



Offering Circular

NEW HAMPSHIRE COMMUNITY LOAN FUND

**Offering of
Unsecured Promissory Notes
under the
Opportunity NH Investment program**

December 5, 2023

New Hampshire Community Loan Fund, Inc. (the “*Community Loan Fund*”), a New Hampshire voluntary corporation which is a 501(c)(3) tax-exempt charitable organization, is offering (the “*Offering*”) Opportunity NH Investments (the “*Program*”) consisting of unsecured promissory notes (the “*Notes*”) to institutional and individual charitable investors. Proceeds from the issuance of Notes will provide financing to help people with low and moderate incomes become financially independent.

The Community Loan Fund’s mission is to serve as a catalyst, leveraging financial, human and civic resources to enable traditionally underserved people to participate more fully in New Hampshire’s economy. In furthering its mission, the Community Loan Fund makes loans to individuals and organizations to help create and preserve affordable housing, support child care and other vital services, and create quality jobs.

The Notes are general unsecured obligations of the Community Loan Fund and will rank *pari passu* with all other Notes issued under the Program and other contractual obligations of the Community Loan Fund. The Notes will be issued to investors in minimum denominations of \$1,000 in definitive registered form and will bear interest at the specified rate and mature on the specified maturity date agreed upon by the investor and the Community Loan Fund at the time of issuance in the Application and Investment Agreement regarding the Notes. The Notes will not be issued under an indenture or trust agreement and will not have the benefit of any trustee protections.

The Notes are intended for investors whose primary motivation is charitable. Although the Notes will bear interest and will be repayable at maturity, the proceeds of the Notes will be used for charitable purposes, and

the rates of interest payable on the Notes may be less than market rates for commercial debt and other investments. Investors whose primary goals are maximizing interest income and other investment returns should seek professional advice before considering an investment in the Notes.

The Offering is being made on a continuous basis to individuals and institutions pursuant to the terms of an Application and Investment Agreement which must be submitted by each investor. The Community Loan Fund has not engaged an underwriter or placement agent in connection with the Offering and will not pay any sales commission to any person in connection with the Offering. The Community Loan Fund reserves the right to accept or reject any application for an investment in the Program and may request additional conditions to an investment or information from any prospective investor.

The Offering is exempt from registration under the Securities Act of 1933, as amended (the “*Securities Act*”), pursuant to Section 3(a)(4) thereof, as an offering to charitable investors. The Community Loan Fund in conducting the Offering is also excluded from the requirement to register, and will not be required to comply with the governance and other regulatory provisions of an investment company, under Section 3(c)(10) of the Investment Company Act of 1940 (the “*Investment Company Act*”). The Offering and the Community Loan Fund are exempt from several other provisions of the securities laws pursuant to the federal Philanthropy Protection Act of 1995, 104 P.L. 62 (the “*Philanthropy Protection Act*”). Investors in the Offering will not be afforded the protections of registration and regulation under those acts.

AN INVESTMENT IN THE NOTES INVOLVES CERTAIN RISKS AND SHOULD BE CAREFULLY EVALUATED BY PROSPECTIVE INVESTORS. SEE “RISK FACTORS.”

About the Community Loan Fund

The Community Loan Fund was organized in 1983 as a voluntary corporation under New Hampshire law pursuant to NH RSA Ch. 292 and has been recognized by the U.S. Internal Revenue Service as a charitable organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “*Tax Code*”). It is a community development financial institution (a “*CDFI*”) that has been certified by the U.S. Treasury Department. CDFI certification is the Treasury Department’s recognition of specialized financial institutions serving low-income communities. Since 2004, the Community Loan Fund has been rated by Aeris, the nationally independent rating service for community investing which measures community impact and financial soundness. The Community Loan Fund will disclose its Aeris rating to prospective investors upon request.

The Community Loan Fund’s mission is to serve as a catalyst, leveraging financial, human and civic resources to enable traditionally underserved people to participate more fully in

New Hampshire's economy. In furtherance of its mission, the Community Loan Fund provides financing and education to help people with low and moderate incomes become financially independent.

The Community Loan Fund believes that a lack of access to credit is a barrier that keeps many people with low incomes from becoming self-sufficient. The Community Loan Fund also believes that charitable investors will invest in basic human needs if they can do so through a connection that is trusted and effective. The Community Loan Fund aims to provide that connection between charitable investors and underserved individuals and organizations.

The Community Loan Fund is a nonprofit organization governed by a Board of Directors composed of volunteers and does not have shareholders or members. Any difference between the interest earned by the Community Loan Fund from its borrowers and the interest paid to investors in the Notes is retained and used by the Community Loan Fund to cover operational expenses and otherwise serve its founding charitable purposes. The Program is administered by employees of the Community Loan Fund.

Since its founding in 1983 through June 30, 2022, the Community Loan Fund has made 3,530 loans to borrowers totaling \$412 million. The historical impact has been the creation or preservation of 10,838 units of affordable housing, 4,557 child care spaces and 3,965 jobs. Cumulative losses incurred by the Community Loan Fund's loans to borrowers since its founding are 2.5% of total lending.

Since its founding in 1983 through June 30, 2022, the Community Loan Fund has received 2,199 investments totaling \$221 million. The Community Loan Fund has not at any time since inception defaulted on any payments of principal or interest to Note investors.

Opportunity NH Investments

The Program accepts investments from individuals and institutions. The offering of Notes through the Program remains ongoing, is not conditioned on raising any minimum amount of proceeds and does not undergo open and closed periods. Institutional investors in the Notes include other nonprofit organizations, foundations, faith-based organizations, businesses, banks and government agencies. Notes are issued to and directly held by investors in definitive registered form. The proceeds from Note investments are aggregated and administered as a single pooled fund.

The Notes constitute general unsecured obligations of the Community Loan Fund, and are monitored by its Board of Directors. Each Note ranks pari passu with all other Notes issued through the Program and most contractual obligations of the Community Loan Fund. The Board of Directors from time to time revises its Investor Policy, which references a schedule of interest rates with corresponding maturities, from which investors can choose

the maturity date and interest rate that best suit their charitable goals and investment preferences. The Community Loan Fund does not charge investors any fees in connection with an investment in the Notes.

The minimum investment in Notes by any participant in the Program is \$1,000. Interest on the Notes is calculated on a simple basis based on a year of 360 days. At the request of the investor and as specified in the Application and Investment Agreement, interest will be paid annually or accrued and compounded annually to the balance payable at maturity. Investors can change their interest payment method at any time by written request. Interest income generated by the Notes is taxable to investors who are subject to income tax. ***In connection with the Offering, the Community Loan Fund is not rendering tax or investment advice to any investor; prospective investors should consult with their own tax and financial advisers to the extent they consider it necessary.***

The Community Loan Fund has the right to prepay the Notes at any time prior to the specified maturity date, at its election and for any reason.

Upon the maturity of a Note, investors may elect to receive the principal and any accrued interest under the Note or renew their investment, however the Community Loan Fund has the right to accept or reject a renewal request.

No person is paid a sales commission, success fee or other transaction-based compensation in connection with investments in the Notes or the operation of the Program.

The Community Loan Fund has adopted compliance procedures under the Philanthropy Protection Act which allow for investments in Notes by institutional and individual investors, whether or not they are considered “*accredited investors*” under Securities and Exchange Commission Rule 501(a), on the terms set out in the Application and Investment Agreement in most states. However, as described below under “*Regulatory and Legal Matters*,” certain states have opted-out of the federal preemption provisions of the Philanthropy Protection Act, including Arkansas, Connecticut, Florida, Mississippi, Nebraska, Pennsylvania, Tennessee, and Virginia. Offers and sales of Notes to investors who are domiciled in or resident of those states will require compliance with those states’ laws relating to the offer and sales of securities. In such cases, the Community Loan Fund will be required to comply with various securities law exemptions prior to making offers and sales of the Notes. Depending on the terms of those states’ laws and the circumstances of the offer and sale, the Community Loan Fund may seek additional information from investors or impose additional conditions on sales to investors, or may be effectively prevented from issuing Notes to investors.

Community Loan Fund's financing activities

The Community Loan Fund originates, underwrites and services the loans that it makes in accordance with its Financing Policy, which is set from time to time by its Board of Directors. The Community Loan Fund's current economic opportunity financing activities consist of loans for: (i) affordable housing, including multi-family rental housing, single-family homeownership and manufactured-housing cooperatives; (ii) community facilities owned by nonprofit organizations used for delivery of their programs, including a special sector focus on early-learning providers; (iii) loans and other financings to small businesses. As of June 30, 2023, the Community Loan Fund's financing portfolio's breakdown was 93% for affordable housing, 3% for child care and community facilities and 4% for business finance and job creation.

The Community Loan Fund has had a direct, positive impact on people with low and moderate incomes by providing loans for affordable housing, jobs and child care spaces for working families. As of June 30, 2023, the Community Loan Fund's financing portfolio had an aggregate principal amount of \$167,652,239. The Community Loan Fund maintains on its books an allowance for loan losses (“*ALL*”) at the level indicated by its internal risk assessment of its loan portfolio and consistent with its policies for managing risk and as required by generally accepted accounting principles. Through the current time, borrower loan losses have not affected the payment of any interest or principal payable to any investor in Notes.

Regulatory and legal matters

Various provisions of the Philanthropy Protection Act provide exemptions and exceptions from most provisions of federal and state securities laws. The offering of Notes through the Program is exempt from registration under the Securities Act of 1933 (the “*Securities Act*”) pursuant to Section 3(a)(4) thereof. The Program is excluded from the requirement to register as an investment company under the Investment Company Act of 1940 (the “*Investment Company Act*”) pursuant to Section 3(c)(10)(B) thereof. The Notes, as issued, are exempt from registration under the Securities Exchange Act of 1934 (the “*Exchange Act*”) pursuant to Section 3(a)(12)(A)(v) thereof and persons participating in the Offering on behalf of the Community Loan Fund are exempt from the requirement to register as broker-dealer representatives under Section 3(e) thereof. In operating the Program, The Community Loan Fund will not be considered an investment adviser for purposes of registration under the Investment Advisers Act of 1940 (the “*Advisers Act*”) pursuant to Section 203(b)(4) thereof.

The Notes are issued under an exemption from the requirements of the Trust Indenture Act of 1939, as amended (the “*Trust Indenture Act*”). As a result, the Community Loan Fund will not be required to, and will not, engage a trustee to administer the Note and provide protections to the Note holders mandated under the Trust Indenture Act. As a

result, the Community Loan Fund will deal directly with Note holders and may enter into separate arrangements with them if the Note holders agree to do so. The Note holders will have no mechanism for acting collectively with respect to the Community Loan Fund.

Under the terms of the Philanthropy Protection Act, an offering which meets certain requirements is preempted from state securities laws requiring the registration of securities, unless the state passed a law opting out of that preemption. The states of Arkansas, Connecticut, Florida, Mississippi, Nebraska, Pennsylvania, Tennessee, and Virginia have opted-out of this federal preemption. As a result, offers and sales of Notes in those states must be made in compliance with the registration requirements of those states' laws.

Risk factors

The Notes are unsecured investments and are subject to the financial strength, performance and creditworthiness of the Community Loan Fund

The Notes are general unsecured obligations of the Community Loan Fund and do not have the benefit of any security or collateral or a guarantee or other credit support from any third party. The payment of principal and interest on the Notes is subject to the financial performance and creditworthiness of the Community Loan Fund. In the event that its loan portfolio should experience losses, those losses will first be absorbed by the Community Loan Fund's allowance for loan losses. In the event that the allowance for loan losses is not sufficient, any excess losses would be absorbed by the Community Loan Fund's net assets. In the event that the Community Loan Fund's net assets are depleted, losses could then be incurred by Note investors in the Program on a pro-rata basis.

An investment in Notes is not insured, guaranteed or otherwise protected by any federal or private agency

The Notes are not bank or other financial institution deposits. As a result, they are not insured by the Federal Deposit Insurance Corporation or any other agency which supervises banks or other financial institutions, such as the Office of the Comptroller of the Currency or the Federal Reserve Bank. Moreover, the Notes are not guaranteed or insured by any other entity, whether private or public.

The Notes are subject to the credit risk of the Community Loan Fund's loan portfolio

Since its inception in 1983, the Community Loan Fund has not failed to pay any scheduled payment of interest or principal to Note investors. However, past performance is no guarantee of future performance. The Community Loan Fund has experienced an aggregate borrower loan loss rate over that period of 2.5% of total lending through June 30, 2022. The performance of the loan portfolio could be impacted by changes in loan

underwriting standards. The performance could also be impacted by local and/or national economic conditions such as recession, increased unemployment, interest rate changes or a rise in real estate vacancies, among other factors. This may impact the Community Loan Fund's ability to make interest and principal payments to its investors.

The Community Loan Fund's loan portfolio is concentrated in New Hampshire

The Community Loan Fund's financing activity is located within the State of New Hampshire and the greater part of it has been devoted to affordable housing. If local economic conditions in the state significantly deteriorate, the real property securing those loans may decrease in value. Impairment and foreclosure activity could rise, materially affecting the performance of the loan portfolio.

Investors will have no right to participate in the Community Loan Fund's decisions regarding the management of its loan portfolio

All decisions with respect to the management of the Community Loan Fund's financing activity will be made by its Board of Directors and designated staff. Investors in the Notes will not have the right to vote on or approve or disapprove of any matter, or influence, the Board of Directors and staff in any decisions.

An investment in Notes may not be suitable for many investors due to rate and liquidity

The Notes are intended as charitable investments for individuals and institutions. The interest rates paid on the Notes may be below the rates of interest payable on commercial investments. This allows the Community Loan Fund to offer loans to its borrowers at fair, fixed, rates of interest and favorable lending terms.

The Notes are not repayable on demand by the holder and cannot be redeemed prior to maturity. No secondary market exists at this time to buy or sell the Notes, and none is expected to develop. As a result, the Notes are illiquid investments and should be purchased by investors whose orientation is primarily charitable and who have no present need for the principal of their Note investment. Prospective investors in the Notes should carefully consider what maturity date is appropriate for their personal circumstances before making an investment.

The Community Loan Fund may accept investments outside of the Opportunity NH Investments program

The Community Loan Fund may from time to time incur ordinary course liens on its assets. These liens will occur in the normal course of conducting its business and carrying out its mission such as notes pledged to the Small Business Administration (SBA) or US

Department of Agriculture (USDA). The Community Loan Fund also will offer from time to time, opportunities for individuals and institutions to participate in investment or loan agreements outside of the Opportunity NH Investment program where interest rates and terms may vary as a normal course of meeting its mission.

Investors in Notes will not be entitled to a charitable tax deduction related to their investment.

While the Community Loan Fund is itself exempt from federal income tax as a Section 501(c)(3) organization, any investor in the Notes who is subject to income tax will recognize taxable income through the accrual or payment of interest under the Notes. Prospective Note investors should consult with their tax adviser for advice on the consequences of an investment in the Notes to them.

Note holders will not have the protections afforded to investors under the Securities Act, the Investment Company Act and various other securities laws

As described above, the Community Loan Fund will operate the Program and issue Notes under various exemptions from otherwise applicable securities law provisions which provide certain protections to investors in connection with the offering of securities, the governance and operation of investment funds, the advice of investment advisers and the ownership and trading of securities, as a charitable organization. Investors in the Notes will not enjoy these legal and regulatory protections.

The Community Loan Fund could be materially adversely affected if it were to lose its tax-exempt status

The Community Loan Fund currently operates as a tax-exempt entity under Section 501(c)(3) of the Tax Code. As such, the Community Loan Fund does not pay income tax to the federal government and benefits from several other exemptions from regulatory provisions at the federal and state levels. If the Community Loan Fund were to lose its tax-exempt status, many of these regulatory exemptions would become unavailable. In such an event, the Community Loan Fund could be required to devote substantially more time and resources to legal and compliance matters, and might be forced to restructure its operations in ways that materially adversely affect its operations, financial condition and ability to service the interest and principal of the Notes.

Additional information

Additional information regarding the Notes, the Program and the Community Loan Fund are available upon request from:

Individual investors

Martha Dickey, Director of Donor Relations and Impact Investing

Phone: (603) 224-6669, ext. 729

Email: mdickey@communityloanfund.org

Institutional investors

Katie McQuaid, Vice President of External Relations

Phone: (603) 224-6669, ext. 728

Email: kmcquaid@communityloanfund.org