



## PROSPECTUS

THE GENESIS FUND, dba Genesis Community Loan Fund (the “Fund”), is a tax-exempt, nonprofit community development financial institution organized in 1991. The Fund accepts grants and loans from individuals, private and public foundations, religious organizations, corporations and others. It then pools the proceeds of those grants and loans with other Fund income to make loans for the benefit of projects consistent with the Fund’s purposes.

The Fund is chartered as a non-profit corporation in the state of Maine to aid local nonprofit institutions—such as community development corporations, community land trusts, housing authorities, community action agencies, non-profit housing developers and social service agencies—in developing decent, safe and affordable housing for needy families and individuals, and in promoting self-sufficiency of such institutions. Loans are made for predevelopment expenses, land acquisition and improvement, construction and rehabilitation, and similar purposes. Bridge loans are available to hasten the development of a qualifying project. Before providing development financing, Fund staff help to develop workable plans for using and repaying borrowed capital.

The Fund is a certified Community Development Financial Institution (CDFI) under the U.S. Department of the Treasury’s Community Development Financial Institutions Fund (CDFI Fund). This means that the organization has been determined to meet CDFI eligibility requirements relating to the organization being a legally existing entity, having a primary mission of promoting community development, principally serving and maintaining accountability to an eligible target market, being a financing entity, providing development services, and not being either a government entity or controlled by a government entity. Certification does not constitute an opinion by the CDFI Fund as to the effectiveness or financial viability of the certified organization. While the Fund intends to maintain its status as a CDFI, no assurance can be given that future acts or circumstances or future regulations will not occur that would cause the Fund to cease being a certified CDFI.

As a member of the Opportunity Finance Network (OFN), the Fund has access to research and training, technical assistance, and many kinds of professional advice and information. However, OFN neither guarantees the performance of the Fund, nor insures or guarantees any loans made for or by the Fund.

Risk Factors. Loaning money to the Fund involves numerous risks. By way of example,

- Multiple fund borrowers could default on their loans, adversely affecting the Fund's ability to repay loans made to it. This could occur in a variety of circumstances, including a general downturn in the economy. Loan funds are not FDIC-insured. While no guaranty is given, the Genesis Fund has a record of 100% repayment to our investors. We maintain reserves to protect investors from losses in our portfolio and secure the loans that we make with collateral, typically a mortgage on real property. We also maintain a net asset position that would enable us to cover substantial losses. There is no FDIC insurance on the funds, and in extreme economic conditions, the funds could be at risk
- Loan funds are not liquid. In the event that unforeseen circumstances may make it necessary for an investor to terminate an investment before maturity, the Fund will work with the investor to try to repay the principal balance and outstanding interest in a timely manner, but no guaranty can be given.
- Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of the loans (which constitute securities under both state and federal law) or passed upon the adequacy or accuracy of this Prospectus. The offer and issuance of the loans have not been registered under the securities laws in reliance upon exemptions from such registration for securities issued by certain non-profits.

The Fund makes no representations whether loans to the Fund constitute qualified investments for purposes of the Community Reinvestment Act.

The Fund asks that you give careful attention to the general terms, conditions, and policies described below, which apply generally to all loans and grants made to the Fund and which are incorporated into the Fund's standard Loan Agreement.

General Terms, Conditions and Policies:

1. To the extent that the proceeds of loans or grants made to the Fund are not immediately used for financing projects, the Fund reserves the right to deposit such proceeds into a bank account and/or Certificate(s) of Deposit bearing interest at market rates. These proceeds may be commingled with the proceeds from loans, grants, and donations to the Fund and other income of the Fund.
2. Subject to Section 1 above, the Fund agrees to use the original principal amount of any loans made to the Fund only for the purpose of providing financing to projects consistent with the Fund's mission. The Fund reserves the right, however, to use any interest or other income earned with respect to the original principal for any of the Fund's corporate purposes and needs, such as paying interest due on loans made to the Fund, paying the Fund's administrative and operating expenses, making loans for

projects and establishing or contributing to an endowment fund for the Fund.

3. Your loan to the Fund may be at a below-market interest rate; the Fund understands that you have agreed to charge such a rate in order to assist the Fund to pursue its mission of providing resources to projects that create housing and economic/social opportunities for the disadvantaged in Maine.
4. The interest rate charged by the Fund on the loans it makes to finance projects may bear no relationship to the interest payable to you under your loan. The Fund reserves the right to determine the interest rate it charges to its borrowers based upon a given project's needs for funds, its ability to pay, risk factors, the Fund's overall cost of funds and similar factors.
5. Loans made to the Fund are unsecured. Although the Fund intends to use the proceeds of your loan to provide financing for projects, you will have no legal or other right to look to any such project for repayment; your only recourse for repayment of your loan will be against the Fund.
6. Your loan is not guaranteed by any state or federal agency, or by any other organization. Your loan is of a recourse nature (i.e., the Fund has a legal obligation to repay you out of the Fund's corporate assets); the Fund is not granting you a security interest in, a mortgage on, or pledge of any property or collateral. The Fund will, however, hold a security interest in property that is being developed with loans from the Fund.
7. As a general policy, the Fund often asks its lenders to extend, or roll over, their loans at maturity. Lenders are not required to roll over or extend their loans. The Fund will not assume, however, that you have agreed to extend your loan without your express prior written consent.
8. The Fund will provide you, at least once a year, with a written report of the Fund's activities.