



**FORWARD** *community investments*

## **Prospectus**

211 South Paterson Street  
Madison, Wisconsin USA 53703  
(866) 687-1468  
[www.forwardci.org](http://www.forwardci.org)

## Summary

This Prospectus describes the Promissory Notes (the “Notes”) that Forward Community Investments, Inc. (“FCI”) offers to our investors. We issue these Notes to help us raise funds, which we can then lend to nonprofit community-based organizations throughout the State of Wisconsin. Through these loans, we seek to expand and improve affordable housing, strengthen community services and facilities, stabilize and revitalize neighborhoods, and promote community economic self-sufficiency. In this document we intend to explain the risks associated with purchasing the Notes, provide background information on FCI, and provide all of the disclosures that are required by law.

Prospective investors should read this Prospectus carefully before deciding to invest. Investors must make their own evaluation of FCI and the terms of the Notes, including the merits and risks involved. Most importantly, we want our investors to understand that purchasing a Note does involve risk. We have placed discussion of those risks at the beginning of the Prospectus for your convenience and direct you to this important information.

Investors may make a minimum of a \$1,000 investment in the Notes, with a minimum term of one year. Investors may also elect the interest rate within the range of 0% to 3.0%. Interest is paid semi-annually and principal is repaid at maturity.

The Notes are obligations of FCI, a private nonprofit corporation that is recognized as tax-exempt under Section 501(c)(3) of the Internal Revenue Code (the “Code”). They are not guaranteed, insured or otherwise securitized in any way.

The Notes offered have not been registered under the Securities Act of 1933, in reliance upon the exemption in Section 3(a)(4) of the Act for securities issue by entities, which are organized and operated exclusively for religious, educational, or charitable purposes and not for pecuniary profit.

The Notes also are being offered in Wisconsin without registration under its securities law based upon an exemption under Section 551.22(8), Wis. Stats., which applies to Notes sold to persons who are members of FCI.

These securities have not been recommended by any Federal or State securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this disclosure document. Any representation to the contrary is a criminal offense.

This offer may be withdrawn, cancelled or modified without notice at any time.

In preparing this Prospectus, we have given information that we believe is reliable and complete. However, we cannot guarantee its accuracy because the information and opinions expressed in it are subject to change without notice and neither the delivery of this Prospectus nor any issuance of the Notes shall, under any circumstances, create any implication that there has been no change in the operations or financial affairs of FCI since the date of this Prospectus. We encourage you to inquire or request additional information if you have any questions.

## For More Information

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## SECTION I. Special Risk Factors and Investment Considerations

Because of the nature of our business, the investment described in this Prospectus is subject to certain risks that should be carefully considered by any potential investor. To insure that you are aware of the risks and to comply with the laws governing this type of investment, we are highlighting them up front in the Prospectus. In the rest of the Prospectus, we explain how FCI is organized and operated to limit these risks. The risks of the investment include, but are not limited to, the following:

### FCI Borrowers

Certain Borrowers Will Not Meet Traditional Credit Qualifications. Consistent with FCI's purposes, we make many loans to nonprofit organizations that may be considered by conventional lenders to be undercapitalized and lacking sufficient operational experience or traditional credit qualifications.

Loan Collateralization. Our loan policy requires that our loans be secured by collateral at no less than 95% of loan value; however, there are exceptions to that policy. For example, we may not require full collateralization when it is not possible to obtain collateral, when such collateral is deeply subordinated or of marginal value, or when it is difficult to realize on such collateral. Also, some of our borrowers may owe money to creditors with senior rights to the collateral that secures our loans, or as the value of the collateral changes, a loan may become undercollateralized. This absence of full collateral or senior status may limit our ability to collect the full amount due from borrowers, which could result in losses to FCI.

Balloon Loans. Some of our loans allow borrowers to make balloon payments. For example, we may permit a balloon payment when the amortization schedule is substantially longer than the length of the loan commitment. With this practice, there is an inherent risk that these borrowers may have difficulty refinancing at the time the balloon payment is due and not be able repay us on time. However, in this circumstance, FCI would mitigate this risk by working with the borrower to refinance the loan, consistent with FCI policies.

### Method of Offering

Limited Financial Return. The Notes offer a low rate of return when compared to other investments of comparable risk. In evaluating the advantages and disadvantages of these Notes, investors should consider the social importance of their investment. At the same time, investors must be aware that FCI cannot assure particular outcomes on the projects it finances.

Variations Among Notes. The maturity date, interest rate and payment schedules for each Note will be separately negotiated by each investor. As a result, the terms of the Notes will vary. It is possible that these variations in terms and conditions may ultimately result in certain investors being fully repaid in accordance with the terms and conditions of their Notes, while other investors may be at greater risk or suffer losses. FCI, in its full discretion, will decide the order in which the Notes are paid.

There is No Public Market for the Notes. There is no secondary market for the Notes, which means that they are not transferable. An investment in a Note cannot be easily liquidated through sale or other transfer for value. Purchase of a Note should be viewed as an investment to be held to maturity. FCI cannot promise to pay back an investor early should the investor's circumstances change creating a need to request early repayment. Early withdrawals are only offered under exceptional circumstances, as determined at the full discretion of FCI. If FCI approves an early withdrawal, a penalty will be charged against interest earned on the Note. Specifically, monies withdrawn within the first year before interest has accrued will receive no interest payments. Monies withdrawn after the first year will receive a 50% penalty against the interest accrued in the current year in which the money is withdrawn.

The Notes Represent Unsecured Debt. The Notes issued to our investors are not secured. The collateral that secures the loans made to the FCI borrowers provide security only to FCI itself. FCI does not grant a security interest, mortgage, or pledge of any kind covering any property or assets of the FCI as security for repayment of the Note. Principal repayments and interest payments on the Notes depend solely upon FCI's financial condition at the time the payments come due.

### **FCI Operations**

Dependence on FCI's Financial Health. FCI's ability to repay our investors depends on the overall financial health of the organization. Our financial health is influenced by many factors, including our community borrowers' ability to repay us, our ability to attract grants and donations, and our success in earning interest income. We expect to be able to cover our operating expenses through these various sources of income but we cannot assure that we will be successful. If we are not successful, we may have to use some of the proceeds from the sale of Notes to pay these expenses. Also, if our borrowers fail to meet their repayment obligations, FCI may not be able to repay its investors. This risk is partially mitigated through FCI's management of its assets, which includes setting aside loan loss reserves and donated and earned equity capital to serve as a cushion against unexpected losses.

Tax Exempt Status. FCI is an organization that is recognized as exempt from Federal taxes under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended ("Code"). If our operations or structure deviate significantly from the description given to the IRS, or if there are changes in Section 501(c)(3) of the Code, we may lose our tax-exempt status, which would threaten our continued viability.

Characterization of Investment for Tax Purposes; Securities Law Compliance. FCI relies upon certain exemptions under the Federal and State securities laws for issuers who are organized for charitable purposes. Changes in the treatment of such organizations under the tax laws, or our failure to continue to satisfy the present requirements of the tax laws, might be interpreted as a failure to satisfy the requirements of the securities laws exemptions as well. There is no assurance that we could then meet the compliance requirements under these laws.

No Assured Participation in Management. Control over FCI is exercised by the Board, which is self-perpetuating in that the nomination and election of directors is controlled by the same persons who constitute the Board.

Legal Proceedings. There are no legal or administrative proceedings now pending against FCI nor are there any such proceedings known by us to be threatened or contemplated.

## SECTION II. Overview of Forward Community Investments

### Background on FCI

Forward Community Investments, Inc., formerly known as the “Dane Fund,” was established in 1994. We are incorporated as a Wisconsin nonstock corporation and recognized as exempt from taxation under Section 501(c)(3) of the Internal Revenue Code. We also are certified by the U.S. Department of the Treasury as a community development financial institution (“CDFI”), a unique nongovernment entity established to provide credit, financial services, and other development services to underserved markets or populations.

We make loans and provide technical support services to nonprofit community-based organizations throughout the State of Wisconsin. We provide these loans and services on terms that are more favorable than generally available in the commercial market. We do not make grants. Our services are provided at the lowest possible cost and at a margin of profit that is below the market rate. In addition to providing favorable terms, we strive to bring added value to our customers through our specialized understanding of their nonprofit operations and the depth of experience that we share.

Through our loans and services, we seek to address fundamental, poverty-related issues, including: expanding and improving affordable housing and community services and facilities; stabilizing and revitalizing neighborhoods; and promoting community economic self-sufficiency.

Funding for our loans comes primarily from the proceeds of the sale of promissory notes to individual and institutional investors, including banks, credit unions, corporations, religious institutions, foundations and unions. Simply put, we borrow money from our investors, and lend the money to our customers. In this way, loans from our investors help our customers succeed with their work, by leveraging their investment dollars and re-circulating repaid loans to other borrowers.

Our financing, coupled with quality technical assistance, often makes the critical difference between whether a compelling development project moves forward or not. We often provide the “missing pieces” that few other lenders can offer. Whether we finance a big part of a small project or a small part of a big project, our loans oftentimes make the critical difference. We have the patience and flexibility to remain committed to borrowers through lengthy public financing approval processes; to partner with small, midsize and emerging groups on their first projects; and to take on some of the most difficult development projects.

As of December 2008, FCI experienced only one loan loss in its history (less than \$47,000) and can cite only a handful of short-term delinquencies that were subsequently remedied either by repayment or restructuring.

### Background on CDFIs

An estimated 1,200 CDFIs operate in low-wealth communities in the US. These organizations provide affordable banking services to individuals and finance small businesses, affordable housing, and community services that, in turn, help stabilize neighborhoods and alleviate poverty. In addition, CDFIs provide credit counseling to consumers and technical assistance to small business owners and housing developers to help them use their financing effectively.

CDFIs are needed because a growing gap exists between the financial services available to the economic mainstream and those offered to low-income people and communities. As mainstream lenders have increasingly consolidated and streamlined their operations, their connections to local communities have diminished.

In addition, mainstream financial institutions do not sufficiently meet the capital needs of nonprofit organizations that provide critical community services and of small businesses that employ people and provide services in emerging domestic markets.

Such organizations often have neither enough collateral to meet conventional banking standards nor the capacity and resources to borrow from banks.

In the recent CDFI Data Study (FY 2006), 505 CDFIs (out of 1200) responded to questions about their performance and financial health.

The CDFIs in this data study managed \$23.1 billion in assets at the end of FY 2006. Although that number represents a significant amount of capital for emerging domestic communities, it is still quite modest compared with the mainstream financial sector.

An especially interesting outcome of the survey was the favorable loan losses for CDFIs. Overall, the net loan loss rates for the surveyed CDFIs was 0.46%, ranging from a total of 0.2% in the bank sector to 0.7% for the credit union and loan fund sectors; this matches the net loan loss ratio of 0.46% at conventional financial institutions in 2006.

CDFI delinquency rates are somewhat higher than their net charge-off rates. CDFIs are able to manage delinquencies through technical assistance and frequent contact and monitoring of their borrowers. CDFIs also keep adequate loan loss to further protect their investors. (Note: This study is available online at [www.cdfi.org/uploads/other/CDP\\_fy\\_2006.pdf](http://www.cdfi.org/uploads/other/CDP_fy_2006.pdf).)

As far as FCI, our policies and practices are based on those followed by these successful loan funds. Having said that, we cannot guarantee that our results will be as successful as the CDFIs in the study referenced above but we do learn from their successes and failures.

## **Governance and Operation of FCI**

Board of Directors. FCI is governed by a Board of Directors, which ranges in size from 11-14 directors. Our bylaws require that the Board consist of directors who are representative of the geographic area and the diverse constituencies we serve, as well as the institutions, community groups, and professions with whom we partner to fulfill our mission. Directors serve without compensation.

In addition to the Board, FCI utilizes the expertise of many business professionals through its Lending Committee and Finance Committee. At all times these committees must consist of at least three directors. The names and brief biographies of each current director, as well as members of our standing committees, can be found on our website at [www.forwardci.org](http://www.forwardci.org).

For more information about the Board, board governance and policies, our bylaws and Lending Policies are available upon request.

Officers. The officers of the corporation include one paid staff person, Salli Martyniak, who is the President. The Board elects the other corporate officers from among themselves, including a Chair, Vice-Chair, Secretary and Treasurer; these board officers make up the Executive Committee of the Board. More information about the role of officers and the Executive Committee can be found in our bylaws that are available upon request.

Employees. FCI is led and operated by a staff of professionals with extensive experience in banking, community development and non-profit management. A listing of current employees and their bios is available on our website at [www.forwardci.org](http://www.forwardci.org).

### SECTION III. Forward Community Investments Lending Policy and Procedures

To fulfill its mission, FCI follows a detailed Lending Policy to insure that it invests prudently in the community and that it maximizes its impact. Specifically, we have developed credit criteria and application procedures to guide our evaluation of the fiscal soundness and managerial competence of prospective borrowers. Our standards and procedures are based on typical practices of other successful nonprofit loan funds. The FCI Lending Policy is available upon request.

#### Eligible Borrowers and Projects

FCI lends to a wide range of borrowers, including nonprofit corporations and their for-profit subsidiaries, joint ventures between nonprofit organizations and for-profit entities, housing or business cooperatives, faith-based organizations, and community development corporations. On a case-by-case basis, we will consider applications from for-profit entities engaged in socially-responsible activities that benefit low- to moderate-income individuals. We do not lend directly to individuals.

We assist our borrowers with a wide variety of loan products. The projects we support include:

- Land acquisition;
- New construction, acquisition and rehabilitation of housing units and commercial real estate, including nonprofit facilities;
- Projects providing housing, jobs and/or services for low- to moderate-income individuals, minorities, female-headed households, people with disabilities, the homeless and elderly persons;
- Equipment/vehicle purchase for a community venture;
- Working capital;
- Funding for other development loan funds through recapitalization agreements;
- Refinance of an existing loan if it can be proven that the refinance will result in significant savings to the applicant/project;
- Economic development projects;
- Socially-responsible initiatives; and
- Other projects approved by the Board.

A detailed list of all FCI borrowers is available upon request or by visiting our website at [www.forwardci.org](http://www.forwardci.org).

#### Evaluation of Potential Borrowers

Through our active presence in the community, FCI staff is continually identifying and accepting inquiries from potential borrowers. We often have an initial conversation with potential borrowers and based on that conversation, may recommend that they submit an application. We thoroughly evaluate each application. The issues we consider include:

- The capacity and history of the borrower, including the longevity of the organization, its financial status, the expertise of its staff, and the strength of its management;
- The ability of the borrower to complete the project and the long-term economic viability of the project;
- The ability of the borrower to repay the loan and the potential collateral for the project;
- The degree of need and the number of people served by the project with priority given to projects providing benefits to low-income individuals and minorities, female-headed households, the physically disabled, the homeless and elderly; and
- The ability of the borrower to leverage other public or private funds for the project because of an investment from FCI.
- We are particularly committed to supporting projects with a high social impact. To evaluate this impact, we give careful consideration to the applicant's mission and history including who and how many they serve; the proposed economic impact of the project (e.g., number of jobs created in an economically distressed community or number of housing units to be built); the affordability and accessibility of the project; and the community's support for the applicant's mission and project.

## **Lending Process**

After FCI staff complete our evaluation, we make a recommendation to the Lending Committee to approve or decline the request. The Lending Committee reviews each loan that staff has recommended for consideration and makes a recommendation to FCI's President to approve, to reject, or to approve subject to amendment. Depending on the size and risk assessment of the loan and in keeping with FCI's Authority Guidelines, the President may either give final approval of the loan or submit the loan to the Board of Directors for further consideration.

To assist with this detailed review, FCI employs persons with extensive experience in both lending and nonprofit management. Through our Board of Directors and Lending Committee, we bring together persons with significant financial, development and nonprofit management expertise, including commercial loan personnel from financial institutions and representatives of both for-profit and nonprofit developers.

The most current information about FCI staff, Board and Lending Committee may be found in Section II or by visiting our website at [www.forwardci.org](http://www.forwardci.org).

## **SECTION IV. Protections and Risk Management**

### **Monitoring Practices**

FCI staff routinely monitors all loans to check on borrowers' progress and detect problems early. If we identify concerns, we work with the borrower or refer them to additional services to help them work out the issues.

We provide to our Board and Lending Committee an annual review of individual loan performance and compliance with reporting requirements. We also evaluate each loan according to an established risk rating system. The issues we evaluate include:

- payment status/history;
- rent rolls, including list of tenants, rent per space, maturity of lease;
- EOY annual financial statements, audited if available;
- twelve-month budget variance reports;
- proof of insurance; and other pertinent issues.

The outcome of our evaluation could result in reevaluation of the loan's risk rating and a subsequent increase in our loan loss reserve.

In addition to our own internal review, the adequacy of our loan loss reserve is annually confirmed by an independent third-party bank review of our loan portfolio.

### **Equity, Loan Loss Reserves and Liquidity Reserves**

In addition to funds it receives from its investors through the sale of Notes, FCI is capitalized with earned income from its investments, fees for services it provides, and donations from foundations and individuals. These funds represent equity capital that can be applied to pay back investors if necessary. FCI seeks to maintain a minimum of 10% of FCI's total capitalization as permanent equity capital.

Loan loss reserves are funded at every closing by setting aside from current income an amount corresponding to the risk rating of the loan. If a loan's risk rating changes, additional loan loss reserves may be set aside.

The Board's Finance Committee reviews the level of the loan loss reserve on a regular basis. As of 12/31/08, FCI had experienced only one loan loss and write-off totaling less than \$47,000 throughout its 15-year history.

### **Maximum Loan Amounts**

FCI also recommends a general maximum loan amount per project that is annually reviewed and approved by the Board. As of the date of this prospectus, the maximum project amount is \$400,000. Exceptions can be made at the recommendation of the Lending Committee, with the approval by the Board or if the loan is being participated or sold to another lender.

It is also FCI's policy not to lend more than 15% of its total capital to any one borrower or its related entities.

## SECTION V. Description of Investment Offering

FCI works with its investors to determine the terms of the investment that will be beneficial to both the investor and FCI. The mission of FCI is to make loans that are affordable to our Borrowers; to do this, we rely on the generosity of our investors and their willingness to accept lower-than-market rate of return on their investments. The interest rates provided to our Borrowers are determined and fixed at the time of closing. Interest rates are determined based on a cost-of-funds plus a percentage that is negotiated with the Borrower, typically at or below 300 basis points.

### Our Investors

FCI investors are primarily individuals and financial institutions. As of December 2008, our investors included representation from the following categories (in the order from highest concentration to least):

- Financial Institutions (includes banks & credit unions)
- Foundations & Government
- Individuals
- Religious Institutions
- Corporations

Based on Wisconsin Securities Law, only members of FCI may purchase notes from FCI. Membership is described below in Section V.

### Conditions of Investing in this Offering

Investment Size. The minimum investment is \$1,000. There is no maximum amount.

Term. The minimum investment term is one year with a preference for terms starting at three years. Investors may designate their desired term in full-year multiples. Of course, it is in the best interest of FCI and its borrowers for our investors to commit to longer investment terms. When matching investor maturities with our borrower's loan maturities, it allows us to make longer term loans to our borrowers.

Interest Rate. The accepted range of interest rates paid to investors is 0% to 3.0%, calculated on a 365-day year. The rate of return is fixed throughout the term of the Note. Because our interest rate to our borrowers is based on the interest rate paid to our investors, it is always in the best interest of the borrowers and the community at-large to pay a lower rate of interest to our willing and socially-responsible investors.

Payback. Interest is paid semi-annually, on June 1 and December 1. Principal is repaid at maturity.

Early Withdrawal. Specifically, monies withdrawn within the first year before interest has accrued will receive no interest payments. Monies withdrawn after the first year will receive a 50% penalty against the interest accrued in the current year in which the money is withdrawn.

Security. An investment in FCI is not guaranteed or insured. The financial stability of FCI depends on the sound management of FCI, the health of our borrowers' organizations, and the quantity and quality of collateral that borrowers offer in exchange for their loans. To date, we have met all our obligations on schedule for repayment of interest and principal. No investor has lost funds and we intend to continue to meet all of our obligations. However, past performance does not guarantee future repayment. Please read carefully the section entitled "Risk Factors" before deciding to invest in FCI.

Legal Documents. The specific terms of an investment are outlined in the Loan Subscription Agreement and the Promissory Note, both attached to this Prospectus as Exhibits. To purchase a Note, the potential investor completes the Loan Subscription Agreement. After the Loan Subscription Agreement has been signed by both parties and the funds have been received, FCI will provide the completed Promissory Note to the investor.

Tax Considerations and Reporting. Although FCI is a tax-exempt organization, the principal that is invested in FCI is not a donation and consequently is not tax-deductible. Principal repaid to you is a return on your capital investment and is not considered income. However, interest paid by FCI is taxable. For individuals, that income should be claimed on IRS Form 1040, Schedule B. In January of each year, FCI will provide a Form 1099 to each investor indicating the interest earned on his or her investment. This Prospectus is not intended to provide legal or tax advice to potential investors. Investors are encouraged to consult their own tax advisors to determine the tax consequences to them.

External Audits. FCI undergoes annual external audits of its accounting systems to assure that the financial position, change in net assets, and cash flows are presented fairly and conform with U.S. generally accepted accounting principles. Annually, we provide our investors a final copy of the Board-approved audit. A summary of the preceding three years' financial position is included in the Exhibits.

Membership Requirement for Investors. Under Wisconsin Securities Law (Section 551.22(8)), FCI may only issue securities to persons who are members of FCI. To enroll as an FCI Member, it is necessary to complete an Application for Membership (available upon request). Membership in FCI is open to all persons and organizations that support our mission. Individuals must be Wisconsin residents at the time they initially become Members. There are two classes of Members, regular Members and Investor Members. Members are entitled to attend an annual membership meeting, but they have no voting rights. Any regular Member who purchases a Note becomes an Investor Member instead of a regular Member. The term of an Investor membership continues until the Note held by that Investor Member is repaid in full. An investment in FCI automatically qualifies the investor as an Investor Member. Investor Members are not required to complete any membership form or pay any membership dues. The Board has the authority to terminate the membership of any person or organization; but if an Investor Member's membership is terminated, that Member's Note must first be repaid.

Renewals and Redemptions. An FCI investor may elect to have his/her Note rolled over on the maturity date of the initial Note into a new Note on the same terms as the initial Note. FCI will notify the Investor no later than ninety (90) days before the maturity date of the Note confirming that the initial Note will be rolled over into a subsequent Note on the same terms as the initial Note unless the investor indicates otherwise in writing prior to the rollover date.

Method of Sale. The Notes are sold through direct sale to the investors. We primarily identify investors through personal contacts. We do not participate in any underwriting or selling agreement arrangements. We do not offer or pay any commission, discount, finder's fee or other form of remuneration or compensation to any person or organization in connection with the offer and sale of the Notes.

Termination of Offering. FCI does not have a limit on the aggregate principal amount of Notes it may issue under this or any future offering, although we will only issue Notes consistent with sound financial practices as described in this Prospectus. We may continue this offering as long as we wish, or terminate the offering at any time.

### **Use of Funds**

The funds raised through this offering are pooled with FCI's equity to make up the total pool of capital available for lending to our community borrowers, which we describe in more detail in Section III. We attempt to loan the funds as quickly as possible after receiving them but during interim periods the funds are held in accounts and investments selected by us. Any interest and dividends that accrue while we are holding these investments accrue to FCI.

Through careful monitoring and scheduling of loans, FCI maintains appropriate liquidity and manages its cash flow. See Section IV for more information on FCI's Loan Loss Reserves and Liquidity Reserves.

### Loans Closed: 1996 to 2008

Year	Amount Closed
1996	201,886
1997	77,306
1998	125,000
1999	229,001
2000	442,245
2001	216,416
2002	507,612
2003	820,000
2004	622,617
2005	2,703,518
2006	2,892,449
2007	2,056,530
2008	4,048,101
<b>TOTAL</b>	<b>\$14,942,681</b>

In any given year, the majority of FCI's overall loan activity is fairly distributed between affordable housing and community facilities. Loans made for economic development purposes are the third most common type.

FCI provides its investors with periodic information about its activities through newsletters, general correspondence and various events. FCI also prepares quarterly financial statements, which are available to investors upon request.

### Use of Interest Earnings and Administrative Expenses

FCI issues loans to its community borrowers at an annual interest rate that enable FCI to pay interest to its investors and to cover FCI's operating expenses, including the staff costs of loan monitoring and the cost of setting aside loan loss reserves. Earned interest that exceeds what we need to cover these financial and operating costs is used to grow FCI equity.

FCI intends to use the funds raised through this offering only for capital purposes and not to pay the expenses of administration or expenses of the offering of these Notes. We intend to cover our expenses through investment income, grants and donations. However, we reserve the right to change this allocation of the proceeds if necessary.

## **ADDITIONAL INFORMATION**

*Additional materials are available to prospective Investors upon request, including our Amended and Restated Articles of Incorporation, Amended and Restated Bylaws, Application for Recognition of Exemption (IRS Form 1023), IRS determination letter, our most recent audited financial statements and income tax returns, our Loan underwriting guidelines, and sample Loan contracts. Our staff will provide any prospective investor with additional information relating to this offering and the organization that may be reasonably provided without undue expense.*

## **EXHIBITS**

For current information about FCI, please visit our website at [www.forwardci.org](http://www.forwardci.org).

Exhibits include:

- Four-year Audit Summary
- Promissory Note
- Loan Subscription Agreement

**FORWARD COMMUNITY INVESTMENTS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2008 and 2007

	2008	2007
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 993,768	\$ 1,006,277
Certificates of deposit	750,000	-
Unconditional promises to give	16,000	281,960
Accounts receivable	25,016	13,548
Current portion of notes receivable	439,253	2,208,073
Accrued interest receivable	28,694	19,590
Prepaid expenses	3,426	4,157
<b>Total current assets</b>	<b>2,256,157</b>	<b>3,533,605</b>
<b>OTHER ASSETS</b>		
Software (less accumulated depreciation of \$14,355 and \$9,135)	1,295	6,515
Note receivable - non-recourse	1,093,100	1,093,100
Notes receivable less current portion - net	4,729,905	2,650,106
<b>Total assets</b>	<b>\$ 8,080,457</b>	<b>\$ 7,283,326</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 24,282	\$ 14,044
Accrued interest payable	31,670	30,613
Accrued vacation and payroll	18,271	19,532
Deferred revenue	500	500
Current portion of senior notes payable	421,000	634,000
<b>Total current liabilities</b>	<b>495,723</b>	<b>698,689</b>
<b>LONG-TERM LIABILITIES</b>		
Note payable - non-recourse	1,093,100	1,093,100
Senior notes payable less current portion	3,977,000	3,078,000
Subordinated notes payable	2,000,000	1,750,000
<b>Total liabilities</b>	<b>7,565,823</b>	<b>6,619,789</b>
<b>NET ASSETS</b>		
Unrestricted	398,196	502,701
Temporarily restricted	55,438	99,836
Permanently restricted	61,000	61,000
<b>Total net assets</b>	<b>514,634</b>	<b>663,537</b>
<b>Total liabilities and net assets</b>	<b>\$ 8,080,457</b>	<b>\$ 7,283,326</b>

**FORWARD COMMUNITY INVESTMENTS, INC.**  
**STATEMENTS OF ACTIVITIES**  
Years ended December 31, 2008 and 2007

	2008	2007
<b>UNRESTRICTED NET ASSETS</b>		
<b>SUPPORT AND REVENUE</b>		
Contributions	\$ 22,846	\$ 250,388
In-kind contributions	87,085	52,186
Interest income	337,551	299,774
Special events	15,575	22,326
Other income	76,705	81,585
	<u>539,762</u>	<u>706,259</u>
<b>EXPENSES</b>		
Program services	491,008	428,832
Management and general	161,359	168,176
Fundraising	52,446	46,915
Costs of direct benefits to donors	1,907	7,493
	<u>706,720</u>	<u>651,416</u>
Net assets released from restrictions	<u>62,453</u>	<u>5,000</u>
Change in unrestricted net assets	(104,505)	59,843
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	18,055	99,836
Net assets released from restrictions	<u>(62,453)</u>	<u>(5,000)</u>
Change in temporarily restricted net assets	<u>(44,398)</u>	<u>94,836</u>
<b>Change in net assets</b>	(148,903)	154,679
Net assets - beginning of year	<u>663,537</u>	<u>508,858</u>
<b>Net assets - end of year</b>	<u>\$ 514,634</u>	<u>\$ 663,537</u>

**FORWARD COMMUNITY INVESTMENTS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2006 and 2005

	2006	2005
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,035,634	\$ 890,243
Unconditional promises to give	6,500	70,250
Accounts receivable	16,950	13,787
Current portion of notes receivable	865,791	767,427
Accrued interest receivable	24,822	4,943
Prepaid expenses	4,850	3,674
Total current assets	1,954,547	1,750,324
<b>OTHER ASSETS</b>		
Software (less accumulated depreciation of \$3,915)	11,735	-
Note receivable - new market tax credit loan	1,093,100	1,093,100
Notes receivable less current portion - net	2,962,749	1,573,959
<b>Total assets</b>	<b>\$ 6,022,131</b>	<b>\$ 4,417,383</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 2,776	\$ 14,891
Accrued interest payable	10,397	5,967
Deferred revenue	-	7,820
Current portion of long-term debt	336,000	622,500
Total current liabilities	349,173	651,178
<b>LONG-TERM LIABILITIES</b>		
Note payable - new market tax credit loan	1,093,100	1,093,100
Senior notes payable less current portion	3,321,000	1,678,000
Subordinated notes payable less current portion	750,000	500,000
Total liabilities	5,513,273	3,922,278
<b>NET ASSETS</b>		
Unrestricted	442,858	409,105
Temporarily restricted	5,000	25,000
Permanently restricted	61,000	61,000
Total net assets	508,858	495,105
<b>Total liabilities and net assets</b>	<b>\$ 6,022,131</b>	<b>\$ 4,417,383</b>

**FORWARD COMMUNITY INVESTMENTS, INC.**  
**STATEMENTS OF ACTIVITIES**  
Years ended December 31, 2006 and 2005

	2006	2005
<b>UNRESTRICTED NET ASSETS</b>		
<b>SUPPORT AND REVENUE</b>		
Contributions	\$ 174,889	\$ 78,055
Interest income	235,646	161,676
Special events	15,410	45,190
Other income	100,372	105,531
Net assets released from restrictions		
Satisfaction of purpose restrictions	25,000	-
<b>Total unrestricted support and revenue</b>	<b>551,317</b>	<b>390,452</b>
<b>EXPENSES</b>		
Program services	360,506	295,850
Management and general	112,754	61,324
Fundraising	40,001	40,902
Costs of direct benefits to donors	4,303	10,997
<b>Total expenses</b>	<b>517,564</b>	<b>409,073</b>
<b>Change in unrestricted net assets</b>	<b>33,753</b>	<b>(18,621)</b>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	5,000	25,000
Net assets released from restrictions		
Satisfaction of purpose restrictions	(25,000)	-
<b>Change in temporarily restricted net assets</b>	<b>(20,000)</b>	<b>25,000</b>
Change in net assets	13,753	6,379
Net assets - beginning of year	495,105	488,726
<b>Net assets - end of year</b>	<b>\$ 508,858</b>	<b>\$ 495,105</b>

# FORWARD COMMUNITY INVESTMENTS

## *A Community Loan Fund*

211 South Paterson Street, Suite 160, Madison, WI 53703 • 608.257.3863 • 608.257.2372 (f)

### **PROMISSORY NOTE** (Periodic Interest Payment)

FOR VALUE RECEIVED, the undersigned, FORWARD COMMUNITY INVESTMENTS, INC. (“Borrower”), a Wisconsin not-for-profit corporation at 211 S. Paterson Street, Suite 160, Madison, Wisconsin 53703, hereby promises to pay to the order of [REDACTED] (“Lender”), at [REDACTED] or such other address as the holder of this Note may designate in writing, the principal amount of [REDACTED] Dollars (\$ [REDACTED]), together with simple interest at the rate of [REDACTED] percent ([REDACTED]%) per annum on the unpaid balance, on or by the date which is [REDACTED] ([REDACTED]) months after the date of this Note, as set forth in a certain Loan Subscription Agreement (the “Agreement”) dated [REDACTED] between Borrower and Lender. Capitalized terms not otherwise defined herein shall have the meanings ascribed them in the Agreement.

Interest shall accrue from the date of this Note and be paid semiannually on June 1<sup>st</sup> and December 1st (on interest earned through the previous day) with the final interest payment made with repayment of the outstanding principal of this Note. Interest shall be computed on the basis of a 365- or 366-day year, as applicable, for the actual number of days elapsed.

This Note is the Note referred to in, and is entitled to the benefits of, the Agreement, pursuant to the terms of which Lender has agreed to lend to Borrower the principal amount set forth in the preceding paragraph. Upon failure of Borrower to repay the principal of and interest on the Note on or before the date such payment is due, and the continuation of such failure for thirty (30) days after written notice to Borrower, Lender may declare the entire unpaid principal balance and all accrued interest immediately due and payable by providing the Borrower with written notice in accordance with Section 13 of the Agreement. Reference is made to the Agreement for additional terms of the loan evidenced by this Note, including provisions relating to the remedies of the holder of the Note. In the case of any conflict between the provisions of the Note and the provisions of the Agreement, the provisions of the Agreement shall govern and control the rights and obligations of the parties hereto.

This Note may be prepaid, in whole or in part, at any time or from time to time, without premium or penalty. All prepayments shall be applied first to accrued interest, then to the principal of this Note.

All payments or prepayments of principal and interest due pursuant to the Agreement and this Note shall be made by check in United States dollars to Lender at Lender’s address set forth above, or at such other address as Lender shall have designated to Borrower in writing.

**SAMPLE**

Borrower hereby waives presentment, demand for payment, notice of dishonor, protest and notice of protest of this Note, and agrees to perform and comply with each of the covenants, conditions, provisions and agreements of Borrower contained in the Agreement. No alteration, amendment or waiver of any provision of this Note or the Agreement, made by agreement of the holder of this Note and any other person or party, shall constitute a waiver of any other term of this Note, or otherwise release or discharge the liability of Borrower under this Note.

**FORWARD COMMUNITY INVESTMENTS, INC.**  
A Wisconsin nonstock corporation

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**Salli Martyniak, President**

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**Date**

**SAMPLE**

# Forward Community Investments

## *A Community Loan Fund*

211 South Paterson Street, Suite 160, Madison, WI 53703 • 608.257.3863 • 608.257.2372 (f)

### LOAN SUBSCRIPTION AGREEMENT

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

#### WITNESSETH:

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

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

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

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

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

- 1. Agreement to Make Loan.** Subject to the terms and conditions of this Agreement, Lender hereby lends to Borrower, and Borrower hereby accepts from Lender, the principal amount of [REDACTED] **Thousand Dollars (\$ [REDACTED])** (such loan, together with any additional advances pursuant to Section 5 of this Agreement are referred to collectively as the "Investor Loan").

**SAMPLE**

2. **Interest.** Interest shall accrue on the outstanding principal balance of the Investor Loan at the rate of [REDACTED] percent ([REDACTED]%), starting from the date of Borrower's receipt of the principal amount of the Investor Loan (the "Funding Date"). Accrued interest shall be paid in semi-annual installments on June 1 and December 1.
3. **Repayment.** Borrower agrees to repay to Lender the entire principal amount of the Investor Loan, together with any accrued and unpaid interest, on or by the date that is [REDACTED] ([REDACTED]) months after the date of the Funding Date.
4. **Promissory Note.** On the Funding Date, Borrower shall execute and deliver to Lender a promissory note in the form attached to this Agreement (the "Note"), evidencing Borrower's obligation to repay the Investor Loan together with interest thereon at the Interest Rate.
5. **Additional Principal.** Lender may, at any time with Borrower's consent, increase the principal amount of the Investor Loan. If the principal of the original Investor Loan is subsequently increased, (a) Lender shall deliver the original Note to Borrower for cancellation, and Borrower shall execute and deliver a new note evidencing the increased amount of the Investor Loan ("New Note"), (b) interest at the Interest Rate shall accrue on any such additional principal starting from the date on which the additional amount is deposited, and (c) the entire principal amount shall be repaid on the date described in Section 3 above, or on any other date that shall be agreed upon in writing by Lender and Borrower. Upon increase of the principal amount of the Investor Loan by delivery of the New Note evidencing such increased amount, the parties agree that this Agreement shall thereby automatically be amended such that the total amount of the Investor Loan, as evidenced by the New Note, shall constitute the "Investor Loan" for purposes of this Agreement, and the New Note shall constitute the "Note" for purposes of this Agreement. By executing and delivering the New Note, Borrower thereby certifies that all representations and warranties made by Borrower in this Agreement are true and correct as of the date of the New Note.
6. **Optional Prepayments.** Borrower shall have the right at any time and from time to time to prepay the Note in whole or in part without premium or penalty, upon ten (10) days' prior written notice to Lender. Each such prepayment shall be applied first to accrued interest and then to principal.
7. **Payments.** All payments of principal and interest due under this Agreement and under the Note shall be made by check payable to the order of Lender at its address referred to above, or in immediately available funds by transfer to Lender's account at such bank as Lender shall have previously designated in writing to Borrower, or at the option of Lender, in such manner and at such place in the United States as Lender shall have designated to Borrower in writing.

- 8. Early Withdrawals.** FCI, in its sole discretion, may consider Lender requests for acceleration of repayment. If FCI approves an acceleration, a penalty will be charged against interest earned on the Note. Specifically, monies withdrawn within the first year before interest has accrued will receive no interest payments. Monies withdrawn after the first year and before maturity will receive a 50% penalty against the interest accrued in the current year in which the money is withdrawn.
- 9. Representations and Warranties of Borrower.** Borrower hereby represents and warrants to Lender to the best of Borrower's knowledge and belief, as of the date of this Agreement, as follows:
- a. Borrower is a nonstock corporation duly organized and validly existing under the laws of the State of Wisconsin and has received a letter from the Internal Revenue Service determining Borrower to be exempt from tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code");
  - b. Borrower holds all licenses, authorizations, consents and registrations required by applicable law, and that it has the power and authority to own its assets and to carry on its business and operations as now being conducted, and that the amount of the Investor Loan is within the Borrower's available borrowing power; and
  - c. Borrower has taken all action necessary to authorize the execution and delivery of this Agreement and the Note; this Agreement is, and the Note, when signed, shall be, the valid and binding obligation of Borrower; neither the execution and delivery of this Agreement by Borrower nor the consummation by Borrower of the transactions contemplated by this Agreement shall constitute a violation or breach of (i) Borrower's Articles of Incorporation, (ii) Borrower's by-laws, (iii) any provision of any contract or other instrument to which Borrower is a party or by which it is bound; or (iv) any order, writ, injunction, decree, statute, rule or regulation; and no consent, order, authorization or other approval of any governmental body or agency is required in order for Borrower to execute, deliver and perform this Agreement or the Note.
  - d. There is no suit, action, or proceeding pending before any court or arbitrator or any governmental body, agency or official affecting the Borrower, nor does the Borrower know of the threat of any such suit, action or proceeding that might materially and adversely affect the Borrower's financial position, the results of its operations, or its ability to perform any of its obligations under this Agreement or Note, or that may affect in any way the validity and effectiveness of this Agreement or Note.
  - e. For purposes hereof, (i) the Prospectus and all other information Borrower has furnished to Lender is true, accurate and complete and that there are no material omissions that could render the disclosure misleading; (ii) Borrower has disclosed to Lender in writing any and all facts that may materially and adversely affect Borrower's financial position or its ability to perform its obligations under this Agreement and the Note; and (iii) Borrower shall hold Lender harmless from any and all liabilities (in tort, contract, or otherwise) relating to any information provided to Lender.

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

- a. As long as the Note or any portion of the Note remains unpaid, Borrower shall furnish to Lender as soon as available after the end of each fiscal year of Borrower, but no more than 120 days, the audited financial statements of Borrower;
- b. Borrower shall maintain its valid existence and its good standing as a Wisconsin not-for-profit corporation, and shall notify Lender within three (3) days of the termination of its valid existence or good standing as a Wisconsin nonstock corporation;
- c. Borrower shall maintain its tax-exempt status under Section 501 (c)(3) of the Code, and shall notify Lender within three (3) days of the termination of its tax-exempt status;
- d. Borrower shall make all payments required by this Agreement and the Note and carry out the terms of this Agreement and the Note; and
- e. Borrower shall use its best efforts to comply with all material state and federal statutory and regulatory provisions applicable to Wisconsin nonstock corporations, including those requiring the filing of returns, reports and other information, and shall maintain in full force and effect all licenses, approvals and permits necessary for the execution of the Investor Loan and the carrying out of Borrower's business and operations, as well as comply with and observe all the conditions and restrictions contained in or imposed by any such licenses, approvals or permits.
- f. Upon written notice from Lender, Borrower shall permit Lender or a person designated by Lender to visit and inspect Borrower's offices during regular business hours; examine the applicable business records, accounting books, and tax returns; and request from Borrower's officials and receive promptly information about Borrower's activities, operations, and financial position.

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

- a. Borrower shall utilize the principal amount of the Investor Loan for the purpose of providing Community Loans for projects selected by Borrower in its sole discretion ("Loan Purpose"), and shall manage the Community Loans diligently and efficiently and in accordance with safe and sound financial practices and consistent with this Agreement. Borrower shall use its best efforts to utilize all of the principal amount of the Investor Loan for the Loan Purpose.
- b. Subject to Section 11.a., to the extent that the proceeds of the Investor Loan, or any portion of the Investor Loan, are not immediately used for Community Loans, Borrower may deposit the proceeds from this Investor Loan, or any portion of such proceeds, into an interest-bearing account or accounts; Lender expressly acknowledges that Borrower may commingle the proceeds from this Investor Loan with other monies of the Borrower, including, without limitation, proceeds of other Investor Loans, grants, donations and other revenues;

- c. Interest or other income, if any, earned by Borrower with respect to the original principal amount of the Investor Loan (whether such interest or income represents interest received by Borrower upon repayment of Community Loans or interest or other income earned on the Investor Loan proceeds while in the interest-bearing account(s) described in subparagraph (b) above) may be used by Borrower, in its sole discretion, for any of its corporate purposes, including, without limitation, the following:
  - (i) to pay interest due on the Investor Loan or principal or interest due on other borrowings made by Borrower;
  - (ii) to pay the administrative and operating expenses of Borrower;
  - (iii) to make Community Loans;
  - (iv) to contribute to the loan loss reserve established by Borrower; and
  - (v) to contribute to a pool of loan capital established by Borrower.

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

- a. Lender acknowledges that Lender has received and read a copy of the Borrower's Prospectus dated [REDACTED]; Lender acknowledges that no representations have been made to Lender by Borrower or any of Borrower's directors, officers or employees that are inconsistent with the information contained in the Prospectus; Lender acknowledges that Lender has received satisfactory responses from Borrower to any and all inquiries that Lender may have made concerning Borrower, this Agreement, the Note and Prospectus; Lender further acknowledges that Lender has been afforded an opportunity by borrower to examine any of Borrower's documents which are material to this Agreement and which Lender sought to examine after reasonable notice;
- b. Lender acknowledges Lender's understanding that the Investor Loan is a below-market interest rate loan; Lender has agreed to such below-market terms in order to support Borrower's objectives of providing Community Loans;
- c. Lender acknowledges that Borrower has disclosed to Lender that the interest rate charged by Borrower on Community Loans shall bear no relationship to the interest payable under the Investor Loan, but rather shall be determined by Borrower, in its sole discretion, based upon a given project's need for funds and ability to repay, Borrower's overall cost of funds and similar factors,

- d. Lender acknowledges and agrees that, although Borrower intends to use the proceeds of the Investor Loan to provide Community Loans to borrowers selected by Borrower, Lender's only recourse for repayment of the Investor Loan shall be against Borrower. Lender understands that in no event shall Lender have any recourse against projects financed by Community Loans, entities to which Borrower provides Community Loans, or other persons or entities providing loans or grants to Borrower;
  - e. Lender hereby agrees to waive all recourse against Borrower under this Agreement beyond those sums of principal and interest collected by Borrower from its Community Loans. In the event that FCI's loan loss reserves are insufficient to cover defaults on its Community Loans, Lender agrees to forgive Borrower for the unpaid principal and interest, as provided above, without foreclosure or legal action against the Community Loan borrowers.
  - f. Lender has not requested, nor has Borrower agreed to make, a grant of any security interest, mortgage, pledge or the like covering any property (real and personal, tangible and intangible) or assets of Borrower as security for repayment of the Investor Loan;
  - g. Lender shall acquire the Note for Lender's own account, for investment purposes only, and not with a view to, or for, resale, distribution or fractionalization of the Note, in whole or in part, and no other person shall have a direct or indirect beneficial interest in such Note;
  - h. Lender has the financial ability to bear the economic risk of Lender's investment, has adequate means for providing for Lender's current needs and personal or other contingencies and has no need for liquidity with respect to Lender's investment in the Note;
  - i. Lender is not relying on Borrower or the Prospectus with respect to tax or other economic considerations involved in this investment;
  - j. Lender shall not sell or otherwise transfer the Note; and
  - k. If Lender is a corporation, partnership, trust, estate or other entity, it is empowered, authorized and qualified to acquire and hold the Note, and the person signing this Loan Subscription Agreement on behalf of such entity has been duly authorized by such entity to do so.
- 13. Default.** There shall be an "Event of Default," and Lender shall have the remedies set forth in Section 14 of this Agreement, upon the occurrence of any one or more of the following:
- a. Borrower fails to repay the principal and interest on the Note on or before the date such payment is due.
  - b. Any representation or warranty made by Borrower under this Agreement is false or fraudulent in any material respect.

c. Borrower fails to timely observe or perform any of the covenants or duties contained in this Agreement or the Note.

d. A material adverse change occurs in Borrower's financial condition.

e. Lender at any time believes in good faith that the prospect of payment or performance under this Agreement or the Note is impaired.

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

- a. After thirty (30) days written notice to Borrower, unless the relevant Event(s) of Default are cured within thirty (30) days after Lender gives written notice to Borrower and Borrower actually receives or refuses to accept receipt specifying such Event(s) of Default (provided, however, that if such default is susceptible of cure but cannot reasonably be cured within such thirty (30) day period and provided further that Borrower shall have commenced to cure such default within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for an additional fifteen (15) days); then the unpaid principal and any interest under the Note shall, at the option of Lender, mature and become immediately due and payable, whether or not then payable in accordance with the terms of the Note, without presentment, demand or protest, all of which are hereby expressly waived. No delay in accelerating the maturity of any obligation as provided in the preceding sentence or in taking any other action with respect to any Event of Default shall affect the rights of Lender later to take such action with respect to such Event of Default, and no waiver as to a prior occasion shall affect rights as to any other Event of Default, and Lender's receipt of any payment on the Note after the occurrence of an Event of Default shall not constitute a waiver of the default or the Lender's rights and remedies upon such default; or
- b. The unpaid principal and any interest under the Note shall automatically mature and become immediately payable in the event Borrower becomes the subject of bankruptcy or other insolvency proceedings; or
- c. Lender Rights: Upon default, Lender may, at its election, hire an attorney or other third party to help collect the unpaid amounts under the Note. Subject to any limits under applicable law, Borrower shall also pay Lender's reasonable fees and expenses in connection with the foregoing. Such fees and expenses shall also include any reasonable attorneys' and court costs for collection and/or bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), or appeals in connection with any anticipated post-judgment collection service. Without affecting the liability of Borrower, Lender may, without notice, accept partial payments and, from time to time, renew or extend the time for payment.

## 15. Miscellaneous.

- a. Notices. All notices, requests, demands, consents, waivers and other communications given under any of the provisions of this Agreement shall be in writing and shall be delivered or mailed, and if mailed, shall be deemed given when deposited in the mail first-class, postage prepaid, registered or certified mail, return receipt requested, sent to the parties' respective addresses first written above or such other address as the addressee may have specified in a notice duly given to the sender;
- b. Entire Agreement. Subject to Section 5, this Agreement and the Note contain the entire agreement of the parties to this Agreement with respect to the transaction contemplated by this Agreement, and no change, modification or waiver of any provision of this Agreement or the Note shall be valid unless in writing, and signed by the party to be bound.
- c. No Waiver. No delay or failure on the part of Lender in exercising any rights under this Agreement or the Note, as applicable, and no partial or single exercise of such rights, shall constitute a waiver of such rights or of any other rights under this Agreement or the Note.
- d. Other Parties. Nothing in this Agreement shall be construed as giving any person, firm, corporation or other entity other than the parties to this Agreement any right, remedy or claim under or in respect of this Agreement or any provision of this Agreement.
- e. Applicable Law. This Agreement and the Note shall be governed by and construed in accordance with the laws of the State of Wisconsin except to the extent such laws are preempted by federal law. .
- f. Venue. Borrower consents that venue for any legal proceeding relating to this Agreement and/or collection of the Note shall be, at Lender's option, the county in which Lender has its principal office in this state, the county in which Borrower resides or the county in which this Agreement was executed, and Borrower submits to the jurisdiction of any such court.
- g. Survival of Representations, Warranties, and Agreements. All representations, warranties and agreements in this Agreement shall survive until the expiration of the term of this Agreement, except to the extent that a representation, warranty or agreement expressly provides otherwise.
- h. Severability. If any provision of this Agreement or the Note shall for any reason be held to be illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect any other provision of this Agreement or the Note, but this Agreement and the Note, as applicable, shall be construed as if such illegal, invalid or unenforceable provision had never been contained in this Agreement or the Note, as applicable.

**IN WITNESS THEREOF**, the parties to this agreement have duly executed this Agreement as of the date first above written.

**LENDER:**

\_\_\_\_\_  
Organization if Lender is not a natural person

\_\_\_\_\_  
Print Authorized Signatory's Name

\_\_\_\_\_  
Title of Authorized Signatory

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Date

**BORROWER:**

**FORWARD COMMUNITY INVESTMENTS, INC.**  
A Wisconsin nonstock t corporation

**Salli Martyniak**  
Print Authorized Signatory's Name

**President**  
Title of Authorized Signatory

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
**Tax I.D. Number (for organization) or Social Security Number (for natural person)**  
*(required for Form 1099 on Interest Bearing Notes)*

**Addendum**

Would you be willing to assist Forward Community Investments by giving permission to publicly mention and/or publish your (or your organization's) name as an Investor in the Fund? Such permission shall not extend to mention of the *amount* of this Investor Loan.

- YES**, I give such permission to publicly mention and/or publish my name as an investor in the Fund with the understanding that such permission does not extend to mention the amount of this Investor Loan.
- NO**, I prefer my investment to remain anonymous.