



**SOSTENICA**

## Sustainable Development Fund of Nicaragua

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### INVESTOR REGISTRATION FORM

Revised: September 27, 2010

Name of Social Investor \_\_\_\_\_

Social Security or Tax ID # \_\_\_\_\_

Email address \_\_\_\_\_

Home Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Telephone: Home \_\_\_\_\_ Work \_\_\_\_\_

#### I/We would like to loan funds to SOSTENICA, Inc. as follows:

##### AMOUNT

\$ \_\_\_\_\_ (Our minimum is \$2,000; no maximum. Please make check payable to SOSTENICA, Inc. and return with this form.)

##### TERM

\_\_\_\_\_ (Our minimum is two years; ten years maximum, renewable)

##### RENEWAL OPTIONS

We will notify you ninety days before the end of the original term. We will also send you a blank IRF to complete and return if you wish to renew your loan. If you do not complete and return the IRF, we will recall your loan from Nicaragua and return the funds to you. If you wish instead to automatically renew your loan at the end of a term, please check the box below. We will still send you the ninety day notice, but you do not need to complete and return another IRF.

- Please automatically renew my investment for two years at the original interest rate if I do not request return of my investment.

**(PLEASE CONTINUE ON PAGE 2 OF THIS FORM)**

**INTEREST OPTIONS**

**INTEREST RATE:** \_\_\_\_\_%

(Please select a specific interest rate from the chart below, based on the term of your investment. By choosing an interest rate less than the maximum allowed, you give additional assistance to SOSTENICA in supporting Nicaraguan borrowers)

2 years	0% - 2.25%
3-4 years	0% - 2.5%
5-9 years	0% - 2.75%
10 years	0% - 3.0%

**INTEREST PAYMENT OPTIONS** (Please Check One)

- Please send a check for the full amount of my interest each year during the term of the investment .
- Please reinvest my annual interest .

**DONATION OPTION**

- SOSTENICA, Inc. provides substantial grants to CEPRODEL on behalf of the borrowers to support our “sustainability” initiatives. In addition to my investment, I/we would like to make a US tax -deductible contribution of \$\_\_\_\_\_ to SOSTENICA for this purpose. Check is enclosed.

**CHARITABLE REMAINDER TRUST OPTION**

- Please send me additional information about the Charitable Remainder Trust option, which provides: a) a tax deduction upon transfer of funds, b) 5% annual interest paid to the donor, c) exclusion of the funds from the donor’s taxable estate, and d) upon the death of the donor, the funds are turned over to SOSTENICA, Inc.

**DIRECTED INDIVIDUAL RETIREMENT ACCOUNT (IRA) OPTION**

- Please send me additional information about the **Directed Individual Retirement Account (IRA) Option** which: a) may reduce my taxable income by the amount of my contribution, b) may enable me to set aside a portion of my earned income on a tax deferred basis and defer distributions until retirement when the my tax rate may be lower, and c) may enable me to roll over funds from an existing IRA into a directed IRA invested with SOSTENICA, Inc.

**PLEASE SEE ATTACHED DISCLOSURES BEFORE SIGNING**

**PLEASE SIGN AND DATE BELOW TO INDICATE THAT YOU HAVE READ AND UNDERSTAND THIS INVESTOR REGISTRATION FORM AND DISCLOSURES**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Date**

## **DISCLOSURES**

### **PARTIES**

- SOSTENICA, Inc. (The Sustainable Loan Fund of Nicaragua), is a 501(c)(3) non-profit charitable corporation organized under the laws of the Commonwealth of Pennsylvania.
- CEPRODEL (Centro de Promoción del Desarrollo Local) is a non-profit corporation organized under the laws of Nicaragua.

### **USE OF FUNDS**

- SOSTENICA is borrowing these funds from you, the social investor, and lending them to CEPRODEL, which administers a revolving loan fund providing credit opportunities, technical assistance and outreach to low income businesses and small farm families to promote economic and community development in many regions of Nicaragua.
- CEPRODEL and SOSTENICA, INC. shall use the interest paid by Nicaraguan borrowers to pay the Social Investor the interest owed on the principal amount, to pay administrative costs of the Fund, to increase the equity of the Fund, and to increase the number of productive projects served.

### **TERMS**

SOSTENICA shall provide a Note that recites the loan terms, which include, but are not limited to the following:

- the loan shall commence on the date the social investor's check, together with the completed Investor Registration Form (IRF) are received at the SOSTENICA Inc. office ("loan commencement date")
- the loan shall accrue simple interest at the rate indicated on the IRF, and SOSTENICA shall pay interest on the unpaid principal balance in consecutive annual installments on the anniversary of the loan commencement date until the loan termination date (For Social Investors who wish to waive their interest in favor of SOSTENICA, please check that box on the Investor Registration Form and the interest will be invested in Nicaragua).
- within ninety days prior to the loan termination date SOSTENICA will provide a new IRF for the social investor to complete and return if they wish to renew the investment on the same or different terms (For Social Investors who wish to reinvest their interest every year, please check that box on the Investor Registration Form and no new IRF will be needed).
- If the social investor completes and returns the new IRF within sixty days prior to the loan, SOSTENICA shall provide a promissory note that recites the new loan terms .
- If the social investor does not, or if they inform SOSTENICA that they would like their principal returned, SOSTENICA will notify CEPRODEL that the principal is due, and SOSTENICA shall return the unpaid principal balance to the social investor within thirty days after the loan termination date.

### **LOSS RESERVES**

- SOSTENICA and CEPRODEL maintain a combined equity capital share of not less than 15% in the SOSTENICA Fund. CEPRODEL maintains a loan loss adequate to cover the percentage of loans that are historically unrecoverable. These two reserve funds will absorb unrecoverable loans and protect investor capital within the parameters identified in the SOSTENICA prospectus. (see Risk Factors and Key Investment Considerations)
- If losses extend beyond the amount of these reserve funds, the losses will be shared equally among all Social Investors by reducing each Social Investor's loan principal in the same proportion that each loan bears to the outstanding principal amount of all loans.

## **DEFAULT**

- In the event of default of payment by CEPRODEL to SOSTENICA, the Social Investor shall not require or expect SOSTENICA to take action, legal or otherwise, to collect funds owed to SOSTENICA or to any social investor.
- The Social Investor agrees to forgive SOSTENICA for the unpaid principal and interest, as provided above, without such foreclosure or legal action having been taken .
- The Social Investor's sole and exclusive recourse to recover loan principal and interest will be the funds held by SOSTENICA.
- The Social Investor SOSTENICA shall not have recourse against the directors, officers and employees of SOSTENICA.

## **ADDITIONAL DISCLOSURE PROVISIONS**

- There is no provision for early withdrawal of loans to SOSTENICA. All requests for early withdrawal of a loan to the Fund will be reviewed on a case by case basis and will be subject to refusal due to the Fund's liquidity needs .
- Any early withdrawal of a SOSTENICA loan, which is approved, will be subject to the forfeiture of all accrued interest up to the withdrawal date and a discretionary fee up to 10% of principal for any time or expenses incurred due to the early withdrawal of the funds .
- If representing an organization, the undersigned certifies that he/she has been duly authorized and may lawfully make this investment .

IF AN INDIVIDUAL, THE SIGNER OF THIS INVESTOR REGISTRATION FORM REPRESENTS THAT THIS INVESTMENT WILL NOT EXCEED 10% OF HIS OR HER NET WORTH (OR JOINT NET WORTH IF THE INVESTMENT IS BEING MADE JOINTLY WITH SUCH PERSON'S SPOUSE) AND CAN TOLERATE A TOTAL LOSS OF THE INVESTMENT. THERE IS NO SECONDARY MARKET FOR THE NOTE, SO IT IS TRANSFERABLE ONLY WITH PRIOR WRITTEN APPROVAL FROM SOSTENICA AND IN COMPLIANCE WITH STATE AND FEDERAL LAW. THIS MAKES THE NOTE EXTREMELY ILLIQUID. THE SOCIAL INVESTOR IS ENCOURAGED TO REVIEW THE PROSPECTUS THAT WAS SENT WITH THIS IRF AND TO BECOME FAMILIAR WITH THE STRUCTURE, PRACTICES, PROCEDURES AND RISKS OF THE FUND AND TO ASK AND RECEIVE SATISFACTORY RESPONSES TO ALL QUESTIONS CONCERNING THE FUND. AS WITH ALL FINANCIAL TRANSACTIONS, THE SOCIAL INVESTOR SHOULD CONSULT WITH A FINANCIAL ADVISOR BEFORE MAKING ANY INVESTMENTS.

THIS NOTE HAS BEEN ISSUED IN RELIANCE UPON EXEMPTIONS PROVIDED FOR IN STATE AND FEDERAL STATUTES AND MAY NOT BE SOLD OR TRANSFERRED EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER SUCH STATUTES.

**For additional disclosures, including but not limited to Important Legal Notices, Summary of Offering, Risk Factors and Key Investment Considerations, Terms of Investment, and Tax Considerations, please visit our website at [www.sostenica.org](http://www.sostenica.org) to review the Prospectus and current financial reports.**