Small Business Lending Fund
Community Development Financial Institution Loan Funds
Equity Equivalent Capital

Summary of Terms

Issuer: The term "Issuer" means a community development financial institution ("CDFI") loan fund that:

(i) is certified by the Community Development Financial Institutions Fund ("CDFI Fund") of the United States Department of the Treasury ("Treasury") as a CDFI or has applied for such certification prior to May 25, 2011 and receives such certification by August 1;
(ii) is exempt from taxation under the Internal Revenue Code of 1986;
(iii) has a clean audit opinion with respect to its audited financial statements for the most recent fiscal year end as of the application date, has audited financial statements for the two years prior to the most recent fiscal year end, and has at least three years of operating experience;
(iv) has total assets of $10 billion or less, as reported in audited financial statements for the fiscal year that ended in calendar year 2009, where total assets are defined as on-balance sheet assets under generally accepted accounting principles ("GAAP") in the United States, with such dollar amount reduced to exclude assets for which the Issuer bears no economic risk; provided that any such amounts must be documented in the notes of the Issuer's audited financial statements (or a separate such statement from an external auditor); and,
(v) satisfies the following financial requirements:
   a. average net income for the three most recent fiscal years ended is positive;
   b. cash and cash equivalents are equal to or greater than operating expenses for each of the four most recent quarters ended;
   c. year-end cash and cash equivalents are equal to or greater than 25% of annual operating expenses for one or both of the two most recent fiscal years ended;
   d. ratio of net assets plus the amount of liabilities (if any) relating to equity equivalent instruments that are reflected on the CDFI's balance sheet to total assets is at least 20%, without inclusion of Treasury's investment;
   e. ratio of loan loss reserves to loans and leases 90 days or more delinquent (including loans sold with full recourse) is at least 30%;
   f. ratio of loans and leases 90 days or more delinquent (including loans sold with full recourse) to total equity (defined as unrestricted net assets plus loss reserves, to the extent that such loan loss reserves are not otherwise included in unrestricted net assets) is less than 40%; and,
   g. outstanding loans eligible for inclusion in Qualified CDLF Small Business Lending, as defined below, are at least 10% of total loans outstanding;

where,

in the case of (a), (b), and (c) above, each requirement is satisfied for the periods ended in relation to (x) the date of application and (y) the closing date of this investment (the "Investment Date") and,

in the case of (d), (e), (f) and (g) above, each requirement is satisfied when calculated using (x) audited financial statements as of the most recent fiscal year end and (y) unaudited financial statements as of the most recent quarter end prior to the Investment Date; except that if all such requirements are not met as of the most recent fiscal year end, unaudited financial statements for the most recent quarter end prior to the application date may be used in lieu of the year end statements, provided that they have been reviewed by an external auditor and this review is submitted to Treasury by August 1 and does not identify any material modifications that should be made to the financial statements in order for them to be in accordance with GAAP.

Qualified CDLF Small Business Lending: For a loan made by a CDLF to be eligible for inclusion in Qualified CDLF Small Business Lending, (i) the original principal and commitment amount of the loan must be $10 million or less, (ii) the loan must be to a business with $50 million or less in revenues, and (iii) the loan must be classified, in accordance with the definitions in the application materials, as (a) a commercial and industrial loan, (b) an owner-occupied nonfarm, nonresidential real estate loan, (c) a loan to finance agricultural production or other loan to farmers, or (d) a loan secured by farmland.

Qualified CDLF Small Business Lending is defined, without consideration of tax status, to include loans to borrowers that are sole proprietorships, partnerships, corporations, tax exempt organizations, and cooperatives.

Financial Instrument: Unsecured subordinated equity equivalent capital ("Equity Equivalents") that does not constitute a class of stock or represent equity ownership in the Issuer. Each capital instrument representing an Equity Equivalent shall be in the principal amount of $1,000.

Investment Amount: An Issuer may apply for an amount not less than 1% and not more than 5% of the Issuer's total assets as reported in the Issuer's audited financial statements for the fiscal year ended in calendar year 2009.

Ranking: *Pari passu* with other equity equivalent capital instruments (EQ2s), except those EQ2s that expressly rank junior to the Equity Equivalents, and otherwise fully subordinated to the right of repayment of all other creditors.

Maturity: Eight year initial maturity with an automatic roll-over for two additional years at the Issuer's option. On the tenth (10th) anniversary of the Investment Date, the Issuer shall repay to Treasury the principal amount, together with all accrued and unpaid interest (the "Maturity Date").

Interest Rate: The Equity Equivalents shall pay cumulative quarterly interest at a rate of two percent (2%) per annum until the eighth (8th) anniversary of the Investment Date and thereafter at a rate of nine percent (9%) per annum.

Interest shall be payable quarterly in arrears on January 1, April 1, July 1, and October 1 of each year.

Redemption: The Equity Equivalents may be redeemed at any time at the option of the Issuer without a prepayment penalty. All redemptions of Equity Equivalents must be made at 100% of the issue price, plus any accrued and unpaid interest as of the date of redemption ("Redemption Date"). All redemptions must be in amounts equal to at least 25% of the number of originally issued Equity Equivalents, or 100% of the then-outstanding Equity Equivalents (if less than 25% of the number of originally issued Equity Equivalents).

Right to Pay Interest and Repurchase EQ2s: The Issuer may pay interest on, or repurchase, other EQ2s subject to the limitations listed under "Provisions upon Nonpayment of Interest," provided that the Issuer shall only effect repurchases of other EQ2s if the dollar amount of the Issuer's net assets plus the amount of liabilities (if any) relating to EQ2s that are reflected on the CDFI's balance sheet would be at least 90% of the amount existing at the time immediately following the Investment Date, excluding any subsequent net charge-offs and redemptions of the Equity Equivalents since the Investment Date.

Provisions upon Nonpayment of Interest:

For any missed payment:
The following restrictions will apply whenever interest payable on the Equity Equivalents has not been paid for any quarterly interest period:

(i) The Chief Executive Officer and Chief Financial Officer of the Issuer will be required to provide written notice, in a form reasonably satisfactory to Treasury, which is to include the rationale of the Issuer's board of directors for not paying interest; and

(ii) No repurchases may be effected and no interest may be paid on any other EQ2s until all accrued interest on the Equity Equivalents has been paid in full (provided, however, that in any such quarter in which Treasury's interest is paid, interest on other EQ2s may be paid to the extent necessary to avoid any resulting material covenant breach).

After four missed payments:
Whenever interest on the Equity Equivalents has not been paid when due for four quarterly interest periods or more, whether or not consecutive, the board of directors of the Issuer must certify, in writing, that the Issuer used best efforts to pay such quarterly interest.

After six missed payments:
Whenever interest on the Equity Equivalents has not been paid when due for six quarterly interest periods or more, whether or not consecutive, the institution will be prohibited from incurring any indebtedness senior to Treasury's security, unless the proceeds of such financing will be used to pay accrued interest to Treasury or repay Treasury's investment.

Voting Rights: The Equity Equivalents will be nonvoting, other than for consent rights granted to Treasury with respect to (i) any authorization or issuance of any other EQ2s ranking senior to the Equity Equivalents, (ii) any amendment to the rights of the Equity Equivalents, and (iii) any merger, exchange, dissolution, or similar transaction which would affect the rights of the Equity Equivalents, or any sale of all or substantially all of the assets of the Issuer if the proceeds will not be used to redeem all outstanding Equity Equivalents.

Acceleration: Principal and accrued interest may become immediately due and payable (i.e., accelerated) either (i) upon placement of the Issuer into bankruptcy, conservatorship, liquidation, or dissolution or (ii) if the Issuer ceases normal business operations, changes its mission, ceases to be certified as a CDFI by the CDFI Fund, or is no longer exempt from taxation under the Internal Revenue Code of 1986.

Transferability: The Equity Equivalents will not be subject to any restrictions on transfer by Treasury.

Access and Information: The Issuer will permit the holder of the Equity Equivalents, the holder's designees, the Inspector General of the Department of the Treasury, and the Comptroller General of the United States to examine the Issuer's corporate books and discuss matters relevant to the investment with principal officers, after being provided with reasonable notice.

Reporting Requirements: So long as the Equity Equivalents remain outstanding, the Issuer will submit to Treasury:

(i) Quarterly, (a) unaudited financial statements and (b) a supplemental report describing small business lending activity in the format prescribed by Treasury, in each case no later than 45 days after the end of each quarter.

(ii) Annually, (a) audited financial statements no later than 120 days after the end of each fiscal year, including a balance sheet, income statement and statement of changes in cash flow prepared in accordance with GAAP set forth in comparison to the previous year; and (b) an annual lending survey in a format prescribed by Treasury.

(iii) Any additional notices of an event material to the Issuer's business that is sent to the Board of Directors or would provide cause for acceleration.

Certifications: So long as the Equity Equivalents remain outstanding, the Issuer will provide the following certifications to Treasury:

(i) Quarterly, the Issuer's Chief Executive Officer and Chief Financial Officer, as well as two directors, will certify to Treasury that information provided in the submitted financial statements and supplemental report is accurate.

(ii) Annually, the Issuer will certify to Treasury that businesses that received loans from the Issuer following the Investment Date have certified to the Issuer that their principals have not been convicted of, or pleaded *nolo contendre* to a sex offense against a minor, as required by Section 4107(d)(2) of the Small Business Jobs Act of 2010, and these certifications will be retained until the later of five years or the Redemption Date.

(iii) Annually, the Issuer will certify to Treasury that it is in compliance with the Customer Identification Program requirements set forth in 31 C.F.R. § 103.121; provided that, if these requirements do not apply to the Issuer, the Issuer can certify that such requirements are inapplicable.

No Relationship to TARP: The Small Business Lending Fund (the "Fund") was established by Congress as a separate and distinct Treasury program and is not related to the Troubled Asset Relief Program ("TARP"). An institution will not be considered a TARP recipient by virtue of receiving a capital investment from the Fund.

Change in Law: If, after a capital investment has been made in the Issuer under the program, there is a change in law that modifies the terms of the investment or program in a materially adverse respect for the eligible institution, the Issuer may repay the investment without impediment.

Application Process: The Issuer must submit the following documents prior to Treasury's consideration of an application:

(i) a completed, signed, and dated application form;
(ii) audited annual financial statements for each of the three most recent fiscal years ended; provided that, if the audit for the most recent year end is not complete at the time of application, it must be completed and submitted with a clean opinion by August 1 in order to close;
(iii) unaudited quarterly financial statements for the four most recent quarters ended prior to the date of application;
(iv) an IRS determination letter with respect to the Issuer's tax-exempt status;
(v) a completed Certification of Material Events Form, as designated by the CDFI Fund; and,
(vi) a Small Business Lending Plan, in the form specified by Treasury.

Treasury may conduct an on-site inspection and discuss matters relevant to the application with the Issuer's principal officers as part of the application review process.

Additional Considerations: This document does not create a binding legal obligation. A binding obligation shall only arise pursuant to duly executed definitive documentation, subject to the satisfaction of closing conditions, including the absence of any material adverse change in the condition (financial or otherwise) of the Issuer.