



SMALL AND GROWING BUSINESSES
PHILANTHROPIC GUARANTEE AGREEMENT
March 2017 Edition

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SMALL AND GROWING BUSINESSES

PHILANTHROPIC GUARANTEE AGREEMENT

THIS SMALL AND GROWING BUSINESSES PHILANTHROPIC GUARANTEE AGREEMENT (including all Attachments hereto, collectively, this “**Agreement**”) is made on this ____ day of _____, 20____ by and between MCE Social Capital, a California non-profit corporation (“**MCE**”) and

FOR INDIVIDUAL: _____,
a natural person having his/her principal residence at _____,

FOR ENTITY: _____,
a _____ having its principal place of business at _____
_____ (“**Guarantor**”
and together with any additional guarantors having executed a philanthropic guarantee or other guaranty related to the philanthropic guarantee program, including any Direct Guarantee (the “**Related Guarantees**”) before or after the date hereof, collectively, “**Guarantors**”).

RECITALS

WHEREAS, MCE engages in activities to alleviate poverty and makes loans to small and growing businesses and similar organizations (“**SGBs**”) directly or indirectly, such as through SGB networks (each such obligation for borrowed money, a “**SGB Commitment**”);

WHEREAS, MCE’s philanthropic intentions and operating model are more particularly described in the MCE Social Capital website, which may be changed, updated and supplemented from time to time by MCE;

WHEREAS, prospective SGB Commitments are evaluated by a committee, a majority of the members of which are Guarantors, established by MCE for such purpose (the “**Committee**”);

WHEREAS, the Committee recommends engaging in and not engaging in prospective SGB Commitments from time to time based upon underwriting standards and parameters adopted and as modified from time to time in the sole discretion of the Committee;

WHEREAS, to fund its SGB Commitments, MCE obtains debt financing (“**Financing**”) from financial institutions, foundations, note purchasers and other lenders (“**Lenders**”), each of which is indirectly supported by all of the Guarantors, each of whom has joined MCE’s Risk Pool (as defined in Section 3.2) and some of which obligations are also directly guaranteed by one or more Guarantors (each such direct guarantee, a “**Direct Guarantee**”, and together with the SGB Commitments, the “**Guaranteed Obligations**”);

WHEREAS, to induce MCE to enter into this Agreement and to induce lenders or investors from time to time to provide Financing to MCE, Guarantor agrees to make the commitments under this Agreement as set forth herein;

WHEREAS, MCE uses the proceeds of the Financing to fund the SGB Commitments;

WHEREAS, the total liability of any Guarantor in connection with the philanthropic guarantee program shall not exceed \$500,000.00 under any circumstances, and in order to achieve this goal, the liability of any Guarantor who is also party to a Direct Guarantee (a “**Direct Guarantor**”) shall not exceed \$250,000.00 under this Agreement;

WHEREAS, to the extent MCE suffers losses on a particular SGB Commitment or is otherwise unable to repay any Guaranteed Obligation, such losses shall be allocated among all Guarantors in MCE’s SGB Risk Pool at such time according to each such Guarantor’s Pro Rata Share (as defined in Section 3.2), subject to a determination by the Board of Directors of MCE (the “**Board**”) that such allocation is not expected to subject any Guarantor to liability greater than \$500,000.00, in the aggregate;

WHEREAS, to the extent a Direct Guarantee of any Guarantor is drawn on by any Lender, such liable Guarantor shall be entitled to ratable contribution from all other Guarantors in MCE’s SGB Risk Pool, subject to a determination by the Board that such contribution is not expected to subject any Guarantor to liability greater than \$500,000.00, in the aggregate;

WHEREAS, MCE shall be responsible for allocating any such losses, contributions and other payments in accordance with the terms of this Agreement, including the “Standard of Care” set forth herein;

WHEREAS, MCE has obtained a ruling affording federal tax-exempt status under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “**Code**”); and

WHEREAS, Guarantor desires to support MCE’s philanthropic guarantee program and its SGB Commitments and to join the SGB Risk Pool in accordance with the terms set forth in this Agreement.

[For PRI Guarantor -- **WHEREAS**, Guarantor is a tax-exempt private foundation that has determined that supporting MCE through a guarantee furthers its charitable mission and constitutes a program related investment.]

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree:

ARTICLE 1

PARTICIPATION

Section 1.1 **Participation.**

Section 1.1.1 **Guarantor's Commitment.** Guarantor hereby agrees to participate, and MCE hereby accepts Guarantor's participation, as a guarantor in MCE's philanthropic guarantee program upon the terms set forth in this Agreement. Notwithstanding any other provision in this agreement or the documents executed by Guarantor in connection herewith or related hereto to the contrary, Guarantor's maximum commitment and obligation to the program pursuant to this Agreement shall not exceed (i) at any time Guarantor is also party to a Direct Guarantee (a "**Direct Guarantor**"), \$250,000.00 (the "**Direct Guarantor Commitment Cap**"), and (ii) at any time Guarantor is not also party to a Direct Guarantee (a "**Non-Direct Guarantor**"), \$500,000.00 (the "**Non-Direct Guarantor Commitment Cap**"), and collectively, as applicable, each Guarantor's "**Commitment Cap**"), in the aggregate, for any reason or under any circumstances, except as provided in Section 1.1.2 below.

Section 1.1.2 **Multiple Commitments.** Notwithstanding the Commitment Cap set forth in Section 1.1.1 above, Guarantor may commit to participate in the philanthropic guarantee program in multiple \$250,000.00 units, to the extent Guarantor is a Direct Guarantor, or multiple \$500,000.00 units, to the extent Guarantor is a Non-Direct Guarantor (each such unit, a "**Commitment Unit**" and all such Commitment Units for any particular Guarantor, such Guarantor's "**Commitment**"). If Guarantor chooses to participate in multiple Commitment Units, the Commitment Cap shall apply separately to each such unit. Guarantor's exposure under this Agreement at any given time shall be based on that portion of Guarantor's Commitment that has not been drawn upon under this Agreement (Guarantor's "**Commitment Exposure**").

Section 1.2 **Guaranteed Obligations.** Guarantor and MCE acknowledge and agree that, in reliance upon Guarantor's Commitment under this Agreement, MCE obtains Financing from one or more Lenders pursuant to various agreements that have been or will be entered into from time to time between MCE and the applicable Lenders. Guarantor and MCE agree that the principal amount of the Financing MCE obtains shall not, in the aggregate, exceed \$250,000.00 per Commitment Unit (which restriction shall apply uniformly to all Guarantors irrespective of the applicable Commitment Cap of any Guarantor).

Section 1.3 **Full Recourse Guarantee.** In order to induce Lenders to extend credit to MCE and to induce MCE to enter into SGB Commitments, Guarantor irrevocably and unconditionally guarantees, as primary obligor and not merely as surety, the due and punctual payment in full of all Guaranteed Obligations when the same shall become due, whether at stated maturity, by acceleration, demand or otherwise (including amounts that would become due but

for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code). Guarantor agrees that its obligations hereunder are full recourse to Guarantor and any Lender shall not be limited in recourse to any particular assets of Guarantor that may be pledged to such Lender in support of the guarantee; provided, however, that in no event shall Guarantor be liable for any amount in excess of such Guarantor's Commitment Exposure. Guarantor acknowledges and agrees that Lenders are permitted to rely on this Agreement and are beneficiaries hereof.

Section 1.4 **Guarantee Absolute; Continuing Guarantee**. Except as provided in Section 1.5, the obligations of Guarantor hereunder are irrevocable, absolute, independent and unconditional and shall not be affected by any circumstance which constitutes a legal or equitable discharge of a guarantor or surety. In furtherance of the foregoing and without limiting the generality thereof, Guarantor agrees that: (a) this Agreement is a guaranty of payment when due and not of collectability; (b) the obligations of Guarantor hereunder are independent of the obligations of MCE under the Guaranteed Obligations or any Financing and the obligations of any other guarantor and a separate action or actions may be brought and prosecuted against Guarantor whether or not any action is brought against MCE or any of such other guarantors and whether or not Company is joined in any such action or actions; and (c) a payment of a portion, but not all, of the Guaranteed Obligations by one or more guarantors shall in no way limit, affect, modify or abridge the liability of Guarantor for any portion of the Guaranteed Obligations that has not been paid. This Agreement is a continuing guaranty and shall be binding upon Guarantor and its successors and assigns, and Guarantor irrevocably waives any right (including without limitation any such right arising under California Civil Code Section 2815) to revoke this Agreement as to future transactions giving rise to any Guaranteed Obligations.

Section 1.5 **Term of Commitment to Program**.

Section 1.5.1 **Withdrawal Date**. Guarantor hereby agrees that it shall remain in MCE's philanthropic guarantee program until (i) Guarantor no longer has any Commitment Exposure or (ii) Guarantor provides advance written notice to MCE of its desire to withdraw. Immediately upon the occurrence of the event in clause (i) above or after eighteen (18) months following the date of the notice referred to in clause (ii) above, Guarantor may withdraw its commitment to the program (the date of such withdrawal being the "**Withdrawal Date**"). In the event of the death of any individual Guarantor, the liability of the estate of such deceased Guarantor shall continue in full force and effect as to the Guaranteed Obligations existing at the date of death, and any renewals or extensions thereof; *provided* that if an individual Guarantor or his/her estate does not wish for his/her Commitment to survive his/her death, either (i) Guarantor shall inform MCE in writing and Guarantor's Withdrawal Date occurs upon his/her death or (ii) the executor of Guarantor's estate shall inform MCE in writing and after Guarantor's death and Guarantor's Withdrawal Date shall occur on such date. The death of any Guarantor shall not terminate this Agreement as to that deceased or as to any other Guarantor.

Section 1.5.2 **Surviving Obligations**. As of the Withdrawal Date, all obligations of Guarantor under this Agreement shall terminate; provided, however, that if Guarantor withdraws pursuant to Section 1.5.1, other than in the case when Guarantor has no more Commitment Exposure, the following rights and obligations shall continue unaffected and shall survive the termination of this Agreement:

(a) any obligation to fund a Loss Amount (as defined in Section 3.2) that arises prior to the Withdrawal Date.

Section 1.5.3 Effect of Withdrawal. If deemed by MCE to be appropriate or necessary to comply with Section 1.2, upon any Guarantor's withdrawal or death, a pro rata portion of outstanding Financing corresponding to such Guarantor's Commitment under this Agreement or any commitments under a Direct Guarantee may be required to be fully repaid, including all interest and expenses associated therewith. As part of the withdrawal, both MCE and such Guarantor shall have received a full and complete release and termination of the documentation related to this Agreement and any Direct Guarantee of such Guarantor (subject to any rights and obligations expressly surviving such withdrawal in accordance with the terms hereof and in accordance with the terms of any applicable Direct Guarantee), including a reduction in any related promissory note, guarantee, pledge and security agreement and any other security interest and perfection documents related to any collateral pledged in support thereof, as applicable, subject to the survival for a customary period of any customary representations, warranties and indemnities with respect thereto.

ARTICLE 2

USE OF PROCEEDS

Section 2.1 Use. The proceeds received by MCE under any Financing may be used in whole or part for those charitable purposes described herein; provided, however, under no circumstances shall the proceeds of any Financing be used for any of the following purposes:

- (a) to service interest, expense or principal payments under any other Financing obtained by MCE under its philanthropic guarantee program if at such time any SGB Commitment is then in default;
- (b) to carry on propaganda or otherwise to attempt to influence legislation (within the meaning of Section 4945(d)(1) of the Code), or to influence the outcome of any specific public election, or to carry on, directly or indirectly, any voter registration drive (within the meaning of Section 4945(d)(2) of the Code); or
- (c) in the event that MCE loses federal tax-exempt status under Section 501(c)(3) of the Code, to create any new SGB Commitment.

Section 2.2 Designation of Lender; Drawdowns.

(a) Guarantor acknowledges that by entering into this Agreement Guarantor is agreeing to become a part of MCE's program and part of its SGB Risk Pool for up to the full amount of Guarantor's Commitment, subject to Section 3.2, and that realized losses on SGB Commitments and draws by Lenders on Direct Guarantees will be allocated to Guarantor according to its Pro Rata Share (as defined in Section 3.2). Irrespective of whether MCE has obtained Financing or created SGB Commitments with respect to or based upon Guarantor's Commitment and irrespective of whether MCE has borrowed the maximum amount which can be advanced under any Financing, Guarantor is nevertheless at all times liable for his, her or its Pro Rata Share of all risks, as more particularly described in Section 3.2.

(b) Guarantor further acknowledges that MCE does NOT necessarily intend to draw down Financing that is extended to it by Lenders on a *pro rata* or equal basis. MCE will generally draw down first on Financing with the most favorable terms and conditions consistent with standard business practices to minimize the risk of SGB Commitment defaults.

ARTICLE 3

ADMINISTRATION OF PROGRAM

Section 3.1 **Responsibilities.** MCE shall be responsible for facilitating its philanthropic guarantee program, including arrangements with the various Lenders from whom it borrows from time to time. Such facilitation shall include MCE: (a) diligencing, sourcing, reviewing and making SGB Commitments based upon the recommendations of MCE's Committee; (b) monitoring SGB Commitments, reviewing all periodic and other reports thereunder and determining when, how and/or whether to enforce the terms thereof; and (c) recognizing and applying any losses suffered in excess of any applicable loan loss reserves and draws by Lenders on Direct Guarantees among all Guarantors according to their Pro Rata Shares as more particularly described in Section 3.2, including, to the extent necessary, foreclosing upon any security interests granted in favor of MCE.

Section 3.2 **Loss and Draw Allocations.** Subject to the Commitment Cap set forth in Section 1.1, any losses realized by MCE on SGB Commitments and draws by Lenders on Direct Guarantees shall be allocated among all Guarantors in MCE's philanthropic guarantee program (such group of Guarantors, collectively, the "**SGB Risk Pool**") according to each Guarantor's Pro Rata Share (as defined below) upon a determination by the Board that such allocation is not expected to subject any Guarantor to liability greater than \$500,000.00, in the aggregate (each Guarantor's allocation being referred to under this Agreement as his/her/its "**Loss Amount**"). All Loss Amounts received by MCE shall be solely applied to repay Financing obligations owed by MCE. Each Guarantor's allocation shall be based on the percentage obtained by dividing such Guarantor's Commitment Exposure by the aggregate Commitment Exposure of all Guarantors (such percentage being referred to herein as a Guarantor's "**Pro Rata Share**"). Although it is under no obligation to do so, MCE may, in its sole discretion, elect to establish loan loss reserves ("**LLRs**") with respect to loans. MCE may elect to use an LLR to limit a Guarantor's initial amount contributed per SGB Commitment to MCE to cover actual defaults by SGBs to an annual dollar amount as set forth between MCE and Guarantor (such annual dollar amount, "**Contribution**") in its individual addendum attached hereto (the "**Addendum**"). The amount of such Contribution may be adjusted downwards by MCE in its sole discretion or upwards if mutually agreed in writing between MCE and such Guarantor in an amount that does not exceed such Guarantor's Commitment Cap (which may be evidenced by an additional Addendum). If a Guarantor does not consent to an increase to its Contribution, its prior Contribution shall be in effect. If at any time a Guarantor is subject to a lower Contribution, MCE shall give notice to the other Guarantors in writing, and such other Guarantors shall have the opportunity to reduce their Contribution. If defaults by SGBs would otherwise require a contribution greater than the annual Contribution and above LLRs, if any, Guarantors will then share pro rata in any additional losses, up to the amount of their respective Commitment Cap. Subject to the requirements of Section 1.5.1, a Guarantor may opt out of its Contribution, its Addendum, the LLR and be subject to its full Commitment Cap at any time by informing MCE

in writing. MCE shall be obligated to realize and allocate among Guarantors such a loss at the time a SGB Commitment is defaulted upon or such a draw at the time a Direct Guarantee is drawn upon, all applicable cure periods thereunder have expired and all efforts by MCE to have the SGB repay such loan within a reasonable time after such default have failed; provided, however, that in no event shall MCE allow any such cure or repayment period to extend beyond one hundred eighty (180) calendar days from the initial due date of such repayment, and to the extent any such SGB Commitment is not repaid within such one hundred eighty (180) calendar day period from the initial due date thereof MCE shall realize and allocate such loss among its Guarantors in accordance with this Section 3.2. Guarantor hereby agrees to fund each Loss Amount to MCE within ten (10) calendar days after written demand by MCE therefor. If any Guarantor fails to fund its Loss Amount within sixty (60) days after written demand therefor, MCE may elect in its sole discretion either to fund such Loss Amount with loan loss reserves or allocate such Loss Amount among the other Guarantors in accordance with their Pro Rata Shares (calculated without taking into consideration the Commitment Exposure of the defaulting Guarantor). Any such election shall in no way affect MCE's or any Lender's rights to enforce any guarantee of a defaulting Guarantor.

Section 3.3 Contribution. Guarantor, under this Agreement, and each other Guarantor, under the Related Guarantees related to the philanthropic guarantee program, together desire to allocate among themselves, in a fair and equitable manner, their obligations arising under this Agreement and the Related Guarantees. Accordingly, in the event any payment or distribution is made on any date by a Guarantor under this Agreement, a Related Guarantee or a Direct Guarantee in excess of such Guarantor's Pro Rata Share, such Guarantor shall be entitled to a contribution from each of the other Guarantors in the amount of each such other Guarantor's Pro Rata Share of such payment or distribution upon a determination by the Board that such contribution is not expected to subject any Guarantor to liability greater than \$500,000.00, in the aggregate. If any Guarantor fails to contribute its Pro Rata Share within sixty (60) days after written demand therefore by another Guarantor pursuant to this Section 3.3, any Guarantor may elect to allocate the amount owed by such defaulting Guarantor among the other Guarantors in accordance with their Pro Rata Shares (calculated without taking into consideration the Commitment Exposure of the defaulting Guarantor) and each Guarantor agrees to contribute an amount equal to such allocation; provided, that in no case shall any Guarantor be liable for contribution of an amount in excess of the amount of such Guarantor's Commitment Exposure.

Section 3.4 Standstill Period. Guarantor will not exercise or seek to exercise any remedy with respect to any right to contribution provided herein or institute any action or proceeding with respect to such rights or remedies (including any action of foreclosure); provided, however, that Guarantor may exercise any and all such rights or remedies after the passage of a period of at least 365 days has elapsed since the date of any payment or distribution made by Guarantor under this Agreement, a Related Guarantee and/or a Direct Guarantee in the aggregate in excess of such Guarantor's Pro Rata Share (the "**Standstill Period**"); provided, further, however, that notwithstanding anything herein to the contrary, in no event shall Guarantor exercise any rights or remedies provided for herein if, notwithstanding the expiration of the Standstill Period, MCE shall have commenced and be diligently pursuing contribution from the other Guarantors under the Related Guarantees.

Section 3.5 **Subsequent Recoveries.** In the event that after any loss is realized by MCE or any Direct Guarantee is drawn upon and allocated, and a Loss Amount is actually borne by Guarantors, if MCE is repaid any or all of such Loss Amounts from the SGB (“**Recovered Amounts**”), then MCE shall pay such Recovered Amounts to Guarantors who bore such Loss Amounts on a *pro rata* basis based upon such Loss Amounts borne by such Guarantors.

Section 3.6 **Actions by Lenders and MCE.** Any Lender or MCE may from time to time, without notice or demand and without affecting the validity or enforceability of this Agreement or giving rise to any limitation, impairment or discharge of Guarantor’s liability hereunder, (a) renew, extend, accelerate or otherwise change the time, place, manner or terms of payment of the Guaranteed Obligations, (b) settle, compromise, release or discharge, or accept or refuse any offer of performance with respect to, or substitutions for, the Guaranteed Obligations or any agreement relating thereto and/or subordinate the payment of the same to the payment of any other obligations, (c) request and accept other guaranties of the Guaranteed Obligations and take and hold security for the payment of the Guaranteed Obligations, (d) release, exchange, compromise, subordinate or modify, with or without consideration, any security for payment of the Guaranteed Obligations, any other guaranties of the Guaranteed Obligations, or any other obligation of any person with respect to the Guaranteed Obligations, (e) enforce and apply any security now or hereafter held by or for the benefit of any Lender or MCE in respect of this Agreement or the Guaranteed Obligations and direct the order or manner of sale thereof, or exercise any other right or remedy that any Lender or MCE, or any of them, may have against any such security, as any Lender or MCE in its discretion may determine consistent with the applicable loan agreement, and any applicable security agreement, including foreclosure on any such security pursuant to one or more judicial or nonjudicial sales, whether or not every aspect of any such sale is commercially reasonable, and (f) exercise any other rights available to any Lender or MCE, or any of them, under any applicable loan, note purchase or other agreements, at law or in equity.

Section 3.7 **No Discharge.** This Agreement and the obligations of Guarantor hereunder shall be valid and enforceable and shall not be subject to any limitation, impairment or discharge for any reason (other than as described in Section 1.5), including without limitation the occurrence of any of the following, whether or not Guarantor shall have had notice or knowledge of any of them: (a) any failure to assert or enforce or agreement not to assert or enforce, or the stay or enjoining, by order of court, by operation of law or otherwise, of the exercise or enforcement of, any claim or demand or any right, power or remedy with respect to the Guaranteed Obligations or any agreement relating thereto, or with respect to any other guaranty of or security for the payment of the Guaranteed Obligations, (b) any waiver or modification of, or any consent to departure from, any of the terms or provisions of the applicable loan agreements, any of the other Guaranteed Obligation documents or any agreement or instrument executed pursuant thereto, or of any other guaranty or security for the Guaranteed Obligations, (c) the Guaranteed Obligations, or any agreement relating thereto, at any time being found to be illegal, invalid or unenforceable in any respect, (d) the application of payments received from any source to the payment of indebtedness other than the Guaranteed Obligations, even though a Lender or MCE, or any of them, might have elected to apply such payment to any part or all of the Guaranteed Obligations, (e) any failure to perfect or continue perfection of a security interest in any collateral which secures any of the Guaranteed Obligations, (f) any defenses, set-offs or counterclaims which MCE may assert against any Lender in respect of the Guaranteed

Obligations, including but not limited to failure of consideration, breach of warranty, payment, statute of frauds, statute of limitations, accord and satisfaction and usury, and (g) any other act or thing or omission, or delay to do any other act or thing, which may or might in any manner or to any extent vary the risk of Guarantor as an obligor in respect of the Guaranteed Obligations.

Section 3.8 **Waiver.** Guarantor waives, for the benefit of MCE and Lenders (a) any rights to require MCE or any Lender, as a condition of payment or performance by Guarantor, to (i) proceed against any other Guarantor or any other person, (ii) proceed against or exhaust any security held from any other Guarantor or any other person, (iii) proceed against or have resort to any balance of any deposit account or credit on the books of Lender in favor of MCE or any other person or (iv) pursue any other remedy in the power of MCE or any Lender; (b) any defense arising by reason of the incapacity, lack of authority or any disability or other defense of MCE including, without limitation, any defense based on or arising out of the lack of validity or the unenforceability of the Guaranteed Obligations or any agreement or instrument relating thereto or by reason of the cessation of the liability of MCE from any cause other than payment in full of the Guaranteed Obligations; (c) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal; (d) any defense based upon MCE's or any Lender's errors or omissions in the administration of the Guaranteed Obligations, except behavior that amounts to bad faith; (e)(i) any principles or provisions of law, statutory or otherwise, that are or might be in conflict with the terms of this Agreement and any legal or equitable discharge of Guarantor's obligations hereunder, (ii) the benefit of any statute of limitations affecting Guarantor's liability hereunder or the enforcement hereof, (iii) any rights to set-offs, recoupments and counterclaims, and (iv) promptness, diligence any requirement that any Lender protect, secured, perfect or insure any lien or any property subject thereto; (f) notices, demands, presentments, protests, notices of protest, notices of dishonor and notices of any action or inaction, including acceptance of this Agreement, notices of default under the Guaranteed Obligations or any agreement or instrument related thereto, notices of any renewal, extension or modification of the Guaranteed Obligations or any agreement related thereto, notice of any extension of credit to MCE and notices of any of the matters referred to in Section 3.7 and any right to consent to any thereof; and (g) to the fullest extent permitted by law, any defenses or benefits that may be derived from or afforded by law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms of this Agreement.

As used in this paragraph, any reference to "the principal" includes MCE, and any reference to "the creditor" includes the Lenders. In accordance with Section 2856 of the California Civil Code, Guarantor waives any and all rights and defenses available to it by reason of Sections 2787 to 2855, inclusive, of the California Civil Code, including without limitation any and all rights or defenses Guarantor or any other guarantor of the Guaranteed Obligations may have because the Guaranteed Obligations are secured by real property. This means, among other things: (1) the creditor may collect from Guarantor without first foreclosing on any real or personal property collateral pledged by the principal; and (2) if the creditor forecloses on any real property collateral pledged by the principal: (A) the amount of the Guaranteed Obligations may be reduced only by the price for which the collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price and (B) the creditor may collect from Guarantor even if the creditor, by foreclosing on the real property collateral, has destroyed any right Guarantor may have to collect from the principal. This is an unconditional and irrevocable

waiver of any right and defenses Guarantor may have because the Guaranteed Obligations are secured by real property. These rights and defenses include, but are not limited to, any rights and defenses based upon Section 580a, 580b, 580d, or 726 of the California Code of Civil Procedure. Guarantor also waives all rights and defenses arising out of an election of remedies by the creditor, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a Guaranteed Obligations, has destroyed Guarantor's rights of subrogation and reimbursement against the principal by the operation of Section 580d of the Code of Civil Procedure or otherwise; and even though that election of remedies by the creditor, such as nonjudicial foreclosure with respect to security for an obligation of any other guarantor of any of the Guaranteed Obligations, has destroyed Guarantor's rights of contribution against such other guarantor. No other provision of this Agreement shall be construed as limiting the generality of any of the covenants and waivers set forth in this paragraph.

ARTICLE 4

STANDARD OF CARE

MCE and Guarantor each acknowledge and agree that they are entering into this Agreement and that MCE has organized and is operating its philanthropic guarantee program with the sole intention of making SGB Commitments available to assist impoverished entrepreneurs and SGBs. Guarantor has no expectation of profit and understands that it may suffer a loss of up to \$500,000.00.

MCE shall use commercially reasonable efforts to observe, conduct and perform its obligations under and to the extent contemplated by this Agreement, in making SGB Commitments and generally in all regards with respect to its philanthropic guarantee program with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity with similar philanthropic motivations and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims as MCE (the "**Standard of Care**"). In the performance of its duties hereunder, the actions of MCE shall be based on its prudent judgment and the judgment of its Committee as a group with respect to the SGB Commitments it makes, but in no way shall MCE be considered or construed to be a fiduciary or guaranteeing a preservation of capital or avoidance of losses to Guarantor. MCE will not be liable for any actions taken or omitted by it in connection with its philanthropic guarantee program or other activities absent willful misconduct or fraud on the part of MCE or its officers, directors or employees.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF GUARANTOR

Guarantor hereby represents and warrants to MCE for the benefit of MCE and MCE's Lenders as follows:

Section 5.1 **Authority; Enforceability**. This Agreement (including all applicable Attachments) and any other documents executed and delivered in connection herewith have been duly authorized, executed and delivered by Guarantor. This Agreement and any such other

documents constitute valid and binding agreements of Guarantor, enforceable against Guarantor in accordance with their respective terms. All consents and approvals required of Guarantor to enter into and perform under this Agreement and any other documents executed and delivered in connection herewith, including without limitation all board of directors' votes or consents, member or partner votes or consents or all spousal consents, as applicable, have been obtained.

Section 5.2 **Guarantor Eligibility.** Guarantor is (a) an "accredited investor" as such term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended, and hereby makes the representations and warranties as checked in Attachment A or (b) a tax-exempt entity described in Section 501(c)(3) of the Code, and hereby makes the representations and warranties as checked in Attachment A.

Section 5.3 **Sophistication.** Guarantor has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its obligations to MCE and the program and making an informed decision with respect thereto, and is able to bear the economic risk of a complete loss of the Commitment it has made hereunder. Guarantor understands that MCE has limited operating history. Guarantor has carefully reviewed and fully understands the provisions of this Agreement and all documentation and agreements related hereto.

Section 5.4 **Adequate Information; No Reliance; Subject to Change.** Guarantor has availed itself of, and has carefully read and understands all provisions of, this Agreement (including all exhibits and attachments hereto) and the contents of MCE's website (which Guarantor hereby acknowledges is changed, updated and supplemented from time to time) (collectively, the "**Furnished Information**"). In considering his, her or its obligations under this Agreement, Guarantor has been given the opportunity to (a) make a thorough investigation of the current and proposed activities of MCE, has been furnished with all materials relating to MCE, its philanthropic guarantee program and its proposed activities that Guarantor has requested, and Guarantor has been afforded the opportunity to obtain any additional information reasonably necessary to verify the accuracy of any representations made or information conveyed to Guarantor, and (b) ask questions of, and receive answers from, MCE concerning the terms and conditions and other matters relevant to its obligations under this Agreement. In considering his, her or its participation in the philanthropic guarantee program, Guarantor has not relied upon any representations made by, or other information (whether oral or written) furnished by or on behalf of, MCE, or any director, officer, employee, agent, advisor to or member of MCE or any affiliate of such persons, other than as set forth in writing in the **Furnished Information**. Guarantor has carefully considered and has discussed with his, her or its own legal, tax, accounting and financial advisers the suitability and potential risks of the participation in the philanthropic guarantee program and obligations under this Agreement in light of his, her or its particular tax and financial situation, and has determined that entering into this Agreement and performing the obligations hereunder are suitable for him, her or it. Guarantor hereby acknowledges and agrees that it shall periodically review the contents of MCE's website and that it shall be deemed to have knowledge of all information set forth thereon at all times during the term of this Agreement. Guarantor acknowledges and agrees that while the terms of this Agreement may not be amended without Guarantor's consent, the **Furnished Information** (including on the website) and the form of this Agreement entered into by future Guarantors can and will from time to time

be changed, updated and supplemented from time to time without Guarantor's consent and without altering Guarantor's obligations under this Agreement.

Section 5.5 **Entity Authority; Non-Contravention**. If Guarantor is an entity: (a) it was not formed or recapitalized (e.g., through new investments made in Guarantor solely for the purpose of financing its guarantee or obligations hereunder) for the purpose of participating in MCE's philanthropic guarantee program; (b) its decision to enter into and perform under this Agreement was made in accordance with appropriate and customary formalities for such entity; (c) it is not managed to facilitate the individual decisions of its beneficial owners regarding financial decisions (including entering into and performing under this Agreement) or investments; (d) its shareholders, partners, members or beneficiaries, as applicable, did not and will not (i) have any discretion to determine whether or how much of Guarantor's assets are invested in any investment made by Guarantor or otherwise utilized (including entering into and performing under this Agreement), or (ii) have the ability individually to elect whether or to what extent such shareholder, partner, member or beneficiary, as applicable, will participate in Guarantor's performance of its obligations under this Agreement; (e) it is duly organized or formed, validly existing and in good standing under the laws of its jurisdiction of organization or formation, and the execution, delivery and performance by it of this Agreement are within its powers, have been duly authorized by all necessary corporate or other action on its behalf, require no action by or in respect of, or filing with, any governmental body, agency or official, and do not and will not contravene, or constitute a default under, any provision of applicable law or regulation or of its certificate of incorporation or other comparable organizational documents or any agreement, judgment, injunction, order, decree or other instrument to which Guarantor is a party or by which Guarantor or any of its properties is bound; and (f) it has its principal place of business as set forth on the first page hereof. It is not necessary for MCE to inquire into the capacity or powers of Guarantor or the officers, directors or any agents purporting to act on behalf of any of them.

Section 5.6 **Natural Person Authority; Non-Contravention**. If Guarantor is a natural person, the execution, delivery and performance by Guarantor of this Agreement are within Guarantor's legal right, power and capacity, require no consent or other action by or in respect of, or filing with, any spouse, governmental body, agency or official, and do not and will not contravene, or constitute a default under, any provision of applicable law or regulation or of any agreement, mortgage, pledge, judgment, injunction, order, decree or other instrument to which Guarantor is a party or by which Guarantor or any of his or her properties is bound.

Section 5.7 **Withdrawal Date**. Guarantor acknowledges the necessity of regulating his, her or its Withdrawal Date in order to (a) provide each other Guarantor in the philanthropic guarantee program the opportunity to calculate the expected ingress and egress of other Guarantors and, thus, make a reasonable estimate about his, her or its relative individual risk exposure and (b) to provide a stable collateral base for MCE to assure that MCE is able to both monitor the financial risks for Guarantors and sustain the program for the benefit of entrepreneurs receiving SGB Commitments.

Section 5.8 **No Compensation**. Guarantor represents that it has not been and will not be compensated in any way as consideration for or as an inducement to the entering into of any of the terms and provisions hereof or for its participation in the philanthropic guarantee program.

ARTICLE 6

COVENANTS OF GUARANTOR

From the date of this Agreement through and including the Withdrawal Date, Guarantor hereby covenants for the benefit of MCE and for the benefit of its Lenders as follows:

Section 6.1 **Change in Information**. Guarantor shall immediately notify MCE and, if requested by MCE, one or more Lenders of any changes in the information provided in this Agreement (including the Attachments hereto), and shall immediately notify MCE upon discovering that any of the representations or warranties made herein were false when made or has, as a result of changes in circumstances, become false as of any time prior to the Withdrawal Date.

Section 6.2 **Conduct of Business**. Guarantor shall conduct its business and affairs (including its financial affairs and investment activities) in a commercially reasonable manner such that it will be able to honor its obligations under this Agreement and under all agreements and documents entered into between Guarantor and any Lender.

Section 6.3 **Cooperation with Law Enforcement**. Guarantor acknowledges that MCE seeks to comply at all times with applicable anti-money laundering laws and that it is MCE's policy to cooperate fully with all law enforcement agencies. To assist MCE in its efforts to comply with anti-money laundering and other laws and to cooperate with all authorities, Guarantor represents that none of the funds or, if applicable, collateral to be utilized or accessed in connection with this Agreement and Guarantor's obligations hereunder are or will be, directly or indirectly, derived from or related to, any activity that is deemed criminal under, or that may be in contravention of, federal, state or foreign laws, rules or regulations, including anti-money laundering laws, rules or regulations. Guarantor understands and agrees that MCE may undertake any actions that MCE deems necessary or appropriate to ensure compliance and cooperation with applicable laws, rules and regulations, including, repaying and terminating one or more Guaranteed Obligations or any Financing and/or terminating Guarantor's participation in the philanthropic guarantee program in the event that the foregoing representation by Guarantor is incorrect or in the event that for any other reason Guarantor's participation in the philanthropic guarantee program violates or is asserted by any law enforcement agency to violate any law, rule or regulation. Guarantor also understands and agrees that MCE may release confidential information about Guarantor, including with respect to any pledged collateral, and, if applicable, any underlying beneficial owners of Guarantor, to law enforcement agencies to the extent necessary to ensure cooperation and compliance with all applicable laws, rules and regulations.

Section 6.4 **Information**. Guarantor agrees to, in good faith, (i) deliver to MCE and any applicable Lenders its financial statements and any other information reasonably requested by MCE or one or more of its Lenders from time to time and (ii) from time to time enter into documentation and agreements mutually acceptable to any applicable Lender, MCE and Guarantor to facilitate MCE borrowing against Guarantor's participation in the philanthropic guarantee program, including a full-recourse guarantee for an amount not to exceed Guarantor's Commitment.

ARTICLE 7

MISCELLANEOUS

Section 7.1 **Address**. Unless otherwise indicated, the address on the first page of this Agreement is the legal residence, if an individual, or the principal place of business, if an entity, of Guarantor, and the decision to enter into this Agreement and participate in the philanthropic guarantee program was made at such address.

Section 7.2 **Remedies**. Guarantor understands the meaning and legal consequences of its covenants, representations and warranties contained herein, and hereby agrees that MCE and its Lenders may recover from Guarantor, and Guarantor shall hold MCE and Lenders harmless from, any and all loss, damage or liability due to or arising out of any breach of any such covenant, representation or warranty.

Section 7.3 **Communication**. Any notice, demand, request or other communication which may be required or contemplated herein shall be in writing and shall be sufficiently given if personally delivered, transmitted by facsimile, or sent postage prepaid by overnight courier or registered or certified mail, return receipt requested, addressed as follows: if intended for MCE, to MCE's principal business office at 5758 Geary Blvd #261, San Francisco, CA 94121, with a copy to Gary Ford, 1701 Pennsylvania Avenue, NW, Suite 1200, Washington, DC 20006, and if intended for Guarantor, to the address of Guarantor as indicated herein, or to such other address as Guarantor may designate from time to time by written notice to MCE.

Section 7.4 **Third-Party Beneficiaries**. Except with respect to MCE's Lenders as set forth herein, the provisions of this Agreement are not intended to be for the benefit of any person or entity other than the parties hereto, and no other person or entity shall obtain any rights under this Agreement or shall, by reason of this Agreement, be permitted to make any claim against MCE or Guarantor.

Section 7.5 **Successors and Assigns**. This Agreement shall be binding upon the heirs, executors, administrators, successors and permitted assigns of Guarantor and of MCE. Absent the consent of MCE, which may be withheld in its sole and absolute discretion, none of this Agreement nor the obligations or responsibilities hereunder may be assigned in whole or part by Guarantor. MCE may assign, transfer or grant an interest in all or any part of its interest in this Agreement and Guarantor's obligations hereunder; provided that such assignment may only be made in furtherance of the philanthropic guarantee program described herein.

Section 7.6 **Amendment; Waiver**. Neither this Agreement nor any provision hereof may be waived, modified, discharged or terminated except by an instrument in writing signed by the party against whom such waiver, modification, discharge or termination is sought to be enforced. For the avoidance of doubt, in no event shall the consent of any third party beneficiary or other person not a party to this Agreement be required for any waiver, modification, discharge or termination of this Agreement or the terms hereof.

Section 7.7 **Integration**. This Agreement (including the attachments, addendums and schedules hereto), together with any Direct Guarantee, constitutes the entire agreement among

the parties hereto pertaining to the subject matter hereof and supersede all prior and contemporaneous agreements and understandings of the parties in connection therewith. No covenant, representation or condition not expressed in this Agreement or MCE's website shall affect, or be effective to interpret, change or restrict, the express provisions of this Agreement.

Section 7.8 **Counterparts**. This Agreement may be executed in counterparts, with the same effect as if the parties executing the counterparts had all executed one counterpart.

Section 7.9 **Headings**. The section and subsection headings used herein are for convenience only and shall not affect the interpretation of any term or provision of this Agreement.

Section 7.10 **Governing Law**. This Agreement and the rights and obligations of Guarantor and MCE hereunder shall be governed by and construed and enforced in accordance with the laws of the State of California, without regard to conflicts of laws provisions.

Section 7.11 **Dispute Resolution**.

Section 7.11.1 **Arbitration**. All disputes, claims, or controversies arising out of or relating to this Agreement, or any other agreement executed and delivered pursuant to this Agreement, or the negotiation, validity or performance hereof and thereof or the transactions contemplated hereby and thereby, that are not resolved by mutual agreement shall be resolved solely and exclusively by binding arbitration to be conducted before The American Arbitration Association or its successor. The parties understand and agree that this arbitration provision shall apply equally to claims of fraud or fraud in the inducement and those relating to federal and/or state securities laws. The arbitration shall be held in Sacramento, California before a single arbitrator and shall be conducted in accordance with the rules and regulations promulgated by The American Arbitration Association unless specifically modified herein.

Section 7.11.2 **Procedures**. The parties covenant and agree that the arbitration shall commence within one hundred twenty (120) calendar days of the date on which a written demand for arbitration is filed by any party hereto. In connection with the arbitration proceeding, the arbitrator shall have the power to order the production of documents by each party and any third-party witnesses. In addition, each party may take up to three depositions as of right, and the arbitrator may in his or her discretion allow additional depositions upon good cause shown by the moving party. However, the arbitrator shall not have the power to order the answering of interrogatories or the response to requests for admission. In connection with any arbitration, each party shall provide to the other, no later than twenty-one (21) calendar days before the date of the arbitration, the identity of all persons that may testify at the arbitration, a copy of all documents that may be introduced at the arbitration or considered or used by a party's witness or expert, and a summary of the expert's opinions and the basis for said opinions. The arbitrator's decision and award shall be made and delivered within sixty (60) calendar days of the conclusion of the arbitration. The arbitrator's decision shall set forth a reasoned basis for any award of damages or finding of liability. The arbitrator shall not have power to award damages in excess of actual compensatory damages and shall not multiply actual damages or award punitive damages or any other damages that are specifically excluded under this Agreement, and each party hereby irrevocably waives any claim to such damages.

Section 7.11.3 Costs. The parties covenant and agree that they will participate in the arbitration in good faith and that they will share equally its costs, except as otherwise provided herein. The arbitrator may in his or her discretion assess costs and expenses (including the reasonable legal fees and expenses of the prevailing party) against any party to a proceeding. Any party unsuccessfully refusing to comply with an order of the arbitrators shall be liable for costs and expenses, including attorneys' fees, incurred by the other party in enforcing the award. This Section 7.11 applies equally to requests for temporary, preliminary or permanent injunctive relief, except that in the case of temporary or preliminary injunctive relief any party may proceed in court without prior arbitration for the limited purpose of avoiding immediate and irreparable harm. The provisions of this Section 7.11 shall be enforceable in any court of competent jurisdiction.

Section 7.11.4 Fees. Subject to the second sentence of the immediately preceding paragraph, the parties shall bear their own attorneys' fees, costs and expenses in connection with the arbitration. The parties will share equally in the fees and expenses charged by The American Arbitration Association

Section 7.11.5 Exclusive Jurisdiction. Each of the parties hereto irrevocably and unconditionally consents to the exclusive jurisdiction of The American Arbitration Association to resolve all disputes, claims or controversies arising out of or relating to this Agreement or any other agreement executed and delivered pursuant to this Agreement or the negotiation, validity or performance hereof and thereof or the transactions contemplated hereby and thereby and further consents to the jurisdiction of the federal and state courts located in Sacramento, California for the purposes of enforcing the arbitration provisions of Section 7.11 of this Agreement. Each party further irrevocably waives any objection to proceeding before The American Arbitration Association based upon lack of personal jurisdiction or to the laying of venue and further irrevocably and unconditionally waives and agrees not to make a claim in any court that arbitration before The American Arbitration Association has been brought in an inconvenient forum. Each of the parties hereto hereby consents to service of process by registered mail at the address to which notices are to be given. Each of the parties hereto agrees that its, his or her submission to jurisdiction and its, his or her consent to service of process by mail is made for the express benefit of the other parties hereto.

Section 7.12 Not a Partnership. Nothing in this Agreement and no action taken by the parties pursuant to this Agreement shall constitute, or be deemed to constitute, the parties entering into any form of partnership, joint venture, collective investment vehicle or any other legal structure or arrangement other than a contractual relationship.

Section 7.13 Severability. If any one or more of the covenants, agreements, provisions or terms of this Agreement shall be held contrary to any express provision of law or contrary to policy of express law, though not expressly prohibited or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Agreement and in no way shall affect the validity or enforceability of the other provisions of this Agreement.

Section 7.14 **Participation in MCE's Philanthropic Guarantee Program Does Not Involve a Securities Offering.** MCE Social Capital is not operated as a profit-seeking venture for the benefit of any individual or institution.

IN WITNESS WHEREOF, this Agreement is entered into and effective as of the date first set forth above.

MCE:

MCE SOCIAL CAPITAL
a California non-profit corporation

By: _____
Camilla Nestor
Chief Executive Officer

GUARANTOR:

By: _____

Print Name: _____

Title: _____

(or, for natural persons):

Print Name: _____

Commitment. Guarantor hereby commits to the following number of \$ _____
Commitment Units: _____

Disclosure. Guarantor hereby consents to the disclosure by MCE of its identity and its participation in the philanthropic guarantee program in response to requests for information by other prospective participants, Lenders or other transaction parties or counter-parties, including without limitation on MCE’s website.

Please check/initial one: _____ YES _____ NO

Addendum. Guarantor has reviewed and signed the Addendum.

Please check/initial one: YES NO

Attachment A

Guarantor Questionnaire

Name: _____

Address: _____

Guarantor represents and warrants that he, she or it is:

- 1. A tax-exempt entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, not formed for the specific purpose of acquiring its interest in this Agreement (the “**Interest**”), with total assets in excess of \$5,000,000.

OR

- 2. an Accredited Investor for one or more of the reasons specified below (please check all boxes that apply):
 - Guarantor is a natural person and (check all that apply):
 - has an individual net worth, or joint net worth with Guarantor’s spouse, in excess of \$1,000,000, excluding the value of Guarantor’s primary residence (and excluding any indebtedness secured by the primary residence up to its fair marked value) as of the date hereof; and/or
 - had an individual income in excess of \$200,000 (or a joint income together with Guarantor’s spouse in excess of \$300,000) in each of the two most recently completed calendar years, and reasonably expects to have an individual income in excess of \$200,000 (or a joint income together with Guarantor’s spouse in excess of \$300,000) in the current calendar year.
 - Guarantor is an entity and is (check all that apply):
 - a bank as defined in Section 3(a)(2) of the Securities Act of 1933, as amended (the “**Securities Act**”), a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, acting in either its individual or fiduciary capacity;
 - a trust with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Interest and the decision to acquire the Interest is

being directed by a “sophisticated person” as defined in Rule 506(b)(2)(ii) under Regulation D promulgated under the Securities Act;

- a corporation, a Massachusetts or similar business trust, a partnership or a limited liability company, not formed for the specific purpose of acquiring the Interest, with total assets in excess of \$5,000,000;
- a plan for the benefit of employees, established and maintained by a state, its political subdivisions, or an agency or instrumentality of a state or its political subdivisions, if such plan has total assets in excess of \$5,000,000;
- an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), (a) for which the investment decision to acquire the Interest is being made by a plan fiduciary, as defined in Section 3(21) of ERISA, which is either a bank, savings and loan association, insurance company, or registered investment adviser, (b) which has total assets in excess of \$5,000,000, or (c) which is self-directed plan with the investment decisions made solely by persons who are “accredited investors”;
- a broker or dealer registered under Section 15 of the Securities Exchange Act of 1934, as amended;
- an insurance company as defined in Section 2(13) of the Securities Act;
- an investment company registered under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”);
- a business development company as defined in Section 2(a)(48) of the Investment Company Act;
- a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958, as amended; and/or
- a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940, as amended; and/or
- an entity in which all of the equity owners are “accredited investors,” as described above.

[Signature page follows]

Executed and delivered as of _____, 20__.

Name of Entity: _____

By: _____

Print Name: _____

Title: _____

(or, for natural persons):

Print Name: _____

Copyright Waiver

In the spirit of doing our part to alleviate poverty, MCE Social Capital offers this document into the public domain for informational purposes. We do not claim any copyright to this document.

If you are working to alleviate poverty in any capacity, whether a concerned citizen of the world, an institution with a mission to end human suffering, an academic contributing to global understanding of microfinance or a social entrepreneur, you are free to reproduce, use, distribute and even modify this document, provided it is for a noncommercial, nonprofit, not-for-profit and educational purpose.

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No person unaffiliated with MCE Social Capital is authorized to make any representation on behalf of MCE Social Capital. MCE Social Capital is not liable for any reliance or misappropriation of this document.

_____, 20____

**Addendum to
Small and Growing Business Philanthropic Guarantee Agreement**

The agreements by _____ (the “**Guarantor**”) in this Addendum to Small and Growing Businesses Philanthropic Guarantee Agreement (the “**Addendum**”) are made in connection with the Philanthropic Guarantee Agreement, by and between MCE Social Capital, a California non-profit corporation (“**MCE**”) and the Guarantor, dated as of _____, 20____ (as amended or supplemented from time to time, the “**PGA**”). All capitalized terms used but not herein defined shall the meanings ascribed to such terms in the PGA.

Consistent with Section 3.2 of the PGA, as of the date hereof, MCE has established, or will establish a loan loss reserve (LLR) in an initial amount of \$1,000,000 in connection with its SGB fund, the current balance of which as of the date hereof equals \$1,000,000. As of the date hereof, the LLR shall limit the first-dollar Contribution for the Guarantor to \$10,000 per SGB Commitment per calendar year. In the event that SGB fund losses exceed the reserves available under the LLR, the Guarantor shall be responsible for any subsequent losses in addition to amounts paid under the Contribution on a pro rata basis up to the amount of Guarantor’s Commitment Cap. Notwithstanding the foregoing, with approval of its board of directors, MCE may, but is not required to, replenish in whole or in part, the LLR should the funds contained therein be depleted.

By signing below, Guarantor acknowledges that lending to SGBs in the developing world is subject to risks, including, but not limited to, business failure, fraud, political risk, war, currency risk and natural disaster. Guarantor further acknowledges that MCE expects default rates on lending to SGBs to be higher than it has experienced on lending to microfinance institutions. The Guarantor should expect to contribute \$10,000 per year. Actual amounts paid could range from zero up to the full amount of the guarantee.

If the foregoing correctly sets forth our understanding, please indicate your acceptance of the terms hereof by returning an executed counterpart hereof, whereupon this side letter shall become a binding agreement between us.

Very truly yours,
GUARANTOR:

By: _____
Name:
On behalf of:

Agreed and accepted by:
MCE SOCIAL CAPITAL
a California non-profit corporation

By: _____
Camilla Nestor
CEO



SOCIAL CAPITAL

[Guarantor]

[Guarantor Address]

[Date]

Ladies and Gentlemen:

This letter is being written in connection with the philanthropic guarantee agreement (the “Agreement”) dated as of [DATE] by and between MCE Social Capital, a California non-profit (“MCE”); and [name of Guarantor] (the “Guarantor”). Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Agreement.

1. Funds Not Obtained from an Illicit Origin.

(a) Guarantor hereby represents and warrants to MCE that no funds provided by the Guarantor to fulfill its obligations under the Agreement shall be obtained, directly, or to Guarantor’s knowledge, indirectly, from an Illicit Origin.

(b) For the purposes of this paragraph:

“Illicit Origin” means funds obtained through:

(i) the commission of any predicate offence as designated in the FATF 40 Recommendations Glossary (<http://www.fatf-gafi.org/media/fatf/documents/FATF%20Standards%20-%2040%20Recommendations%20rc.pdf>);

(ii) any promising, offering, giving, accepting or soliciting, directly or indirectly, of any undue advantage of any nature, to or by any person, to influence the actions of any person or causing any person to refrain from any action; or

(iii) if or when applicable, any Fraudulent Practice against the financial interests of the European Communities.

“Fraudulent Practice” means any unfair practices (action or omission) intended to deliberately mislead a third party, intentionally conceal elements from him/her, or

abuse or vitiate his/her consent, and which contravene legal or regulatory obligations and/or breach the Guarantor's or a third party's internal rules for the purpose of obtaining an illegitimate benefit.

2. OFAC.

(a) Guarantor hereby represents and warrants to MCE that neither Guarantor nor any of its directors, members of senior management, ultimate beneficial owners, or principal third parties with whom it is engaged in activities is an individual or entity ("Person") that is the subject or target of economic sanctions or trade embargoes administered or enforced by the U.S. Government, including the U.S. Department of the Treasury, Office of Foreign Assets Control ("OFAC") or the U.S. Department of State, the United Nations Security Council, the European Union, or Her Majesty's Treasury of the United Kingdom (collectively, "Sanctions"), including through being included on the List of Specially Designated Nationals or Blocked Persons maintained by OFAC or any similar Sanctions-related list of designated Persons maintained by the U.S. Government, the United Nations Security Council, the European Union, or Her Majesty's Treasury of the United Kingdom.

(b) Guarantor shall immediately notify MCE upon discovering that the representation or warranty made in paragraph (a) above was false when made or has, as a result of changes in circumstances, become false as of any time prior to the Withdrawal Date.

3. Miscellaneous.

(a) *Amendments.* This letter agreement may be amended and the observance of any provision may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the mutual written consent of each of the parties hereto.

(b) *Effectiveness.* This letter agreement shall remain in effect, with respect to the Guarantor, while the Guarantor remains in the Philanthropic Guarantee Program.

(c) *Entire Agreement.* This letter agreement has the effect of establishing rights under, altering or supplementing the terms of or confirming the interpretation of, the Agreement and the and in the event of a conflict between the provisions of this letter agreement and the Agreement, the provisions of this letter agreement shall control.

(d) *Governing Law.* This Agreement and the rights and obligations of Guarantor and MCE hereunder shall be governed by and construed and enforced in accordance with the laws of the State of California, without regard to conflicts of laws provisions.

(e) *Counterparts.* This letter agreement may be executed in any number of counterparts, any one of which need not contain the signatures of more than one party, but all of such counterparts together shall constitute one agreement.

If the above correctly reflects our understanding and agreement with respect to the foregoing matters, please so confirm by signing and returning the enclosed copy of this letter agreement.

MCE SOCIAL CAPITAL:

(Signature)
By: _____
Print name: _____
Title: _____

(Signature, if necessary)
By: _____
Print name: _____
Title: _____

GUARANTOR:
(for entities)

(Signature)
By: _____
Print name: _____
Title: _____

GUARANTOR:
(for natural persons):

(Signature)
Print name: _____