will be required to propose to the CDFI Fund: (i) a minimum and maximum spread over the corresponding Bond Loan Rate which will represent the standard minimum and maximum interest rate (the “Minimum Secondary Loan Rate” and “Maximum Secondary Loan Rate”, respectively) and (ii) a maximum spread over the Maximum Secondary Loan Rate in event of a Secondary Loan default (the “Maximum Secondary Loan Default Spread”).

(2) The CDFI Fund reserves the right to evaluate, approve, modify, or disapprove the proposed Minimum Secondary Loan Rate, Maximum Secondary Loan Rate, and Maximum Secondary Loan Default Spread before approving any Guarantee Application.

(E) Secondary Loan Default Rate. The Eligible CDFI may charge a default rate on the Secondary Loan so long as such rate does not exceed the Maximum Secondary Rate, plus the Maximum Secondary Loan Default Spread.

(F) Secondary Loan Maturity. The maturity date with respect to the Secondary Loan shall be in accordance with the requirements of the applicable Secondary Loan Requirements. The maturity date of Secondary Loans may be earlier than, but may not be later than, the maturity date of the corresponding Bond.

(G) Secondary Loan Collateral.

(1) The Secondary Loan shall be payable from amounts made available pursuant to the Secondary Loan documents, and secured by (i) a first lien of the Eligible CDFI on pledged collateral in an amount that is consistent with the loan-to-value ratio requirements set forth in the Secondary Loan Requirements or (ii) a Principal Loss Collateral Provision for the benefit of the Master Servicer/Trustee, in accordance with the Bond Loan Requirements and the Secondary Loan Requirements, as applicable.

(2) Qualified Secondary Loan Receivables may be used as collateral; *provided, however*, that such collateral is secured by a first lien on the Secondary Loan collateral in accordance with the Bond Loan Requirements and the Secondary Loan Requirements, as applicable.

(3) A parity first lien on pledged collateral may be accepted, in the sole discretion of the CDFI Fund.

(H) Commitments for Secondary Loans. Each proposed Secondary Loan shall be approved by the credit committee of the Eligible CDFI or its equivalent, in

accordance with the applicable Secondary Loan Requirements and the Eligible CDFI's own underwriting requirements.

(I) Disbursement of Secondary Loan Proceeds.

(1) Consistent with the corresponding Bond Loan, Secondary Loans shall be draw-down loans. Disbursements of Secondary Loan proceeds to the Secondary Borrower shall be made pursuant to a requisition process established by the Qualified Issuer and the CDFI Fund and shall mirror the requirements for the disbursement of Bond Proceeds.

(2) Each requisition shall be accompanied by invoices and certifications by the Secondary Borrower as to expenditure of proceeds for Eligible Purposes. The Eligible CDFI must also certify that the Secondary Loan conforms to the requirements set forth in the applicable Secondary Loan Requirements. In the case of Refinancings, the Eligible CDFI must also certify that the original loan was used for an Eligible Purpose.

(3) Secondary Loan proceeds shall be disbursed in accordance with the applicable Secondary Loan Requirements which shall set forth, among other requirements, that Secondary Loan disbursements shall be made in accordance with commercially reasonable standards and timeframes for disbursement based on the nature of the Eligible Purposes. The Secondary Loan Requirements shall also specify what constitutes a commercially reasonable timeframe for disbursement in connection with specific types of Eligible Purposes. Notwithstanding the foregoing, each Eligible CDFI shall propose a timeframe for disbursement in connection with each Secondary Loan, which timeframe shall be subject to the requirements set forth in the Secondary Loan Requirements.

(J) Amortization of Secondary Loans. Secondary Loans shall amortize as determined by the Eligible CDFI; *provided* that Secondary Loan amortization installments shall conform to the requirements of the applicable Secondary Loan Requirements.

(K) Prepayment of Secondary Loans. Secondary Loans shall be subject to prepayment as determined by the Eligible CDFI; *provided* that the Secondary Loan documents may provide for modification of Secondary Loan terms (so long as such modification does not affect the corresponding Bond or Bond Loan) and shall provide for mandatory prepayment of the Secondary Loan from liquidation of collateral upon the exercise of default remedies by the Eligible CDFI, the Qualified Issuer or the Guarantor as required by the Bond, the Bond Loan documents, or the Agreement to Guarantee, as applicable.

(L) Repayment of Secondary Loans. If, notwithstanding the arrangements set forth in Section 2.6(G)(20) hereof, the Eligible CDFI receives any payments on account of any Secondary Loan with respect to the principal or redemption price of or interest on any Secondary Loan, the Qualified Issuer shall require the Eligible CDFI to immediately pay over such payment to the Escrow Agent to be applied provided

thereby. As Secondary Loans are repaid, the Qualified Issuer may permit the Eligible CDFI, through the Relending Fund, to Refinance and substitute as collateral for the Bond Loan other loan(s) for Eligible Purposes that meet the required Secondary Loan Requirements, *provided* that the Eligible CDFI makes Bond Loan payments as required. If the outstanding principal balance of the Bond Loan exceeds the outstanding principal balance of the Bond Loan in use for the Eligible Purposes, the Qualified Issuer shall require the Eligible CDFI to repay the difference, which shall be deposited in the Relending Fund, and credited to the corresponding Relending Account.

ARTICLE 3

The Bond Trust Indenture

The Qualified Issuer shall be responsible for establishing the Trust Estate and monitoring and enforcing the administration of the Trust Estate by the Master Servicer/Trustee. The following requirements shall be followed in connection with these responsibilities:

Section 3.1. *The Master Servicer/Trustee.* The Bond Trust Indenture shall require the Master Servicer/Trustee to, at all times, be qualified to act as a Master Servicer/Trustee and shall have a combined capital and surplus of at least \$100,000,000. If at any time the Master Servicer/Trustee ceases to be qualified or to have a combined capital and surplus of at least \$100,000,000 in accordance with the provisions of this Section, the Bond Trust Indenture shall require the Master Servicer/Trustee to immediately notify the Qualified Issuer, the CDFI Fund and the Guarantor. The Qualified Issuer, annually, shall review the performance of the Master Servicer/Trustee and report to the CDFI Fund thereon.

Section 3.2. *Rights and Obligations of the Master Servicer/Trustee.* The Qualified Issuer shall grant to the Master Servicer/Trustee the full power and authority to do all things not inconsistent with the provisions of the Bond Trust Indenture in order to enforce such Indenture or to take any action with respect to an event of default under such Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, or to protect the interests of the Bondholders. The Master Servicer/Trustee shall not be answerable or accountable except for its own bad faith, willful misconduct or negligence.

Section 3.3. *Establishment of the Trust Estate.* All moneys and securities conveyed to or held by the Master Servicer/Trustee at any time pursuant to this Agreement to Guarantee or any of the Bond Loan Documents shall be assigned, transferred and set over to the Master Servicer/Trustee as part of the Trust Estate in trust for the purposes and under the terms and conditions hereof and of each of the Bond Loan Documents. All such moneys and securities shall be held by the Master Servicer/Trustee separate and apart from any other moneys and securities held by the Master Servicer/Trustee.

Section 3.4. *The Bond Trust Indenture.* The Qualified Issuer and the Master Servicer/Trustee shall enter into a Bond Trust Indenture that shall specify all the

customary terms and conditions applicable to the proceeds or payment of Bonds, including, but not limited to:

(A) the disposition of Bond Proceeds in the form of Bond Loans pursuant to Article 2 of this Agreement to Guarantee;

(B) the establishment of the Risk-Share Pool Fund pursuant to Article 5 of this Agreement to Guarantee;

(C) the establishment of the Project Fund, the Revenue Fund, the Debt Service Fund (and therein an Interest Account, a Principal Account and a Redemption Account for each Bond), the Administrative Fees Fund, the Relending Fund, and any other funds and accounts deemed appropriate by the Qualified Issuer or the Master Servicer/Trustee pursuant to this Agreement to Guarantee;

(D) the flow of funds within the Trust Estate during the life of the Bonds;

(E) the terms of Bonds, including, but not limited to, amount, interest, maturity, and redemption provisions;

(F) provisions for the refunding or the defeasing of Bonds and/or the Bond Trust Indenture;

(G) the duties of the Master Servicer/Trustee and other fiduciaries;

(H) provisions for the resignation, or removal and replacement of the Master Servicer/Trustee and other fiduciaries and appointment of a successor Master Servicer/Trustee and other fiduciaries; and

(I) termination of the Bond Trust Indenture.

Section 3.5. *Project Fund.*

(A) The Bond Trust Indenture shall establish and administer a separate fund (the “Project Fund”), with a sub-account for each Bond Loan to an Eligible CDFI (each, a “Project Account”), in order to account for the money that each Eligible CDFI will use in paying its Costs of the Eligible Purposes. Any interest or other income earned on the investment of funds in a Project Account must be credited to that Project Account.

(B) Any proceeds of insurance, condemnation or eminent domain awards received by the Qualified Issuer or the Eligible CDFI with respect to any Eligible Purpose shall be deposited by the Qualified Issuer or the Eligible CDFI in the Project Fund for credit to the applicable Project Account and, if necessary, such Project Account may be re-established for such purposes.

Section 3.6. *Pledge of Proceeds, Revenues, Funds and Accounts.* The Bond Trust Indenture shall require the proceeds from the sale of Bonds, the revenues from the payment of principal and interest by Eligible CDFIs on Bond Loans, and all funds and accounts established pursuant to this Agreement to Guarantee to be pledged and assigned by the Master

Servicer/Trustee as security for the benefit of the Bondholders and the Guarantor FIRST, for the payment of the principal and interest on Bonds; SECOND, for reimbursement of the Guarantor should a funding under the Guarantee be necessary; and THIRD, as to proceeds, for the payment of costs, all in accordance with the provisions of this Agreement to Guarantee and of the Bond Documents. The Master Servicer/Trustee shall fully and properly secure such proceeds, revenues, funds and accounts and properly file all financing statements or control agreements related thereto in all necessary public filing places such that the lien created thereby is valid, binding and perfected as to all parties having claims of any kind in tort, contract or otherwise.

Section 3.7. Encumbrances. The Qualified Issuer covenants and agrees that, at all times that Bonds are outstanding, it shall maintain the Bond Trust Indenture, shall not encumber the Trust Estate, shall cause the Master Servicer/Trustee to covenant and agree likewise and shall enforce the Master Servicer/Trustee's covenants and agreements.

Section 3.8. Disbursements.

(A) Disbursements of Bond Loan proceeds to the Eligible CDFI shall be made pursuant to a requisition process established by the CDFI Fund, which shall include a process by which the Qualified Issuer shall request an advance from the Bondholder under the Bond and a process by which the Eligible CDFI shall request disbursement from the Qualified Issuer. The obligation of the Master Servicer/Trustee to make a disbursement from the Project Account for Bond Loans to the Eligible CDFI shall be subject to the following conditions precedent:

(1) the Master Servicer/Trustee shall have received notice from the Eligible CDFI of its request for disbursement. Each disbursement shall be made on at least five (5) Banking Days' notice from the Eligible CDFI to the Master Servicer/Trustee, which notice shall specify the date of the disbursement, the amount thereof, and payment instructions;

(2) the Master Servicer/Trustee shall have received a certificate, signed by an Authorized Representative of the Eligible CDFI and an Authorized Representative of each Secondary Borrower, setting forth the following:

(i) costs paid and/or incurred as of the end of the most recent calendar month prior to the date of such certificate;

(ii) the then current projection as to final costs of completing the Eligible Purpose; and

(iii) if applicable, all materialmen, mechanics and suppliers have been paid in full or have waived all claims for services and materials rendered or delivered to date;

(3) the Master Servicer/Trustee shall have received invoices and certificates by the Eligible CDFI (and each Secondary Borrower) as to expenditure of proceeds for Eligible Purposes or, in the case of capitalization of the Eligible CDFI's loan loss reserves, evidence satisfactory to the Qualified Issuer, as specified by the CDFI Fund, that any accounts necessary to maintain loan loss reserves have been established and

commercially reasonable requirements for the drawing, application and replenishment of such funds have been approved by the governing body of the Eligible CDFI;

(4) the Master Servicer/Trustee shall have received a certificate signed by the Qualified Issuer stating that the Qualified Issuer has reviewed (or caused its Program Administrator or Servicer to review, as applicable) the foregoing notice, application for payment and certificates and reasonably determined that, to the best of its knowledge, such documents are in order and that the requested disbursement should be made; and

(5) the Master Servicer/Trustee shall have received a copy of the applicable Bond Loan Agreement.

(B) Upon receipt of such notice, the application for payment, the Bond Loan Agreement and the certificates required by this subsection, the Master Servicer/Trustee shall make such funds available to the Eligible CDFI, by wire transfer of such funds to an account designated by the Eligible CDFI maintained at a Bank or financial institution that is a member of the Federal Deposit Insurance Corporation, in each case as may have been specified by the Eligible CDFI in its notice to the Master Servicer/Trustee.

(C) The Master Servicer/Trustee may not disburse Bond Loan proceeds later than sixty (60) months after the Bond Issue Date. If, after the final disbursement to the Eligible CDFI, there are funds remaining in such Eligible CDFI's Project Account, the Master Servicer/Trustee shall transfer such funds FIRST to the applicable Interest Account and SECOND to the applicable Principal Account.

Section 3.9. *Deposits and Payments.*

(A) The Qualified Issuer shall ensure that debt service or prepayments on the Bond Loan, and other payments received from an Eligible CDFI pursuant to the Bond Loan Documents are received by the Master Servicer/Trustee at least thirty (30) days prior to any payment of principal and/or interest on a Bond.

(B) The Master Servicer/Trustee shall deposit debt service or prepayments on the Bond Loan, other payments received from an Eligible CDFI pursuant to the Bond Loan documents, and any investment income derived from the corresponding accounts or subaccounts, in the accounts and subaccounts of the Revenue Fund. All monies in the applicable Revenue Account shall be paid by the Master Servicer/Trustee at such time as is required in the Bond Documents and in the following order of priority:

FIRST, to the particular sub-account of the Interest Account relating to the Bond issued to fund the Bond Loan made to finance such Eligible Purpose, the amount necessary to make the amount on deposit therein equal to the total amount of interest in respect of the Bonds required to have been paid by the Eligible CDFI under the Bond Loan Agreement through such date (less any prior withdrawals to pay interest on such Bonds);

SECOND, to the particular sub-account of the Principal Account relating

to the Bond issued to fund the Bond Loan made to finance such Eligible Purpose, the amount necessary to make the amount on deposit therein equal to the total amount of principal in respect of the Bonds required to have been paid by the Eligible CDFI under the Bond Loan Agreement through such date (less any prior withdrawals to pay principal on such Bonds);

THIRD, to the particular sub-account of the Redemption Account relating to the Bond issued to fund the Bond Loan made to finance such Eligible Purpose, the amount of principal and accrued interest paid by the Eligible CDFI under the Bond Loan Agreement identified as being paid for mandatory or optional prepayment of Bonds;

FOURTH, to the Guarantor if there has been a payment under the Guarantee, the amount paid due to the respective Eligible CDFI's default except that if the available amount is insufficient to cover such amount, the available amount shall be applied towards such payment and the balance shall be collected under the order specified within this Section 402 from the next payment of Revenues attributable to the Eligible CDFI whose default resulted in the draw on the Guarantee;

FIFTH, to the extent there has been a withdrawal from the particular account of the Risk-Share Pool Fund relating to a Bond due to the respective Eligible CDFI's default, an amount to replenish such account of the Risk-Share Pool Fund; *provided* that if funds were drawn from accounts of the Risk-Share Pool Fund relating to other Bonds pursuant to Section 403(d) hereof, such other accounts of the Risk-Share Pool shall be replenished prior to replenishment of the account relating to the defaulting Eligible CDFI;

SIXTH, to the Relending Account, pursuant to Section 308 hereof;

SEVENTH, to the Qualified Issuer, an amount equal to the Qualified Issuer Fee; and

EIGHTH, to the CDFI Fund, an amount equal to the Agency Administrative Fee.

(C) The Qualified Issuer shall advise the Master Servicer/Trustee at least ten (10) days prior to a scheduled principal and/or interest payment due to the Bondholders that such payments are due. The Master Servicer/Trustee shall transfer from the Revenue Account to the Principal Account and the Interest Account the amounts necessary to make scheduled principal and interest payments to the Bondholders within five (5) days prior to such scheduled date. On the principal and interest payment date, the Master Servicer/Trustee then shall pay to the Bondholders all principal and interest due to such Bondholder under the Bond Trust Indenture from the Principal Account and Interest Account, respectively.

(D) If, after all amounts due and payable under each Bond, and all amounts (if any) due and payable under each Reimbursement Note, have been paid in full, there are any funds remaining in the Principal Account or the Interest Account, such funds shall be paid in the

following order of priority: FIRST, to make payment on the principal and interest of any Bond Loan; SECOND, to replenish the Risk-Share Pool Fund for any withdrawals due to a delinquency or default; THIRD, to reimburse the Guarantor for any payment under the Guarantee for such a delinquency or default; and FOURTH, to the applicable Eligible CDFI.

(E) Any money earned from the investment of funds in the Revenue Account, the Principal Account or the Interest Account shall be paid in the following priority: FIRST, to replenish the Risk-Share Pool Fund if a delinquency or default on a Bond Loan results in funds being withdrawn from the Risk-Share Pool Fund by the Guarantor to pay principal and/or interest on Bonds; SECOND, to the Guarantor to the extent there has been a funding under the Guarantee; and THIRD, to the Principal and Interest Accounts.

Section 3.10. *Liability for Investments.* Neither the Qualified Issuer nor the Master Servicer/Trustee shall be liable for any losses incurred for making any investment authorized by the provisions of this Agreement to Guarantee, in the manner provided in this Agreement to Guarantee, for any depreciation in value of any obligation, or for any loss, direct or indirect, resulting from any such investment.

Section 3.11. *[Reserved].*

Section 3.12. *Survival.* If the Qualified Issuer is discharged pursuant to Section 10.1 of this Agreement to Guarantee, the Master Servicer/Trustee shall remain in place and continue to discharge its duties under the terms and conditions set forth in the Bond Trust Indenture. The Bond Trust Indenture shall provide that until such time as a replacement Qualified Issuer has been appointed, the Guarantor shall have all rights and duties of the Qualified Issuer under the Bond Trust Indenture and that after a new Qualified Issuer has been appointed, the new Qualified Issuer shall have all rights and duties of the predecessor Qualified Issuer under the Bond Trust Indenture.

**ARTICLE 4
The Relending Fund**

Section 4.1. *Establishment.*

(A) The Qualified Issuer shall cause the Master Servicer/Trustee to establish a Relending Fund within the Trust Estate into which amounts in excess of those required for debt service payments on the Bonds must be held and used for additional Secondary Loans. In order to facilitate accounting, the Master Servicer/Trustee shall establish under the Relending Fund an account (the “Relending Account”) for each Bond Loan. As Bond Loans are repaid, such amounts in excess of those required for debt service payments on the Bonds may be held in the Relending Account and used for additional Secondary Loans, to the extent authorized in Section 1808.308 of the Regulations.

(B) The funds in each Relending Account shall be available to the applicable Eligible CDFI to make additional Secondary Loans, the maturity date of which shall not exceed the maturity date of the corresponding Bond. The balance of each Relending Account shall not equal more than the Relending Account Maximum. Any amounts in excess of the applicable Relending Account Maximum shall be transferred to the applicable Redemption Account of the

Debt Service Fund to effectuate a mandatory redemption of the corresponding Bond in accordance with the terms of the Bond Trust Indenture.

Section 4.2. *Secondary Loans.* Secondary Loans made from any Relending Account shall meet all the requirements of the Secondary Loan Requirements, and conform to the following additional conditions:

(A) the Qualified Issuer has received and approved a Bond Loan commitment request submitted by the Eligible CDFI;

(B) no material event has occurred and is continuing or is threatened at the Eligible CDFI level or the Qualified Issuer level that adversely affects the Eligible CDFI, the Bond or the Bond Loan;

(C) no Eligible CDFI event of default has occurred and is continuing with respect to the applicable Bond Loan;

(D) no Qualified Issuer event of default has occurred and is continuing with respect to the applicable Bond;

(E) there exists no unreplenished draw on the Risk-Share Pool Fund by the Eligible CDFI;

(F) the maturity date of the Secondary Loans made from the Relending Account shall not extend beyond the maturity date of the corresponding Bond; and

(G) any other conditions set forth in the Regulations, the applicable NOGA, the Secondary Loan Requirements or the Bond Loan Documents.

ARTICLE 5 The Risk-Share Pool Fund

Section 5.1. *Establishment and Release.*

(A) The Master Servicer/Trustee, on behalf of the Qualified Issuer and for the benefit of the Bondholder, shall establish a Risk-Share Pool Fund to comply with the requirement of a Risk-Share Pool as required by the Regulation and the Act, and therein a separate account corresponding to each Bond Loan. The applicable Risk-Share Pool Account shall be funded at each disbursement of the corresponding Bond Loan proceeds by payment from each Eligible CDFI in accordance with 12 U.S.C. 4713a(d) and Section 1808.303 of the Regulations. Subject to Section 5.3 hereof, the Risk-Share Pool Fund must remain in place throughout the term of the Guarantee.

(B) At each disbursement of the Bond Loan proceeds, each Eligible CDFI shall deposit an amount that is equal to three percent (3%) of the disbursement, for a total of three percent (3%) of the guaranteed amount outstanding of the Bond, from monies other than Bond

Loan proceeds, into the applicable Risk-Share Pool Account. Such monies shall remain in said account throughout the term of the Bond Issue.

(C) Any interest on a Bond Loan in excess of the Bond Loan Rate derived by the Qualified Issuer during any period during which the Bond Loan Payment Default Rate applies shall also be deposited in the applicable Risk-Share Pool Account.

(D) In the event that an Eligible CDFI defaults on a payment of debt service on its Bond Loan, the Risk-Share Pool Fund shall be applied by the Master Servicer/Trustee to cover the deficiency in payments of debt service on the corresponding Bond to ensure a complete payment to the Bondholder.

(E) The defaulted Eligible CDFI's deposit in the applicable Risk Share Pool Account shall be applied first to any such deficient payment of Bond debt service.

(F) After depletion of the defaulted Eligible CDFI's deposit in the applicable Risk Share Pool Account, each remaining Eligible CDFI's deposit in the Risk Share Pool Fund shall be applied pro rata to any such deficient payment of debt service to ensure a complete payment to the Bondholder.

(G) Monies on deposit in the Risk-Share Pool Fund shall be applied to such payments and shall be depleted in full prior to any draw on the Guarantee.

(H) The Eligible CDFI in default and responsible for a draw shall be required to replenish the Risk-Share Pool Fund in the event of a draw.

(I) Eligible CDFIs not in default and not responsible for a draw shall not be required to replenish the Risk-Share Pool Fund in the event of a draw.

(J) In the event of a payment default on the Bond Loan by an Eligible CDFI, the Qualified Issuer shall notify the CDFI Fund and request permission to draw from the Risk-Share Pool Fund to cover any default of principal and interest payments due to the Bond Purchaser.

Section 5.2. *Investment of Funds in Risk-Share Pool Fund.* The Master Servicer/Trustee must invest the funds in the Risk-Share Pool Fund, at the direction of the Eligible CDFI or the Qualified Issuer, as appropriate.

Section 5.3. *Closing of Risk-Share Pool Fund and Risk-Share Pool Account.* Amounts in the Risk Share Pool Fund will not be returned to Eligible CDFIs until maturity of all of the Bonds, and termination of all of the Bond Loans, within a Bond Issue. Upon maturity of all of the Bonds, and termination of the Bond Loans, within a Bond Issue, the pro rata amount of each Eligible CDFI's unused payments that remain in the Risk-Share Pool Fund shall be returned to each Eligible CDFI; *provided, however,* that such Eligible CDFI has properly and fully replenished any draws on the Risk-Share Pool attributed to nonpayment of its Bond Loan and the corresponding Bond.

ARTICLE 6
Issuance of Bonds

Section 6.1. *Conditions to the Issuance of Bonds by the Qualified Issuer.* No Bonds shall be issued by the Qualified Issuer until such time as the Qualified Issuer has provided the CDFI Fund with the following:

- (A) Executed Bond Documents;
- (B) Opinions of Bond Counsel, counsel of each Eligible CDFI and counsel of the Master Servicer/Trustee;
- (C) Executed Bond Loan Documents;
- (D) Organizational documents of each Eligible CDFI;
- (E) Certificates by the Qualified Issuer and each Eligible CDFI regarding lobbying by recipients of Federal loans or guarantees;
- (F) A certification that no default, event of default, or due and unsatisfied liability has occurred and is continuing with respect to any obligations of the Qualified Issuer and each Eligible CDFI to the CDFI Fund, the Guarantor, the Bond Purchaser, the U.S. Internal Revenue Service or any other agency, authority or instrumentality of the United States government;
- (G) A certification that there are no material substantive changes in the Bond Documents from the forms thereof as approved by the Guarantor;
- (H) A certification that each Eligible CDFI receiving a Bond Loan has agreed in the applicable Bond Loan Agreement not to subordinate such Bond Loan nor to use such Bond Loan as collateral for any other obligation;
- (I) A certification that (i) the Qualified Issuer has complied with all the provisions of this Agreement to Guarantee, the Bond Documents and all applicable provisions of the Act and (ii) to the best of its knowledge, after reasonable inquiry, each Eligible CDFI has complied with all such provisions and is not in default of such provisions or the terms of any other financing; and
- (J) Evidence of satisfaction of any and all other conditions precedent set forth in the Bond Loan Documents.

Section 6.2. *Bonds.*

- (A) Each Bond issued by the Qualified Issuer shall be dated pursuant to the Bond Purchase Agreement.
- (B) The Bonds shall be special non-recourse obligations of the Qualified Issuer payable solely from and secured by the Trust Estate.

(C) The maturity date of a Bond shall not be later than twenty nine and one half (29.5) years after the Bond Issue Date. The maturity date for any advance of funds under a Bond shall not be later than the maturity date of the Bond.

(D) Advances of funds under a Bond shall be made pursuant to an advance request process established by the Bond Purchaser. The process shall include the approval of the CDFI Fund of each advance of funds under a Bond. Advances under a Bond shall be made to fund disbursements of Bond Loans.

(E) The Bond Rate applicable to each advance of funds under a Bond will be established by the Bond Purchaser as of the date of the respective advance, as provided in the Bond. The Bond Rate for each advance of funds must be fixed and will be indexed to the appropriate Treasury rate based on the Treasury yield curve plus a spread determined by the Bond Purchaser over this interest rate. Variable Bond Rates are not permitted.

(F) Interest on each advance of funds under a Bond shall be computed as provided in the Bond.

(G) A principal and interest payment schedule will be determined and provided to the Qualified Issuer for each advance of funds under a Bond, based on the Bond Rate established for the respective advance. The final principal and interest payment schedule for amounts due under a Bond will be the aggregation of the individual principal and interest payment schedules for all advances of funds under the Bond.

Section 6.3. *Placement of Bonds.* The Qualified Issuer shall sell the Bonds to the Federal Financing Bank as Bond Purchaser.

Section 6.4. *Opinion of Qualified Issuer Bond Counsel.* Bond Counsel shall issue an opinion for the benefit of the Bondholder, which shall also be addressed to the Qualified Issuer and the Guarantor with respect to each issuance of Bonds. Each opinion issued by Bond Counsel shall state that the Bonds have been duly authorized, executed and issued and constitute valid and legally binding obligations of the Qualified Issuer enforceable in accordance with their terms, that the Qualified Issuer is duly organized and validly existing, that the performance of the obligations of the Qualified Issuer hereunder have been duly authorized and executed by the Qualified Issuer, that the pledge of the Trust Estate is valid, binding, perfected and enforceable in accordance with its terms, and as to such other matters as the Guarantor, the Qualified Issuer, or the Bond Purchaser may reasonably request.

Section 6.5. *Use of Proceeds of Bonds.* The Qualified Issuer agrees that one hundred percent (100%) of the proceeds of each issuance of Bonds shall be credited to the Project Fund pursuant to Section 3.5 of this Agreement to Guarantee to finance or Refinance Bond Loans to Eligible CDFIs for Eligible Purposes.

ARTICLE 7
Conditions to Issuance of Guarantees

Section 7.1. *The Guarantee Application.*

(A) The Guarantee shall not be issued by the Guarantor until such time as the Qualified Issuer has provided the CDFI Fund with a certification that, as of the date of Bond Closing: (i) the certifications, representations and warranties set forth in the Guarantee Application are true correct and complete in all material respects; and (ii) the Qualified Issuer, following due inquiry, has not determined that there has occurred any material adverse change since the submission of the Guarantee Application, in the business, operations, assets, liabilities (contingent or otherwise) or financial condition of the Qualified Issuer, except as has been disclosed in writing to the Guarantor prior to the Bond Closing Date. The Guarantor and the CDFI Fund have relied and may continue to rely upon the information provided by the Qualified Issuer in the Guarantee Application.

(B) Prior to the issuance of a Guarantee, the CDFI Fund and the Guarantor shall have determined that the Qualified Issuer is authorized to issue Bonds and receive a Guarantee based on the criteria and process set forth in 12 C.F.R. § 1808. The CDFI Fund must have approved the Qualified Issuer's Guarantee Application, which approval must include a credit review, an evaluation of the Qualified Issuer's ability to comply with the requirements of the program, and each Eligible CDFI's ability to repay its Bond Loan. Said approval, pursuant to the Regulations, the NOGA, and the Guarantee Application requirements, shall be made in reliance on data and certifications provided by the Qualified Issuer and the Eligible CDFI, as well as on title reports, legal opinions and other documentation, as applicable. The CDFI Fund shall be entitled to place reasonable reliance on the validity and accuracy of such materials and the CDFI Fund shall not be liable to any other party in the event that any such materials on which it reasonably relies turn out to be false or misleading. Further, the CDFI Fund shall have provided a Department Opinion regarding compliance by the Qualified Issuer with the requirements of the Program.

Section 7.2. *Guarantee.*

(A) In reliance upon the representations and warranties of the Qualified Issuer set forth in this Agreement to Guarantee, and subject to all the terms and conditions set forth in this Agreement to Guarantee, including without limitation this Article 7, and to all the terms and conditions of the Act and the Regulations, the Guarantor agrees with the Qualified Issuer to issue such irrevocable and unconditional Guarantees, described in this Article 7, as may be requested by the Qualified Issuer on Banking Days designated by the Qualified Issuer (each of which days shall be a Bond Issue Date) with respect to principal amounts of Bonds and interest thereon.

(B) At the closing of each Bond Purchase Agreement, upon the satisfaction of all conditions precedent set forth in this Agreement to Guarantee, the Guarantor shall issue a Guarantee, substantially in the form of Appendix A annexed hereto.

(C) Each of the Bond Documents shall provide that the Guarantee issued pursuant to Articles 7 and 8 is an irrevocable guarantee pledged to the payment of all Bonds issued as part of a Bond Issue with respect to Verifiable Losses of Principal, Interest, and Call Premium. The

obligation of the United States under any Guarantee shall become effective only upon the exhaustion of all the funds held in the Risk-Share Pool Fund pursuant to Article 5 of this Agreement. No amendment, renewal or extension of any Bond or any modification or waiver of any right of the Bondholder thereunder may be consented to by the Qualified Issuer or the Master Servicer/Trustee without the prior written consent of the Guarantor.

Section 7.3. Aggregate Guarantee Amount. At no time shall the aggregate number of Guarantees issued under the Program exceed ten (10) in any calendar year, nor shall the aggregate principal amount of outstanding Bonds guaranteed under the Program and this Articles 6 and 7, excluding any accrued, unpaid interest, exceed \$500,000,000² in any fiscal year. The principal amount of outstanding Bonds which may be guaranteed under the Program and Articles 7 and 8 shall not exceed \$ _____, as set forth in Appendix D (Term Sheets), attached hereto.

Section 7.4. Termination of Guarantee. The Guarantee shall terminate only at such time as such Bonds guaranteed thereby have matured, been redeemed, retired or canceled, in accordance with the provisions governing maturity, redemption, retirement or cancellation in the Bond Purchase Agreements and/or the Bond Trust Indenture. The term of the Guarantee may not exceed thirty (30) years. The Qualified Issuer shall notify, immediately, the Guarantor with regard to any Bond paid, redeemed, refunded or otherwise retired or canceled by the Qualified Issuer.

Section 7.5. Closing Binders. Within forty-five (45) days after each Closing Date, the Qualified Issuer shall deliver (i), to the Guarantor, one (1) complete, original closing binder and two (2) electronic copies and (ii), to the Master Servicer/Trustee and each Eligible CDFI, one (1) electronic copy, of the closing binder, applicable to such Closing.

ARTICLE 8 The Guarantee

Section 8.1. Notification. Within five (5) days after an Eligible CDFI is delinquent or defaults on a payment of principal and/or interest on a Bond Loan, the Qualified Issuer must notify the Guarantor in writing.

Section 8.2. Certificate. Within five (5) days after the following:

(A) the Qualified Issuer (or the Master Servicer/Trustee, as the Qualified Issuer's agent) has engaged unsuccessfully in collection efforts for a period of not less than twelve (12) days, such collection efforts which shall include, but not be limited to, contacting in person and by registered mail the designated Authorized Representative of the Eligible CDFI, assessment of late charges, liquidation of collateral and rescheduling, if appropriate, and which may include acceleration (only upon the express written approval of the Guarantor) and litigation;

² \$500,000,000 in FY 2013; \$1,000,000,000 in FY 2014, subject to Congressional authorization.

(B) there are insufficient funds in the applicable Interest and Principal Accounts and the Risk-Share Pool Fund to make a scheduled payment of principal and interest on the applicable Bonds;

The Qualified Issuer shall issue a certificate to the Guarantor (or to the Guarantor's designee) certifying that the above conditions apply; and the Qualified Issuer shall present a certificate requesting payment under the Guarantee, in conformity with the terms of the Guarantee and before expiration of the date of the Guarantee; *provided* that not later than two (2) Banking Days following presentment of such certificate, such payment request shall be honored.

Section 8.3. Amount. In the certificate required pursuant to Section 8.2, the Qualified Issuer shall request funds only in an amount equal to (a) the Verifiable Losses of Principal, Interest, and Call Premium, less (b) any amount available to the Qualified Issuer from the applicable Interest and Principal Accounts and the Risk-Share Pool Fund and deposit such funds with the Master Servicer/Trustee for credit to the applicable Principal and Interest Accounts.

Section 8.4. Assignment of Bond Loans. The Qualified Issuer and the Master Servicer/Trustee shall assign to the Guarantor all rights under the Bond Loan Agreement upon demand of the Guarantor, whenever a delinquency on such Bond Loan has required a draw on the Guarantee pursuant to this Agreement. The Qualified Issuer and the Master Servicer/Trustee shall provide the Guarantor with any documentation and/or information requested by the Guarantor in relation to such assignment or to the enforcement of the Guarantor's rights under such assignment.

Section 8.5. Subrogation. Upon the making of any payment hereunder, the United States shall be subrogated to all the rights of the Bondholder and/or the Qualified Issuer in relation to the Eligible CDFI to the extent of the amounts of principal and/or interest for which payment has been made pursuant to the Guarantee [and as provided in the Reimbursement Note executed and delivered by the Eligible CDFI to the United States of America, to evidence the Eligible CDFI's obligation to reimburse the Guarantor for payment made by the Guarantor pursuant to the Guarantee.

ARTICLE 9

Qualified Issuer Administrative Responsibilities

Section 9.1. Fees.

(A) The Qualified Issuer shall pay the CDFI Fund annually the Agency Administrative Fee. The initial Agency Administrative Fee must be paid in full as a condition to closing this Agreement to Guarantee, no later than the effective date hereof. The Agency Administrative Fee may not be paid with the Bond Proceeds.

(B) To defray the costs of administering the Program, the Program Administrator and the Servicer, each of which may be the Qualified Issuer, may charge the Eligible CDFIs fees acceptable to the CDFI Fund, in line with industry standards, for services including, but not limited to, the following,

- (1) approving and qualifying Eligible CDFI applications for participation in the Guarantee Application;
- (2) Bond and Bond Loan packaging;
- (3) reviewing and approving Secondary Loan commitments from Eligible CDFIs for funds from the Bondholder or the Relending Account based on the Secondary Loan Requirements;
- (4) compliance monitoring of Bond Loans and Secondary Loans;
- (5) billing and collecting Bond Loan payments from Eligible CDFIs;
- (6) initiating collection activities on past-due Bond Loans;
- (7) transferring Bond Loan payments to the respective funds and accounts managed by the Master Servicer/Trustee;
- (8) Bond Loan administration and servicing;
- (9) systematic and timely reporting of Bond Loan performance through remittance and servicing reports, and providing such reports as may be required by the CDFI Fund;
- (10) proper measurement of annual outstanding Bond Loan requirements; and
- (11) all other duties and related services that are customarily expected of a Program Administrator and Servicer, and as may be required by the CDFI Fund.

Section 9.2. Reports and Audits. The monitoring and financial reporting requirements shall include the following:

(A) Data - General. As long as the Bonds remain outstanding, a Qualified Issuer shall provide to the CDFI Fund such reports and shall maintain such records that are necessary to:

- (1) Disclose the manner in which Bond Proceeds are used, including providing documentation to demonstrate proceeds of the Bond Loans were used for Eligible Purposes;
- (2) Demonstrate compliance with the requirements of the Act, the Regulations and the Bond Documents;
- (3) Evaluate the impact of the CDFI Bond Guarantee Program; and
- (4) Evaluate the Qualified Issuer's success in meeting the performance standards over the life of the Eligible Purpose; and

(5) Accomplish such other purposes that the CDFI Fund may deem appropriate.

(B) Audits; Access to records.

(1) The CDFI Fund may, if it deems appropriate, audit the Qualified Issuer, and/or require the Qualified Issuer to review the compliance and performance of the Eligible CDFIs, Program Administrator, Servicer and the Master Servicer/Trustee, at least annually. Portfolio management and loan monitoring will also employ risk-based, on-site verification of the Eligible CDFI's lending activities to Secondary Borrowers and compliance with the terms in Secondary Lending Requirements.

(2) The U.S. Department of the Treasury and the Comptroller General, and their duly authorized representatives, shall have full and free access to such entities' offices and facilities and all books, documents, records, and financial statements relating to the Guarantee and may copy such documents as they deem appropriate.

(C) Retention of records. The Qualified Issuer shall comply with all record retention requirements as set forth in OMB Circular A-110 (as applicable). The Qualified Issuer must require that the Eligible CDFIs, Program Administrator, Servicer and Master Servicer/Trustee also comply with said record retention requirements.

(D) Data collection and reporting. The Qualified Issuer shall submit to the CDFI Fund, monthly, quarterly, and annually, as specified in the Bond Documents, and as long as the Bond shall remain outstanding, such information and documentation that will permit the CDFI Fund to review compliance with the Capital Distribution Plan and the terms and conditions of the Bond Documents, and to perform adequate portfolio management and loan monitoring. As necessary, the Qualified Issuer must require that the Eligible CDFIs, Program Administrator, Servicer and Master Servicer/Trustee provide the following information and documentation, among others:

(1) Financial statements, including but not limited to:

(i) Annual financial statements for the Qualified Issuer and each Eligible CDFI, each setting forth in comparative form the figures for such entity's previous fiscal year, all certified as to fairness of presentation, generally accepted accounting principles and consistency by any independent public accountants of nationally recognized standing; and

(ii) With respect to any nonprofit Qualified Issuer and any Eligible CDFI that is required to have its financial statements audited pursuant to OMB Circular A-133 Audits of States, Local Governments and Non-Profit Organizations, annual A-133 audited financial statements. Non-profit Qualified Issuers and Eligible CDFIs that are not required to have financial statements audited pursuant to OMB Circular A-133 must submit to the CDFI Fund a statement signed by the Eligible CDFI's authorized representative or certified public accountant, asserting that a single audit pursuant OMB Circular A-133 is not required;

(2) Pro forma projection of the Qualified Issuer's and Eligible CDFI's respective balance sheet, income statement, and statement of cash flows over the ensuing five (5) years, or such other time period as specified by the CDFI Fund;

(3) Institution-level reports consisting of organizational, financial, and development services information, as well as transaction-level reports with specific data elements on each of the Eligible CDFI's loans and investments including borrower location, loan/investment type, loan/investment amount, and terms.

(4) Information necessary to measure the financial condition of the Eligible CDFI. This includes, but is not limited to, measuring solvency by collecting data on fixed charge coverage, capital adequacy, debt coverage, and measuring liquidity by collecting data on core financial ratios, including current ratios, quick ratios, working capital, and operating liquidity ratio. This will also include credit reporting, financial statement analysis, trend analysis of financial conditions, market valuation, loan performance (30/60/90 payment history) of Bond Loans and Secondary Loans, valuation and eligibility of Secondary Loan collateral, and management and organization changes;

(5) Annual revisions or updates as applicable to the Qualified Issuer's Capital Distribution Plan and/or the Eligible CDFI's Secondary Capital Distribution Plan; and

(6) Information necessary to assess Program impact performance and outcome measures, including information necessary to evaluate the credit-worthiness of loan applicants.

(E) Qualified Issuer reports. Qualified Issuers are responsible for the timely and complete submission of all required information and reports, even if all or a portion of the documents actually are completed by the Eligible CDFI. The CDFI Fund reserves the right to contact the Qualified Issuer or Eligible CDFI and require that additional information and documentation be provided.

(F) Regulator information. The CDFI Fund's review of a regulated Qualified Issuer's or regulated Eligible CDFI's performance or compliance with the Bond Documents may also include information provided by the Appropriate Federal Banking Agency or Appropriate State Agency (each as defined in the Regulations), as the case may be.

(G) Public inspection. The CDFI Fund shall make reports described in this section available for public inspection after deleting any materials necessary to protect privacy or proprietary interests pursuant to all applicable laws and regulations.

(H) Availability of referenced publications. The OMB Circulars referenced in this section may be obtained from the Office of Administration, Publications Office, 725 17th Street, NW, Room 2200, New Executive Office Building, Washington, DC 20503 or on the Internet (http://www.whitehouse.gov/omb/grants_circulars/).

ARTICLE 10
Termination of this Agreement

Section 10.1. Breaches.

(A) If one or more of the following events (a “Breach”) occurs:

(1) Any representation, warranty or determination made by the Qualified Issuer (or any of its officers) in this Agreement to Guarantee or in any certificate delivered pursuant hereto or in any Bond Document or in any certificate delivered pursuant thereto shall prove to have been incorrect in any material respect when made or the Qualified Issuer fails to notify the Guarantor of any change that materially affects any representation or warranty made by the Qualified Issuer that was accurate when made;

(2) The Qualified Issuer shall admit in writing its inability to pay its debts; or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted, other than pursuant to 11 U.S.C. §§ 301, 302 or 303, by the Qualified Issuer (i) seeking to adjudicate it bankrupt or insolvent, (ii) seeking reorganization, arrangement, adjustment, or composition of it or its indebtedness under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or (iii) seeking appointment of a receiver, Trustee or other similar official for it or for any substantial part of its property; or an order adjudging the Qualified Issuer bankrupt or insolvent shall be entered in any such proceeding, other than pursuant to 11 U.S.C. §§ 301, 302 or 303, instituted by any third party and such order shall not be stayed or appealed or expunged within ninety (90) days of the date of entry of such order, or the Qualified Issuer shall take any action to authorize any of the actions set forth above;

(3) The Qualified Issuer shall (i) fail to pay any indebtedness for borrowed money (including any required sinking fund payment) or any interest or premium thereon, when due (whether by scheduled maturity, required repayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such indebtedness, or (ii) any such indebtedness shall be declared to be due and payable, or required to be prepaid pursuant to its terms (other than pursuant to a regularly scheduled required prepayment or pursuant to this Agreement to Guarantee or the Bond Documents) prior to the stated maturity thereof;

(4) A court of competent jurisdiction shall have entered an order (which has not been stayed or reversed on appeal) declaring the Act to be invalid in whole or in part in any material respect, whether in a case pending on the date of this Agreement to Guarantee or subsequently brought, and steps necessary to correct any such invalidity or to provide a substitute reasonably satisfactory to the Guarantor shall not have been completed with ninety (90) days of notice thereof from the Guarantor; or

(5) The Qualified Issuer shall fail to perform or observe any covenant, agreement or provision to be performed or observed by it under this Agreement to Guarantee in any

material respect, and such default shall not have been cured within thirty (30) days after written notice of such default has been given from the Guarantor to the Qualified Issuer

(B) In each and every such Breach, the Guarantor may, as applicable:

(1) Appoint a replacement Qualified Issuer who may be assigned and, thereby, assume all rights of the Qualified Issuer hereunder and under any related Bond Loan Documents;

(2) Terminate this Agreement and discharge the Qualified Issuer by giving the Qualified Issuer written notice to such effect, and appoint a replacement Qualified Issuer;

(3) Terminate this Agreement and act with respect to the Master Servicer/Trustee and any Eligible CDFI as if it were the Qualified Issuer until such time as a new Qualified Issuer has been appointed; and/or

(4) Proceed to protect and enforce the rights of the United States by suit in equity, action at law or other appropriate proceeding, (A) by bringing suit against the Qualified Issuer; (B) by mandamus, original or ancillary, mandatory or other injunction, or any other order, process or decree, or by any other suit, action or proceeding at law or in equity to (1) enforce the obligations of the Qualified Issuer under this Agreement to Guarantee or under the instruments relating to the Bonds and Bond Loans; (2) enforce any provisions of applicable law; (3) enforce or cause to be enforced any other remedies provided for in this Section or elsewhere in this Agreement to Guarantee or in the Bond Trust Indenture; or (4) enjoin any acts or things that may be unlawful or in violation of the rights of the Bondholders, the Eligible CDFIs or the United States under this Agreement to Guarantee or the Bond Trust Indenture.

(C) The United States may institute any such suit, action or proceeding either on its own behalf or on behalf of any or all of the holders of Bonds or Bond Loans, either in its own name or in the name of any or all of the holders of Bonds or Bond Loans.

(D) The remedies prescribed in this Agreement to Guarantee shall be cumulative and not in limitation of or substitution for any other remedies available to the Guarantor or the United States.

Section 10.2. Opportunity to Show Cause. The Guarantor, prior to giving notice of default pursuant to Section 10.1, shall provide the Qualified Issuer with an opportunity to show cause as to why the Qualified Issuer should not be determined to be in default, or the Agreement terminated. The Guarantor will give notice of an opportunity to show cause whenever he has a reasonable basis to believe that cause for termination exists, that the Qualified Issuer is in default or breach of this Agreement, or that the Qualified Issuer is otherwise failing to fulfill obligations of this Agreement as required. The Qualified Issuer must request an opportunity to show cause within ten (10) Banking Days of the date of the Guarantor's

notice. The Guarantor may also direct the Qualified Issuer to cease or take specific action until the show cause notice is resolved.

Section 10.3. United States Bankruptcy Code Assumption or Assignment of Agreements. The Qualified Issuer and the Guarantor agree that since this Agreement to Guarantee is a contract to make a loan or extend other debt financing or financial accommodations to or for the benefit of the Qualified Issuer, or to issue a security of the Qualified Issuer, under 11 U.S.C. § 365(c)(2), no Trustee, debtor, debtor in possession or other person may assume or assign this Agreement, or any part thereof, in the event of the filing of a title 11 liquidation or reorganization case for or against the Qualified Issuer.

Section 10.4. Termination for Convenience. This Agreement to Guarantee may be terminated upon ninety (90) days notification for the convenience of the Guarantor or the United States. Upon notification of termination for convenience and upon request of the Qualified Issuer, the Guarantor will provide the Qualified Issuer with an opportunity to be heard in such manner as the Guarantor deems appropriate. By providing such an opportunity, the Guarantor makes no commitment to rescind the notification of termination; nor does a request to be heard toll the date of termination.

Section 10.5. Guarantor's Rights Upon Termination of this Agreement. In the event the Guarantor terminates this Agreement to Guarantee, the Guarantor may act on behalf of the Qualified Issuer with respect to the Master Servicer/Trustee and all outstanding obligations still in full force and effect under the Bond Documents and Bond Loan Documents.

Section 10.6. Continuation; Succession. At any time the Qualified Issuer or the Guarantor terminates this Agreement to Guarantee, at the option of the Guarantor (i) the Qualified Issuer shall continue to act under this Agreement to Guarantee until such time as a replacement has been appointed by the Guarantor or (ii) all rights and actions of the Qualified Issuer hereunder or under any of the Bond Documents or any other agreement entered into by the Qualified Issuer pursuant to the Program shall be exercisable by the Guarantor. The Qualified Issuer hereby agrees to cooperate fully with the Guarantor in the event this Agreement to Guarantee is terminated and to take any actions and execute any documents reasonably necessary to effectuate this Article.

Upon appointment of a replacement Qualified Issuer, the appointed Qualified Issuer shall assume all legal rights, duties and obligations of the prior Qualified Issuer arising under previously-executed Bond Loan Agreements, Bond Trust Indenture, Bond Purchase Agreements, and amendments thereto, *provided* that it is understood and agreed the Qualified Issuer shall not be responsible for any act or omission of the previous Qualified Issuer in connection with any such matter or otherwise, nor shall the new Qualified Issuer be responsible to make any payment to the prior Qualified Issuer on account of such prior Qualified Issuer's work hereunder or otherwise. The new Qualified Issuer agrees that it will take such steps as are necessary to effectuate this paragraph in a manner consistent with the requirements of this Agreement to Guarantee and the respective Bond Loan Agreements, Bond Trust Indenture, Bond Purchase Agreements, and amendments thereto.

Section 10.7. Annulment of Breaches and Waivers by the Guarantor.

The Guarantor may waive any provision of this Agreement to Guarantee, the Bond Documents or any Guarantee which is intended for the benefit of the United States as he may deem appropriate. A Breach shall be deemed not to be in existence for any purpose of this Agreement to Guarantee if the Guarantor shall have waived such Breach in writing either before or after the occurrence, or stated in writing that the same has been cured to his reasonable satisfaction, but no such waiver shall extend to or affect any prior or subsequent Breach or impair any right of the Guarantor upon the occurrence thereof except as expressly provided in such waiver.

**ARTICLE 11
Representations and Warranties**

The Qualified Issuer represents and warrants to the United States as of the execution of this Agreement to Guarantee, any issuance of Bonds, the execution of any Bond Loan Agreement, Bond Trust Indenture or any Bond Document or the issuance of any certificate or other document to the Guarantor required by or pursuant to this Agreement to Guarantee that:

(A) Organization. The Qualified Issuer has been duly organized and is validly existing as a private, for-profit or nonprofit corporation in good standing under the laws of the [INSERT STATE OF INCORPORATION], with the authority and power to execute, deliver and perform its obligations under this Agreement to Guarantee and the Bond Documents to which it is a party and to carry out the transactions contemplated hereby and thereby.

(B) Experience. The Qualified Issuer represents and warrants that its statement of qualifications included in its Qualified Issuer Application was true and correct with no material omissions.

(C) Authorization of Bonds. When executed and delivered by the Qualified Issuer, the Bonds and the instruments of the Qualified Issuer related thereto shall have been duly authorized, executed and delivered by the Qualified Issuer and will constitute legal, valid and binding special non-recourse obligations of the Qualified Issuer, enforceable against the Qualified Issuer in accordance to their terms, except as may be limited by bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights and general equitable principles.

(D) Authorization of this Agreement to Guarantee and the Bond Documents. This Agreement has been, and the Bond Documents will have been at the time of execution, duly authorized, executed and delivered by the Qualified Issuer and each is or will be a legal, valid and binding obligation of the Qualified Issuer enforceable against the Qualified Issuer in accordance with its terms.

(E) No Actions Pending. Except as disclosed on Appendix E to this Agreement to Guarantee or otherwise disclosed in writing to the Guarantor and the CDFI Fund, there is no action, suit, proceeding or investigation at law or in equity pending or, to the best of the Qualified Issuer's knowledge, overtly threatened before or by any court or Governmental Authority against the Qualified Issuer or (to the best of the Qualified Issuer's knowledge, no

independent investigation having been made) any other person wherein an unfavorable decision, ruling or finding would:

(1) in any material respect, adversely affect this Agreement, the Qualified Issuer's ability to enter into any Bond Document or the transactions contemplated by this Agreement to Guarantee or any Bond Document or the Act;

(2) in any material respect limit the obligations of the Qualified Issuer referred to in the Qualified Issuer's covenants; or

(3) declare the Qualified Issuer's covenants invalid or unenforceable in whole or material part.

(F) No Defaults. The execution, delivery and performance of this Agreement to Guarantee and the Bond Documents by the Qualified Issuer (and compliance by the Qualified Issuer with the provisions thereof) and the issuance of Bonds and the making of Bond Loans will not conflict with or constitute on the part of the Qualified Issuer a breach of, or a default under, any law existing on the date as of which this representation and warranty is made, or administrative regulation, decree or order, or (to the best of the Qualified Issuer's knowledge) any agreement or other instrument to which the Qualified Issuer is subject or by which it is bound.

(G) No Authorizations. No authorization, consent or approval of, or filing or registration with, any court or Governmental Authority is or will be necessary under law existing on the date of which this representation and warranty is made, for the valid execution, delivery or performance by the Qualified Issuer of this Agreement to Guarantee (or of any transaction contemplated by this Agreement to Guarantee), or any Bond or Bond Loan, or if necessary, such authorization, consent, approval, filing or registration has been or will be duly obtained or made prior to the execution of this Agreement to Guarantee or the issuance of any Bond or the making of any Bond Loan, as the case may be. Copies evidencing such authorization, consent, approval, filing or registration shall have been or will be delivered to the Guarantor.

(H) Debarment, Suspension and Other Responsibility Matters. Pursuant to 31 C.F.R. 19.335, neither the Qualified Issuer nor any of its principals (as defined by 31 C.F.R. 19.995): (a) are presently excluded or disqualified from covered transactions by any Federal department or agency; (b) within the three-year period preceding the date of this Agreement to Guarantee, have been convicted of or had a civil judgment rendered against them for any of the offenses listed in 31 C.F.R. 19.800(a); (c) are presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses listed in 31 C.F.R. 19.800(a); or (d) within the three-year period preceding the date of this Agreement to Guarantee, have had one or more public transactions (Federal, State, or local) terminated for cause or default.

(I) Use of Funds. No funds from any other CDFI Fund program are being used to pay principal, interest, fees, administrative costs, or issuance costs (including Bond Issuance Fees) related to the Program, or to fund the Risk-Share Pool Fund.

ARTICLE 12
Covenants

Section 12.1. *Corporate Existence.* The Qualified Issuer covenants and agrees that it will preserve its corporate existence and Certified CDFI status, if applicable.

Section 12.2. *Solvency.* The Qualified Issuer covenants and agrees that it shall maintain its own solvency through the term of this Agreement.

Section 12.3. *Performance Guarantee.*

(A) The Qualified Issuer covenants and agrees that if it was organized as an Affiliate or subsidiary of a parent corporation for purposes which allows for fulfilling its obligations under the Program, its performance under this Agreement to Guarantee and the Bond Documents (excluding its obligations to make payments of debt service under any Bond) will be absolutely and unconditionally guaranteed by such parent corporation, such guarantee to be acceptable in form and substance to the Guarantor.

(B) The Qualified Issuer further covenants and agrees that if it contracts out its obligations under this Agreement to Guarantee to a corporation organized as an Affiliate of a parent corporation for purposes which allow for fulfilling obligations under the Program, the parent shall absolutely and unconditionally guarantee performance of the Qualified Issuer's obligations under this Agreement to Guarantee and the Bond Documents (excluding the Qualified Issuer's obligations to make payments of debt service under any Bond), such guarantee to be acceptable in form and substance to the Guarantor. The parties agree that in the event of such a contracting out the following shall constitute a Breach within the meaning of Paragraph 10.1 of this Agreement to Guarantee: (i) termination of the contract; or (ii) occurrence of any of the events described in Section 10.1(A) and (B) of this Agreement to Guarantee with respect to the guarantor or either of the parties to the contract; or (iii) failure by one or more parties to the contract or to the guarantee to perform or observe any covenant, agreement or provision to be performed or observed by either under said contract or guarantee if said default is not cured within thirty (30) days after written notice of such default has been given from the Guarantor to the Qualified Issuer.

Section 12.4. *Compliance with Applicable Laws and the Bond Documents.* The Qualified Issuer covenants and agrees to comply with the provisions of the Act, the Regulations, and the terms and conditions of the Bond Documents applicable to the Qualified Issuer.

Section 12.5. *Governmental Audits.* The Qualified Issuer hereby authorizes the Guarantor, the CDFI Fund, the Inspector General and the Comptroller General or such other Federal government offices as may be designated by the Guarantor or the CDFI Fund, to make such audits and investigations, and review such financial and other information (and to make copies thereof) relating to the financial affairs of the Qualified Issuer as may be deemed appropriate by such parties, including all accounts, books, records, transactions, memoranda, correspondence and other documents of the Qualified Issuer or any agency or instrumentality of such, which relate to the financial affairs of the Qualified Issuer, and consents that the results of

such audits, investigations and reviews may be reported to the Guarantor and the Congress. The Qualified Issuer further agrees that it shall cause the Master Servicer/Trustee, Program Administrator, Servicer and each Eligible CDFI receiving a Bond Loan to submit to such audits, investigations and reviews.

Section 12.6. Records. The Qualified Issuer covenants and agrees that it shall (i) on each Bond Issue Date, complete the Schedule of Applicable Bond Issues, attached hereto as Appendix B, with respect to such Bond Issue, (ii) deliver a copy of the updated Schedule of Applicable Bond Issues to the CDFI Fund and the Master Servicer/Trustee not later than five (5) Banking Days following each Bond Issue Date, and (iii) include a copy of this Agreement to Guarantee with such updated schedule attached as Appendix B in the transcript of proceedings or closing index for such Bond Issue. The Qualified Issuer, further, covenants and agrees to maintain books and records related to each Bond Loan, the collateral and the Eligible Purpose that is to be financed by the Bond Proceeds, and allow inspection thereof.

Section 12.7. Reports. The Qualified Issuer covenants and agrees to provide such reports as required by Section 9.2 of this Agreement to Guarantee.

Section 12.8. Additional Information. The Qualified Issuer covenants and agrees to furnish to the Guarantor, the CDFI Fund, the Inspector General, the Comptroller General or the Congress (or any committee thereof), such documents or other information in the possession of the Qualified Issuer as the Guarantor, the CDFI Fund, the Inspector General, the Comptroller General or the Congress (or any committee thereof) may from time to time reasonably request that are related to the Program, the finances or accounting matters of the Qualified Issuer or to the ability of the Qualified Issuer to perform its obligations hereunder. Within ten (10) days after receipt of a written request by the Guarantor, the CDFI Fund, the Inspector General, the Comptroller General or the Congress (or any committee thereof) (or such longer time as each may provide), the Qualified Issuer shall cause to be furnished to the Guarantor, the CDFI Fund, the Inspector General, the Comptroller General or the Congress (or any committee thereof) by the officer or officers so requested, the information sought, or a statement as to why the information is not readily available and, if such information is in the possession of and reasonably available to the Qualified Issuer, a commitment to furnish the same within a reasonable time. The Qualified Issuer further covenants and agrees that the officers and representatives thereof will be available, upon reasonable notice, to discuss with the Guarantor, the CDFI Fund, the Inspector General, the Comptroller General or the Congress (or any committee thereof) the affairs, finances and accounts of the Qualified Issuer as they relate to the finances or accounting matters of the Qualified Issuer and, to the best of its knowledge, to advise them as to the same. The Qualified Issuer further covenants and agrees that it shall cause the Master Servicer/Trustee and each Eligible CDFI receiving a Bond Loan to similarly furnish such documents and other information requested by the Guarantor, the CDFI Fund, the Inspector General, the Comptroller General or the Congress (or any committee thereof).

Section 12.9. Further Assurances. The Qualified Issuer covenants and agrees, subject to applicable provisions of law, to make, execute, acknowledge and deliver such further instruments as the Guarantor and the CDFI Fund may reasonably request, from time to time, in connection with this Agreement to Guarantee in order to implement the provisions of this Agreement to Guarantee applicable to it, and shall file and record, if appropriate, in the

proper filing and recording places, any and all such instruments; *provided, however*, that nothing contained herein shall impose upon the Qualified Issuer any obligations other than those set forth in this Agreement to Guarantee.

Section 12.10. *Signatures and Certifications.* The Qualified Issuer covenants and agrees that the Qualified Issuer Application, Guarantee Application, Bond Documents, Bond Loan documents, certificates, reports, notices, communications, and financial statements required under this Agreement to Guarantee shall be signed and certified as correct by the Authorized Representative(s) of the Qualified Issuer.

Section 12.11. *Amendments and Waivers to Bond Documents.* The Qualified Issuer covenants and agrees not to consent to any amendment, waiver or other modification of any of the Bond Documents to which it is a party without the consent of the CDFI Fund, the Bondholder or the Guarantor, as applicable.

Section 12.12. *Compliance with, and Enforcement of, the Bond Documents and Bond Loan Documents.* The Qualified Issuer covenants and agrees to comply with the terms and conditions of the Bond Documents and Bond Loan documents applicable to it and to use its best efforts, including the institution of legal proceedings where appropriate (which may be by or through the Master Servicer/Trustee, as the Qualified Issuer’s agent), to enforce compliance with the terms and conditions of such Bond Documents and Bond Loan documents to the extent permitted by law. The Guarantor acknowledges that the Master Servicer/Trustee may have certain enforcement responsibilities under the Bond Documents and Bond Loan documents and that nothing in this section requires the Qualified Issuer to duplicate enforcement action taken by the Master Servicer/Trustee under those agreements.

Section 12.13. *Developments.* The Qualified Issuer covenants and agrees immediately to notify the CDFI Fund and the Guarantor of any development that affects any representation, warranty or covenant made by the Qualified Issuer. If the Qualified Issuer becomes aware at any time of the existence or apparent existence of fraud, waste or abuse of under the Program, the Qualified Issuer shall promptly report such incidence(s) to the Office of Inspector General of the U.S. Department of the Treasury.

Section 12.14. *Taxes.* The Qualified Issuer covenants and agrees to pay and discharge all Federal, State and local taxes.

Section 12.15. *Conflict of Interest Requirements.* The Qualified Issuer shall comply with the Conflict of Interest Requirements set forth in the Regulations at 12 CFR § 1808.621.

Section 12.16. *Advise the CDFI Fund of Material Events.* The Qualified Issuer shall advise the CDFI Fund, in writing in reasonable detail, within thirty (30) days of the event, of any of the following Material Events:

- (a) any fact, circumstance, event, change, occurrence, condition, or development of which the Qualified Issuer is aware and which, individually, or in the aggregate, has had or would reasonable be expected to have a material adverse effect an organization’s strategic direction, mission, or business operation, or, if applicable, its status as a Certified CDFI;

- (b) any proceeding instituted against the Qualified Issuer in, by or before any court, governmental or administrative body or agency, which proceeding or its outcome could have a material adverse effect upon the operations, assets or properties of the Qualified Issuer;
- (c) any proceeding instituted against the Qualified Issuer in, by or before any court, governmental or administrative body or agency, which proceeding involves allegations of discrimination by the Qualified Issuer on the basis of race, color, national origin, disability, age, marital status, receipt of income from public assistance, religion, or sex;
- (d) any material adverse change in the condition, financial or otherwise, or operations of the Qualified Issuer that would impair the Qualified Issuer's ability to fulfill its obligations under this Agreement;
- (e) any substantial change in the business of the Qualified Issuer;
- (f) any significant revisions in credit, risk management, or financial reporting policies and procedures of the Qualified Issuer;
- (g) any direct financial obligation that is material to the Qualified Issuer under an off-balance sheet arrangement;
- (h) any acquisition or disposition of a significant amount of assets by the Qualified Issuer;
- (i) any assessment (other than assessments provided by an Appropriate Federal or State Banking Agency that are prohibited by applicable law or regulation from disclosure to the Department of the Treasury) of significant or material weaknesses in the design or operation of internal controls that are reasonably likely to adversely affect the Qualified Issuer's abilities to record, process, summarize, and report financial information;
- (j) any fraud, whether or not material, that involves management or other employees of the Qualified Issuer who have a significant role in internal controls over financial reporting;
- (k) any adverse audit opinions received by the Qualified Issuer or pronouncements of non-reliance on previously issued financial statements by the Qualified Issuer's board of directors or a committee of the board of directors;
- (l) any changes in corporate governance, senior management, or leadership of the Qualified Issuer;

- (m) Any organizational updates such as changes in bylaws or articles of incorporation of the Qualified Issuer;
- (n) the loss of the Qualified Issuer’s Insured Credit Union status as defined in 12 U.S.C. § 1752(7) (if applicable);
- (o) the occurrence of any Event of Default, as that term is defined in Section 7.1 hereof, or any event which upon notice or lapse of time, or both, would constitute an Event of Default;
- (p) the merger, consolidation or acquisition of the Qualified Issuer by or with another entity;
- (q) loss of the Qualified Issuer’s Depository Institution Holding Company status under 12 USC § 1813(w)(1) or Insured Depository Institution status under 12 USC § 1813(c)(2) (if applicable);
- (r) the debarment, suspension, exclusion or disqualification, by the Department of the Treasury, or any other Federal department or agency, of the Qualified Issuer (or principal thereof);
- (s) any event or change that would result in the Qualified Issuer not being certified as a CDFI, if applicable;
- (t) the occurrence of any Material Event with regard to any Eligible CDFI; or
- (u) such other events that may be determined by the CDFI Fund, in its sole discretion, to be Material Events and for which the CDFI Fund issues related guidance.

ARTICLE 13
General Administrative Provisions

The Qualified Issuer shall require each Eligible CDFI to include in each Secondary Loan agreement related to construction or rehabilitation of an Eligible Purpose, and monitor compliance with, such administrative provisions as set forth in Appendix C hereto, as such appendix may be amended from time to time.

ARTICLE 14
Notices

Any notice, demand, request, or other communication in connection with this Agreement to Guarantee shall be deemed to be given if in writing and delivered (including by telecopier) at the respective addresses shown below or at such other addresses as may be specified in writing:

If to the Guarantor:

The Secretary of the Treasury
c/o Deputy Assistant Secretary for Small Business, Community Development,
and Affordable Housing Policy
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

with a copy to:

Assistant General Counsel, Banking and Finance
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

If to the CDFI Fund:

Program Manager, CDFI Bond Guarantee Program
CDFI Fund, U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

with a copy to:

Legal Counsel
CDFI Fund, U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

If to the Qualified Issuer:

[TBD]

Copies of notices shall be sent contemporaneously to all other parties, if such parties are not the direct giver or recipient of the notice.

ARTICLE 15

Miscellaneous

Section 15.1. Amendments. Amendments to this Agreement to Guarantee shall be made only upon the written consent of both the Guarantor and the Qualified Issuer.

Section 15.2. Survival of Covenants. All covenants, agreements, representations and warranties made herein shall survive the execution and delivery of this Agreement to Guarantee and shall remain in full force and effect until payment in full of the Bond Loans and Bonds and of all amounts owed to the United States pursuant to this Agreement to Guarantee. No investigation by or on behalf of the Guarantor, his representatives or by the General Accounting Office shall impair or waive the materiality of any such covenant, agreement, representation or warranty or the right of any person to rely thereon.

Section 15.3. Execution. This Agreement to Guarantee may be executed in two counterparts which shall together constitute one instrument and shall inure only to the benefit of the Guarantor and the parties hereto. This agreement shall take effect upon delivery to each of the parties and other signatories, or their representatives, of copies hereof signed by the Guarantor (or the Assistant Guarantor of the Treasury), he having previously received a copy or copies from and executed by each of the parties and other signatories.

Section 15.4. Non-Assignability. This Agreement to Guarantee shall inure only to the benefit of the Qualified Issuer and the United States and no other person or entity (including without limitation any Bondholder or other creditors of the Qualified Issuer) shall have any interest herein or any right with respect hereto. Except pursuant to this Agreement to Guarantee, neither this Agreement to Guarantee nor any interest herein nor any rights hereunder shall be assignable (whether by operation of law or otherwise) without the prior written consent of the Guarantor and the Qualified Issuer.

Section 15.5. Severability. The provisions of this Agreement to Guarantee are separate and severable and if any one or more of the provisions contained in this Agreement to Guarantee should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired.

Section 15.6. Course of Dealing. No course of dealing by the Guarantor shall operate as a waiver of any right in respect of this Agreement to Guarantee, any Guarantee, any Bond or any Bond Loan. No delay or omission on the part of the Guarantor in exercising any right in respect of this Agreement, any Guarantee, any Bond or any Bond Loan shall operate as a waiver of such right or any other right thereunder. A waiver on any one occasion shall not be construed as a bar or waiver of any right or remedy on any future occasion. No waiver or consent shall be binding unless it is in writing. The issuance of any Guarantee hereunder during the existence of a Breach shall not constitute a waiver of such Breach.

[Remainder of page intentionally blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to Guarantee to be duly executed on their behalf by their respective authorized representatives as of the date first above written.

[QUALIFIED ISSUER]

SECRETARY OF THE TREASURY

By

By

Title

[TBD]

APPENDIX A: FORM OF GUARANTEE

The United States of America, acting through the Secretary of the Treasury (the “Secretary”), hereby guarantees to the Federal Financing Bank, its successors and assigns (“FFB”), all payments of principal, interest, premium (if any), and late charges (if any), when and as due in accordance with the terms of the bond dated _____, issued by _____ (the “Borrower”) payable to FFB in the maximum principal amount of \$_____, to which this Secretary’s Guarantee is attached (such bond being the “Bond”), with interest on the principal until paid, irrespective of (i) acceleration of such payments under the terms of the Bond, or (ii) receipt by the Secretary of any sums or property from its enforcement of its remedies for the Borrower’s default.

This Secretary’s Guarantee is issued pursuant to section 114A of the Riegle Community Development and Regulatory Improvement Act of 1994 (Pub. L. 103-325, 108 Stat. 2160), as added by section 1134 of the Small Business Jobs Act of 2010 (Pub. L. No. 111-240, 124 Stat. 2504, 2515), codified at 12 U.S.C. § 4713a; section 6 of the Federal Financing Bank Act of 1973 (12 U.S.C. § 2285); and the Bond Purchase Agreement dated as of _____, among FFB, the Borrower, the Secretary, and the CDFI Fund.

UNITED STATES OF AMERICA,
acting by and through the Secretary of the Treasury (the
“Secretary”)

By: _____

Name: _____

Title: Deputy Assistant Secretary for Small Business,
Community Development, and Affordable Housing
Policy

Date: _____

APPENDIX B

SCHEDULE OF APPLICABLE BOND ISSUES

	Issuance Date	Bond Captions	Bond Trust Indenture	Eligible CDFIs
1.				
2.				
3.				
4.				
5.				
6.				
7.				

APPENDIX C

GENERAL ADMINISTRATIVE PROVISIONS

The Qualified Issuer shall require each Eligible CDFI to include in each Secondary Loan agreement related to construction or rehabilitation of an Eligible Purpose, and monitor compliance with, such administrative provisions as set forth below:

1. **Applicability of Federal Construction Requirements.** The Secondary Borrower shall adhere to the following Federal construction standards: (a) accessibility; (b) environmental impact; (c) safety; (d) historical preservation; (e) seismic activity; (f) metrification; and (g) wages.
2. The Secondary Borrower shall comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
3. The Secondary Borrower shall comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L.91-190) and Executive Order 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. 1451et seq.); (f) conformity of Federal actions to State Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. 7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended, (P.L.93-523); and (h) protection of endangered species under the Endangered Species Act of 1973, as amended, (P.L.93-205).
4. The Secondary Borrower shall assist Treasury in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. 469a-1 et seq.).
5. The Secondary Borrower shall comply with the provisions of the Americans with Disabilities Act, to the extent codified in state and local building codes.
6. **Seismic Safety.** The Secondary Borrower shall comply with Executive Order 12699, Seismic Safety of Federal and Federally Assisted or Regulated New Building Construction.

APPENDIX D: TERM SHEET(S)

[NAME OF ELIGIBLE CDFI]
[Address]

Re: Term Sheet for the Bond Loan related to the **[QUALIFIED ISSUER]** Eligible Purpose Funding Bonds, **[YEAR - __]** (**[NAME OF ELIGIBLE CDFI]** Project)

Ladies and Gentlemen:

This Term Sheet constitutes the commitment of **[QUALIFIED ISSUER]**, as Qualified Issuer (acting as the lender), to provide a Bond Loan to **[ELIGIBLE CDFI]**, acting as the borrower, for the Eligible Purposes set forth herein (the “Eligible Purpose”) pursuant to section 114A of the Riegle Community Development and Regulatory Improvement Act of 1994 (Pub. L. 103-325, 108 Stat. 2160), as added by section 1134 of the Small Business Jobs Act of 2010 (Pub. L. No. 111-240, 124 Stat. 2504, 2515), codified at 12 U.S.C. § 4713a(the “Act”), as implemented by the regulations set forth at 12 C.F.R. Part 1808 (the “Regulations”). The Bond Loan will be made from the Bond Proceeds, derived from the issuance of the above-referenced Bonds by the Qualified Issuer pursuant to the Act and the Regulations.

This Term Sheet is attached to and made a part of that certain Agreement to Guarantee, dated as of _____, 20__, between the Qualified Issuer and the Secretary of the Treasury (or his designee), acting as the Guarantor (the “Agreement to Guarantee”). All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Agreement to Guarantee and / or the Regulations.

By executing this Term Sheet, the Eligible CDFI agrees to the terms herein set forth and to reimburse the Qualified Issuer and the Master Servicer/Trustee for fees and expenses that the Qualified Issuer and the Master Servicer/Trustee, respectively, incur for legal counsel, financial advice, and other consultants in connection with the negotiation, documentation and making of the Bond Loan, whether or not the Bond Loan is ultimately consummated.

This Term Sheet is a legal commitment of the Qualified Issuer only to the terms specified herein. It is subject in all respects to the issuance of the Bonds and the execution of a Bond Loan Agreement on terms and conditions acceptable to the Guarantor and the Bond Purchaser.

**UNITED STATES DEPARTMENT OF THE TREASURY
COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND
CDFI BOND GUARANTEE PROGRAM**

BOND LOAN TERMS

QUALIFIED ISSUER [QUALIFIED ISSUER], acting as lender

ELIGIBLE CDFI [ELIGIBLE CDFI], acting as borrower [and contact information]

BOND COUNSEL [Insert name and contact information]

ELIGIBLE CDFI'S COUNSEL [Insert name and contact information]

ELIGIBLE PURPOSE [Insert description of financing or Refinancing] – Refinancing will require more description because we will know the exact nature of the Secondary Loans; can include Eligible Uses as set forth in 12 CFR 1808.304(a)

ORIGINAL PRINCIPAL AMOUNT OF BOND LOAN SUBJECT TO GUARANTEE Not to exceed \$____ million

LAST DAY FOR AN ADVANCE _____ 1, 20__

FINAL MATURITY DATE The final maturity of the Bond Loan shall be _____ 1, 20__, which is no later than twenty-nine and one-half (29.5) years from the Bond Issue Date.

BOND LOAN RATE Each advance of funds under the Bond Loan shall bear interest at a fixed rate that will be equal to (i) the interest rate set on the particular advance of funds under the Bond that is made to fund the advance of funds under the Bond Loan, plus (ii) a spread of ____ basis points. The interest rate set on each advance of funds under the Bond will be based upon the current average market yield on outstanding marketable U.S. Treasury obligations of comparable maturities, as determined by the Treasury Department at the time of such advance, and shall include a spread as determined by the Bond Purchaser.

DEBT SERVICE

Payments of principal and interest for each advance will be determined based upon the amount of such advance and the applicable Bond Rate. A final principal and interest payment schedule reflecting the aggregation of the principal and interest payment schedules for all advances will be delivered by the Bondholder after the last day for an advance.

PAYMENT DATES

The Bond Loan installments shall be due monthly, beginning on _____ 1, 20____, the date which is seven (7) months prior to the first semiannual Bond payment date of _____ 1, 20____.

BOND

LOAN COLLATERAL

As security for the obligation of the Eligible CDFI to make all payments due and to perform all obligations under the Bond Loan Agreement, the Bond Loan Agreement promissory note, and any other Bond Loan Documents, and for the benefit and security of all Bonds issued on behalf of the Eligible CDFI under the Bond Trust Indenture, the Eligible CDFI will grant to the Qualified Issuer a first lien on and security interest in the Bond Loan Collateral and any rights to receive such Bond Loan Collateral, subject only to permitted liens.

“Bond Loan Collateral” is the payment receivables from the Secondary Loans and **[describe Credit Enhancements any and all such collateral as may be assigned to the Qualified Issuer or the Master Servicer/Trustee pursuant to any collateral assignment or any Principal Loss Collateral Provision]**.

Additionally, without the prior written consent of the Guarantor, in the Guarantor’s sole discretion, the Eligible CDFI will covenant and agree not to pledge, sell, mortgage, encumber, lease, transfer or otherwise dispose of the Bond Loan collateral to any person during the life of the Bond Loan and not to create or suffer to be created or exist any lien upon any of the Bond Loan collateral, then owned or thereafter acquired by the Eligible CDFI other than permitted liens.

Further, prior to or simultaneously with the closing of each Secondary Loan, the Eligible CDFI will pledge the Secondary Loan collateral to the Bond Loan and execute an assignment of any and all of the Eligible CDFI’s right, title and interest in and to Secondary Loan collateral to the Master Servicer/Trustee for the benefit of the Bondholder.

**CONDITIONS
PRECEDENT**

The obligation of the Qualified Issuer to close the Bond Loan is subject to the satisfaction of

the following conditions precedent:

- (a) The applicable selection criteria pursuant to Section 2.2 of the Agreement to Guarantee and conditions precedent pursuant to Section 2.3 of the Agreement to Guarantee shall have been satisfied.
- (b) The Qualified Issuer has received the following, in form and substance satisfactory to the Qualified Issuer:
 1. The Note duly executed by the Eligible CDFI substantially in the form of the attached Exhibit A and dated the closing date.
 2. UCC Financing Statements which, when filed, will secure the Qualified Issuer's interest in the Bond Loan Collateral.
 3. The favorable written opinion of legal counsel to the Eligible CDFI substantially in the form of the attached Exhibit B to the Bond Loan Agreement and dated the Closing Date.
 4. Financial statements of the Eligible CDFI for the prior three (3) years certified by a firm of independent certified public accountants and pro forma statements for the subsequent three (3) years.
 5. The Eligible CDFI's organizational documents (articles of incorporation; bylaws; good standing certificate).
 6. Certificates of each of the Eligible CDFI and the Qualified Issuer regarding lobbying required to be filed by recipients of federal loans and/or federal guarantees or insurance under 31 C.F.R. Part 21.
 7. Certificates of each of the Eligible CDFI and the Qualified Issuer that no default, event of default, or due and unsatisfied liability has occurred and is continuing with respect to any obligations of the Qualified Issuer and the Eligible CDFI, respectively, to the CDFI Fund, the Guarantor, the Bond Purchaser, the U.S. Internal Revenue Service, or any other agency, authority or instrumentality of the Federal Government.
 8. The Bond Loan Agreement duly executed by the Eligible CDFI.

9. Such other documents and certificates as the Qualified Issuer, the Guarantor, the Bond Purchaser or Bond Counsel shall require.

(c) No event has occurred and is continuing, or would occur by the borrowing of the Bond Loan or the execution, filing or recordation of any of the Bond Loan Documents, which constitutes an Event of Default under the Bond Loan Agreement or which, upon the giving of notice, the lapse of time, or both, would constitute such an Event of Default.

(d) Any Bond Loan Document deemed necessary by the Qualified Issuer to be executed, recorded or filed to create or perfect the liens and security interests intended to be created for the benefit of the Qualified Issuer pursuant to the Bond Loan Documents will have been delivered to Qualified Issuer in recordable form or filed; and all taxes and other charges in connection with the execution of any of the Bond Loan Documents or the recording or filing thereof have been duly paid in full by the Eligible CDFI.

**MANDATORY
PREPAYMENT
PROVISIONS**

The Eligible CDFI shall prepay the Bond Loan in whole or in part, at any time that the [YEAR-__] Bond is mandatorily prepayable pursuant to the Supplemental Indenture and subject to any conditions set forth in the Bond Indenture and the Supplemental Indenture.

Subject to such make whole premiums or discounts as are set forth in the Bonds, the Bonds and the advances made thereunder shall be subject to redemption, in whole or in part, at the option and upon the written direction of the Qualified Issuer, as follows:

(a) On the Calculation Date (as defined below) of each calendar year, such Authorized Denominations (as defined below) as are on deposit in the Relending Account related to the Bonds that exceeds the applicable Relending Account Maximum (as defined below) by \$100,000 or more shall be transferred to the Redemption Account related to the Bonds of the Debt Service Fund and applied to redeem Bonds on the next succeeding Payment Date; *provided* that the sum of such amounts transferred from the Relending Account shall constitute the requisite amounts of principal, together with any interest and redemption premiums or discounts, necessary to effectuate such mandatory redemption on the date set for

redemption such that no additional funds shall be required in order to do so; and

(b) Upon the liquidation of any collateral in connection with the exercise by the Guarantor, the Qualified Issuer or the Bondholder of remedies upon default of the related Bond pursuant to Section 811 hereof, any amounts remaining after the repayment of any amounts drawn under the Guarantee shall be deposited in the Redemption Account of the Debt Service Fund and applied in accordance therewith on the date set for redemption. Any amounts remaining after such mandatory redemption of Bonds shall then be applied in the following order of priority: FIRST, to the replenishment of any funds drawn from accounts of the Risk-Share Pool Fund relating to other Bonds of other Eligible CDFIs participating in the Bond Issue and SECOND, to the Eligible CDFI for application in accordance with Secondary Loan Documents.

“**Calculation Date**” means, following the Notification Date (as hereinafter defined), the earlier of: (i) the date on which the balance in the applicable Relending Account becomes less than or equal to the applicable Relending Account Maximum or (ii) six (6) months following the Notification Date. “**Notification Date**” means the date on which the Master Servicer/Trustee notifies the Eligible CDFI that the balance in the applicable Relending Account exceeds the applicable Relending Account Maximum. “**Relending Account Maximum**” means ten percent (10%) of the principal amount outstanding of the Loan minus the amount on deposit in the applicable account of the Risk-Share Pool, as of the Calculation Date. “**Authorized Denominations**” means \$100,000 or any integral multiples thereof.

**OPTIONAL
PREPAYMENT
PROVISIONS**

The Eligible CDFI may prepay the Bond Loan in whole or in part, at any time that the [YEAR-__] Bond is optionally prepayable, subject to the conditions that:

(a) the Eligible CDFI has given the Qualified Issuer written notice of its intention to prepay the Bond Loan, specifying the amount of the prepayment, the [YEAR-__] Bond to which such prepayment relates and the date of prepayment, at least ten (10) business days prior to the date of prepayment; subject to a right to rescind such notice no later than three (3) business days prior to the prepayment date;

- (b) any prepayment must be in an amount of at least \$100,000; and
- (c) the Eligible CDFI pays to the Qualified Issuer on the date of prepayment an amount equal to any premium, if any, required to be paid on the [YEAR-__] Bond that is called as a result of such prepayment as well as any expenses due under any Bond Loan Document.

**FINANCIAL AND
ADDITIONAL DEBT
COVENANTS**

[INSERT SPECIFIC FINANCIAL COVENANTS FOR THE ELIGIBLE CDFI] The Eligible CDFI will covenant and agree that until payment in full of the principal of and interest on the Bond Loan and other obligations, the Eligible CDFI will maintain the following financial covenants at all times:

- (a) the liquidity ratio of the Eligible CDFI's current assets to the Eligible CDFI's current liabilities shall be greater than [#.#];
- (b) the leverage ratio of the Eligible CDFI's short-term debt plus the Eligible CDFI's long-term debt to the Eligible CDFI's total assets shall be greater than [#.#];
- (c) the debt service coverage ratio of change in the Eligible CDFI's net assets to interest plus the current portion of the Eligible CDFI's debt shall be greater than [#.#];
- (d) the net asset ratio of the Eligible CDFI's net assets to the Eligible CDFI's total assets shall be greater than [#.#];
and
- (e) the unrestricted net asset ratio of the Eligible CDFI's unrestricted net assets to the Eligible CDFI's total assets shall be greater than [#.#].

Further, the Eligible CDFI will covenant and agree not to incur or issue additional long-term or short-term debt to the extent that the incurrence of such additional debt would violate the financial covenants of the Eligible CDFI set forth above.

**RESTRICTIONS ON USE
OF PROCEEDS**

The Eligible CDFI will covenant and agree not to apply proceeds of the Bond Loan for the following purposes, in accordance with 12 U.S.C. 47123a(c)(5):

- (a) Political activities;
- (b) Lobbying, whether directly or through other parties;

- (c) Outreach;
- (d) Counseling services;
- (e) Travel expenses;
- (f) For the salaries or administrative costs of the Qualified Issuer or any recipients of Bond Proceeds, other than those costs covered by Bond Issuance Fees;
- (g) To fund the Risk-Share Pool;
- (h) To pay fees other than Bond Issuance Fees; or
- (i) Any other use as may be specified in the applicable Notice of Guarantee Availability.

**SECONDARY LOANS
AND RELENDING**

The Eligible CDFI will covenant and agree to the following with respect to the making of Secondary Loans:

- (a) Execute Secondary Loan documents (in the form of promissory notes) with Secondary Eligible CDFIs as follows:
 - (i) not later than twelve (12) months after the Bond Issue Date, Secondary Loan documents representing at least fifty percent (50%) of the Bond Loan proceeds allocated for Secondary Loans, and
 - (ii) not later than twenty-four (24) months after the Bond Issue Date, Secondary Loan documents representing one hundred percent (100%) of the Bond Loan proceeds allocated for Secondary Loans. In the event that the Eligible CDFI does not comply with the foregoing requirements of clauses (i) and (ii), the available Bond Loan proceeds at the end of the applicable period shall be reduced by an amount equal to the difference between the original par amount of available Bond Loan proceeds minus the applicable amount of the required Bond Loan proceeds not then subject to Secondary Loan documents.
- (b) Make each Secondary Loan in accordance with the Capital Distribution Plan approved by the Guarantor and underwritten and approved in accordance with the Secondary Loan Requirements.
- (c) Ensure that each Secondary Loan agreement, and the corresponding Secondary Loan documents, (i) comply with the requirements set forth in Section 1808.307 and/or Section 1808.308 of the Regulations, as applicable, and (ii) contain all such representations, warranties and covenants of the Secondary Eligible CDFI with respect to the Secondary Eligible CDFI, the Secondary Loan, the Eligible Purposes and the collateral securing the Secondary Loan, as are required of the Eligible

CDFI by the Bond Loan Agreement with respect to the Eligible CDFI, the Bond Loan, the Eligible Purposes and the Bond Loan Collateral, including an opinion of counsel to the Secondary Eligible CDFI substantially similar to that set forth as Exhibit B to the Bond Loan Agreement.

(d) Use best and commercially reasonable efforts to ensure that amounts on deposit in the applicable account of the Relending Fund does not equal more than the Relending Account Maximum. Any amounts retained in the applicable Relending Account that exceeds the Relending Account Maximum by \$100,000 or more as of the applicable Calculation Date shall be transferred to the Redemption Account of the Debt Service Fund to effectuate a mandatory redemption of the Bond. The determination of the actual amount on deposit on any Calculation Date shall exclude amounts then obligated pursuant to any executed promissory notes for Secondary Loans, whether then disbursed or undisbursed.

(e) Ensure that Secondary Loans made from proceeds of the Bond Loan or from the Relending Account shall not be effectuated through the commingling of such funds with funds derived from other sources or other Bond Loans of the Eligible CDFI. Each Secondary Loan must be separate and distinct and, as such, must be evidenced by separate and distinct agreements, notes and other applicable instruments or contracts.

OTHER COVENANTS

The Eligible CDFI will agree to such other covenants and negative covenants as may be set forth in the Regulations and the form of Bond Loan Agreement provided to the Eligible CDFI by the Qualified Issuer and the Guarantor prior to the execution of this Terms Sheet, with such reasonable and insubstantial deviations as may be determined by the parties. Such covenants shall include, but shall in no event be limited to, those related to Information Reporting; Books and Records; Eligible CDFI's Corporate Existence and Certifications; Compliance with Laws; Insurance; Taxes; Expenses; Indemnities; Disposition of Property and Assets; and Conveyance of Interest in the Eligible CDFI.

The signatures below attest to the agreement between the Qualified Issuer and the Eligible CDFI with respect to the material terms herein set forth. Both parties hereto acknowledge that the closing of the Bond Loan is subject to the conditions precedent, the delivery of specific diligence material and the execution of all Bond Loan Documents and closing papers required to consummate the transaction. The consummation of the transaction is subject to the approval of the Guarantor and the Bond Purchaser. Therefore, the Qualified Issuer makes no guarantee that the closing will occur.

Sincerely,

[QUALIFIED ISSUER], as lender

By: _____

Name: _____

Title: _____

Date: _____, 20__

[Qualified Issuer Signature Page]

ACKNOWLEDGED AND AGREED TO:

[ELIGIBLE CDFI], as borrower

By: _____

Name: _____

Title: _____

Date: _____, 20__

[Eligible CDFI Signature Page]