

INVESTMENT ADVISER BROCHURE

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**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of GoodFinch Management, LLC and its affiliates. If you have any questions about the contents of this Brochure, please contact us at 916-262-8199. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.**

GoodFinch Management, LLC is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

Additional information regarding GoodFinch Management, LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## MATERIAL CHANGES

GoodFinch Management, LLC (the “**Management Company**”) will periodically identify and discuss material updates to the Brochure filed has not previously filed a firm brochure with the U.S. Securities and Exchange Commission (“**SEC**”).

A summary of the material changes made to this Brochure since the date of the last filing is set forth below:

- The Management Company had a change in Assets Under Management, reflected in the Advisory Business section.

## ADVISORY BUSINESS

The Management Company, a Delaware limited liability company and a registered investment adviser, provides investment advisory services to investment funds privately offered to qualified investors primarily in the United States (each a “**Limited Partner**” and, collectively, the “**Limited Partners**”).

“GoodFinch,” meaning “Good Financial,” was founded in 2020 by Hayes Barnard and Tanguy Serra (the “**Key Principals**”) who are also the managers of GoodFinch (as defined below). Furthermore, Mr. Barnard serves as Chairman of the Management Company and Mr. Serra serves as Chief Investment Officer. Mr. Barnard is the principal owner of the Management Company.

For purposes of the Advisers Act, the Management Company’s clients include the following (each, a “**Fund**,” and together with any future private investment fund to which the Management Company or its affiliates provide investment advisory services, the “**Funds**”):

- GoodFinch Fund I, LP; (“**GoodFinch Fund I**”)
- GoodFinch Fund II, LP; (“**GoodFinch Fund II**”)
- GoodFinch Fund III, LP; and (“**GoodFinch Fund III**”)
- GoodFinch Renewable Equipment Financing Fund I, LP (“**GREF Fund I**”)

GoodFinch GP I, LLC, GoodFinch GP II, LLC, GoodFinch III, LLC, and GoodFinch EF GP I, LLC are general partner entities affiliated with the Management Company which were formed for the purpose of serving as the respective general partner for each of the Funds (collectively, and together with any future general partner entities, the “**General Partner**”).

The investment advisory services provided by the Management Company and its General Partner (together, “**GoodFinch**”) to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments.

GoodFinch Funds I, II, and III are private, closed-end funds that invest in loans and retail installment contracts made for the purpose of facilitating solar energy and/or other energy and resource efficiency improvements to residential homes (the “**Sustainable Home Improvement**”).

**Loans**" or "**Loans**") and securitized notes backed by the Sustainable Home Improvement Loans ("**Notes**" and together with the Sustainable Home Improvement Loans, referred to herein as "**Portfolio Investments**") which are held by a Fund indirectly through a Cayman Islands limited company (collectively the "**Holding Vehicle**").

GREF Fund I is a private, closed-end fund that invests in a single equipment loan facility provided to Ojjo, Inc. as the sole borrower (the "**Equipment Loan**") and originated by GREF, as well as an equity investment into Ojjo, Inc.

As of the date hereof, most Portfolio Investments are Sustainable Home Improvement Loans that were originated by GoodLeap, LLC ("**GoodLeap**"), a related party under common ownership with GoodFinch, or Notes backed by Sustainable Home Improvement Loans that were originated by GoodLeap (the "**Related Transactions**"), and it is expected that the majority of Portfolio Investments going forward will be comprised of the Related Transactions. Exceptions being a bond originated by Sunnova and held in GoodFinch Fund III in addition to the Equipment Loans for GREF Fund I.

GoodFinch believes that acquiring the Notes, Loans, and Equipment Loans will generally be a compelling investment option for each Fund and its investors—because the characteristics of the Notes and Loans fit well with GoodFinch’s investment strategy, GoodFinch has a deep understanding of financial costs and benefits of the Loans and Notes. If GoodFinch determines that acquisition of a Note or Loan is harmful to investors, it will refrain from doing so.

The Related Transactions are between investors, on one hand, and GoodLeap, a related party to the Management Company, on the other. These Related Transactions present a conflict of interest for the Management Company because it is beneficial for its related party GoodLeap to sell Loans that it originated to GoodFinch and to facilitate GoodFinch’s purchase of Notes which are backed by Loans GoodLeap originated and services. Furthermore, Sustainable Home Improvement Loans invested in by the Funds are serviced by GoodLeap pursuant to a Master Services Agreement entered by and between GoodFinch and GoodLeap. Such conflicts are addressed through requirements of the Advisers Act and the Management Company’s policies and procedures. The Related Transactions are “principal transactions” under Section 206(3) of the Advisers Act, and therefore require GoodFinch to disclose and receive approval of such transactions by investors before they are executed. Prior to execution of every Related Transaction, GoodFinch must disclose the Related Transaction to the Limited Partner Advisory Committee and obtain the Limited Partner Advisory Committee’s approval. GoodFinch cannot engage in any Related Transaction without prior consent of the Limited Partner Advisory Committee. GoodFinch has taken steps to ensure that the price of GoodLeap’s Loans and the fees for GoodLeap’s services are on market terms and determined at arms’ length. Please see “OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS” and “CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING” for more information and a description of risks and conflicts of interest related to GoodFinch’s relatedness with GoodLeap.

GoodFinch’s advisory services to the Funds are detailed in the applicable private placement memoranda, appendix of disclosures, or other offering documents (each, a “**Memorandum**”), limited partnership or other operating agreements or governing documents (each, a “**Partnership**”).

**Agreement**”) and are further described below under “METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.” Investors in the Funds participate in the overall investment program for the applicable Fund. The Funds or the General Partner have entered into side letters or other similar agreements (“**Side Letters**”) with certain investors that have the effect of establishing rights (including economic or other terms) under, or altering or supplementing the terms of, the relevant Partnership Agreement with respect to such investors.

As of December 31, 2022, GoodFinch manages approximately \$325 million in client regulatory assets under management on a discretionary basis.

## **FEES AND COMPENSATION**

All fee arrangements are disclosed in the relevant Fund offering documents. All investors should read the offering documents thoroughly before participating in an offering.

In general, GoodFinch receives a management fee and a carried interest in connection with advisory services. The Management Company or other GoodFinch entities or affiliates expect to receive additional compensation in connection with management and other services performed for portfolio companies of Funds and such additional compensation will offset in whole or in part the management fees otherwise payable to the Management Company. Investors in a Fund also bear certain expenses as detailed below:

**Management Fees.** For its services to each Fund, the Adviser receives a management fee (the “**Management Fee**”) which is based on a percentage (generally 1%) of capital invested or a percentage of capital commitments.

The precise amount of, and the manner and calculation of, the Management Fees for each Fund are established by the Adviser and are set forth in such Fund’s offering documents received by each investor prior to making investment in such Fund. The Management Fees and other fees and distributions described herein are generally subject to modification, waiver, or reduction by the Adviser in its sole discretion, both voluntarily and on a negotiated basis with selected investors via side letter and other arrangements, which may not be disclosed to other investors in the same Fund. The fee structures described herein may be modified from time to time. Fees differ from one Fund to another, as well as among investors in the same Fund. The Adviser retains flexibility to structure its compensation from investors.

Furthermore, the Management Fee will be reduced by an aggregate amount equal to 100 percent of the following (in each case with such reduction to be applied in ratable portions against the Management Fee payable over the four years following the date(s) on which such expenses are incurred):

- (a) Certain Fund Expenses identified in a Fund’s governing documents and subject to a cap stated within such governing documents; and
- (b) In the case of GoodFinch Fund III, LP, amounts borne by the Fund that constitute fees paid to third party placement agents pursuant to the Partnership Agreement.

**Carried Interest.** GoodFinch, or the General Partner, will receive an incentive allocation (sometimes referred to as “**Carried Interest**”) based on net profits. The Carried Interest for each Client is specific in the Offering Documents of such Client. The Carried Interest will be calculated and billed or allocated periodically. With respect to the Funds, the General Partner of each Fund is entitled to receive an allocation of net profits subject to limited partners receiving all capital contributions and in accordance with other provisions applicable in the relevant Offering Documents. Lower fees for comparable services may be available from other sources.

**Fund Expenses.** Expenses to be borne by the Fund (“Fund Expenses”) shall include the following reasonable and customary costs, expenses and losses incurred by the Fund, the General Partner or the Management Company and associated with the formation, operation, dissolution, winding-up, or termination of the Fund: (i) out-of-pocket expenses associated with the organization of the General Partner or the Fund or the syndication of interests therein; (ii) fees paid to third party placement agents as compensation for obtained Limited Partner capital commitments; (iii) legal, accounting, audit, administrative, valuation, tax compliance, regulatory compliance, custodial, registered agent and other professional fees (including the reasonable costs of in-house legal and tax professionals employed by the General Partner or the Management Company to the extent they provide services that otherwise would have been provided by third party attorneys or accountants, as determined by the General Partner in good faith); (iv) consulting fees relating to services rendered to the Fund that could not reasonably have been rendered by the General Partner or its members in the ordinary course of their activities; (v) banking, brokerage, registration, qualification, finders, depositary and similar fees or commissions; (vi) insurance premiums without regard to whether any action or omission insured against constitutes material misconduct, indemnifications, costs of litigation and other extraordinary expenses; (vii) costs of financial statements and other reports to Partners, costs of governmental returns, reports and other filings, and costs of governmental examinations, audits, investigations and similar proceedings; (viii) costs of meetings of the Fund and its interest holder including the reasonable travel and other out-of-pocket costs incurred by the General Partner in attending such meetings; (ix) interest expenses; (x) advertising (including event sponsorship and attendance, and professional organization costs) and public notice costs; (xi) costs and expenses associated with preparing Partnership tax returns, making tax elections and determinations, and similar activities; (xii) taxes and other governmental charges imposed upon the Fund as an entity; (xiii) reasonable out-of-pocket travel, business meals and related expenses incurred by the General Partner or the Management Company in connection with their activities on behalf of the Fund or a Fund investment; (xiv) costs of Fund, General Partner and Management Company compliance with applicable securities laws (including the Securities Act of 1933, the Advisers Act, the Alternative Investment Fund Managers Directive and other similar or related laws), as well as General Partner and Management Company compliance with applicable registration or licensing laws arising from the management of, or provision of advice to, the Fund; and (xv) any other expenses not listed in the preceding clauses (i) through (xiv) that are not normal operating expenses of the General Partner.

**Holding Vehicle Expenses.** Each Holding Vehicle is responsible for the following expenses : (i) out-of-pocket expenses associated with the organization of the Holding

Vehicle; (ii) legal, accounting, audit, administrative, valuation, tax compliance, regulatory compliance, custodial, registered agent and other professional fees (including the reasonable costs of in-house legal and tax professionals employed by the Management Company to the extent they provide services that otherwise would have been provided by third party attorneys or accountants, as determined by the Directors of the Holding Vehicle in good faith); (iii) consulting fees relating to services rendered to the Holding Vehicle that could not reasonably have been rendered by the Management Company or its members in the ordinary course of their activities; (iv) banking, brokerage, registration, qualification, finders, depositary and similar fees or commissions; (v) transfer, capital and other taxes, as well as charges, duties and fees, and any other out-of-pocket costs (including broken-deal, unconsummated deal and similar fees and costs, as well as costs of data, market intelligence and similar services), incurred in developing, evaluating, acquiring, holding, monitoring, selling or otherwise managing or disposing, or hedging against changes in value, of Holding Vehicle investment opportunities, assets or obligations, including without limitation costs and expenses associated with loan workouts; (vi) insurance premiums without regard to whether any action or omission insured against constitutes Material Misconduct (as defined in the Partnership Agreement), indemnifications, costs of litigation and other extraordinary expenses; (vii) costs and expenses associated with the organization and maintenance of investment conduits; (viii) costs of financial statements and other reports to Members, costs of governmental returns, reports and other filings, and costs of governmental examinations, audits, investigations and similar proceedings; (ix) costs of meetings of the Members or Directors of the Holding Company including the reasonable travel and other out-of-pocket costs incurred by members of the Management Company in attending such meetings; (x) interest expenses; (xi) costs and expenses associated with preparing Holding Vehicle tax returns, making tax elections and determinations, and similar activities; (xii) taxes and other governmental charges imposed upon the Holding Vehicle as an entity; (xiii) reasonable out-of-pocket travel, business meals and related expenses incurred by the Management Company in connection with its activities on behalf of the Holding Vehicle or a Holding Vehicle investment; (xiv) costs of Holding Vehicle and Management Company compliance with applicable securities laws (including the Securities Act of 1933, Investment Advisers Act, the Alternative Investment Fund Managers Directive and other similar or related laws), as well as Management Company compliance with applicable registration or licensing laws arising from the management of, or provision of advice to, the Holding Vehicle; and (xv) any other expenses not listed in the preceding clauses (i) through (xiv) that are not normal operating expenses of the Management Company.

GoodFinch neither deducts fees from a Fund's assets nor bills a Fund directly. Management Fees are payable by the Fund to the Management Company and Carried Interest is distributed by the Fund to the General Partner, in each case on the terms provided for in the Partnership Agreement. GoodFinch may draw-down capital commitments from the Limited Partners, or may use amounts that would otherwise be available for distribution to such investors, in order to meet the obligation to pay the Management Fees.

The Management Fees described above are payable quarterly in advance. The Management Fee obligation of a Fund, and its Limited Partners, may only be terminated or modified as provided by

the applicable Partnership Agreement. The Management Fee is calculated on a quarterly basis, and is pro-rated, on a daily basis, for short fiscal periods.

Other than as described above, neither GoodFinch nor any of its supervised persons (i.e., GoodFinch's managers, officers, or employees) receive any compensation from the sale of securities or other investment products.

#### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described under "FEES AND COMPENSATION," GoodFinch receives a Carried Interest allocation on certain profits in the Funds. Such performance-based fees are subject to Section 205(a)(1) of the Advisers Act and in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. GoodFinch does not expect to advise Funds not subject to a carried interest, although it generally has the authority to waive carried interest with respect to certain affiliated partners (whether directly or through the use of an executive Fund) as described under "Fees and Compensation."

The existence of performance-based compensation has the potential to create an incentive for the General Partner to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although GoodFinch generally considers performance-based compensation to better align its interests with those of its investors.

#### **TYPES OF CLIENTS**

GoodFinch provides investment advice to the Funds, which are its "clients" for purposes of the Advisers Act. The Funds may include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. The investors participating in the Funds may include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of GoodFinch and its affiliates and members of their families.

The Funds generally have a minimum investment amount of \$2 million for third-party investors, which may be waived by GoodFinch in its sole and absolute discretion, and interests are generally offered and sold solely to "qualified purchasers" and "accredited investors" that are also "qualified clients" for purposes of the Advisers Act (or qualified knowledgeable GoodFinch personnel). Such minimum investment amount may be waived by GoodFinch.

#### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

##### **Method of Analysis and Investment Strategy Used in Formulating Investment Advice and Managing Assets**

GoodFinch Funds I, II and III aim to construct a diversified portfolio of sustainable home improvement fixed income assets that provide current income with the potential for capital appreciation at low probabilities of capital impairment. GoodFinch utilizes a two-pronged strategy



to access the asset class. In Strategy A, Fund IV will primarily focus on acquiring loans originated by GoodLeap to finance the installation of residential solar systems and standalone battery systems and non-solar home efficiency products (such as energy-efficient HVAC systems, windows, roofs, LED lights, smart thermostats, water efficiency systems, among other energy-efficient products). For solar loans specifically, the loan balances will likely range from \$5k to \$135k, with original terms of 7-30 years and interest rates of 1.48% - 7.99% (with historical averages of \$38.2k, 23.04 years, and 2.8%, respectively). For home efficiency loans specifically, GoodFinch expects that the loan balances will range from \$1k to \$100k, original terms of 2-20 years and interest rates of 0.00% - 11.49% (historical averages of \$13.2k, 11.82 years, and 9.01%, respectively). GoodFinch will primarily focus on acquiring super prime loans associated with homeowner borrowers with FICO scores 650 and above, and also will underwrite near prime loans down to a 580 FICO score, with appropriate purchase price adjustments for such borrowers. Furthermore, GoodFinch will seek to build a portfolio of loans that is diversified across vintage, state, and installer. In Strategy B, Fund IV will purchase bond tranches of ABS transactions backed by sustainable home improvement assets. These bond tranches can be primary or secondary issuances and historically have low probability of capital impairment, given the ratings of the bond tranches. The Funds' investment strategy is predicated on a differentiated view that GoodFinch has regarding two key aspects of this segment of the home-efficiency loan market, which it believes market participants currently underappreciate the: (i) cumulative loss expectations; and (ii) bond note ratings. GoodFinch believes that sustainable home improvement loans, and solar loans in particular, showed resilience through the COVID-19 downturn and are in a strong position to withstand the current inflation and rising rate environment. GoodFinch believes both trends will result in lower cumulative net losses than are anticipated, leading ratings agencies to revise their ratings over time. Ratings agencies assess a loss coverage multiple on top of their base case loss expectations to arrive at credit enhancement levels appropriate for each rating. Over time, we expect lower experienced losses to lead ratings agencies to raise their ratings on current and new bond tranche issuances.

GoodFinch leverages its domain expertise and market understanding to underwrite and acquire pools of loans around which it has a high degree of conviction in the Funds' potential to achieve its target returns. In Strategy A, the Fund will acquire whole loans from GoodLeap, while in Strategy B, the Fund will acquire bond tranches of these very same securitizations as well as other securitizations backed by similar sustainable home improvement assets.

GRES Fund I aims to provide an Equipment Loan to Ojjo Inc, on terms that provide commensurate downside protection for the interest Ojjo pays to the Fund to borrow the money. Further, GRES I seeks to further participate in the upside potential of Ojjo, as it scales its operations in part fueled by the Equipment Loan that the Fund is providing, by taking an equity stake in Ojjo.

### **Strategy and Investment Risks**

Each Fund and its respective Limited Partners bear the risk of loss that GoodFinch's investment strategy entails. Limited Partners should carefully consider and review the following risk factors with their financial, tax and legal advisors as well as those risks discussed in each Fund's Memorandum.

The Funds invest in Sustainable Home Improvement Loans that have been originated by GoodLeap and other third-party originators and in Notes issued . GoodLeap, which was originally founded in 2003 as Paramount Equity Mortgage, Inc. by GoodFinch's manager, Mr. Barnard, is an affiliate of a related party to the Management Company. Mr. Barnard serves as the Chief Executive Officer of GoodLeap and Mr. Serra serves as its President, Chief Financial Officer and Chief Investment Officer, and each hold ownership interests, alongside other third-party equity holders, in GoodLeap. As used herein, "**Obligor**" shall mean, in respect of any Sustainable Home Improvement Loan, the person primarily obligated to pay collections in respect of such Loan, including any applicable guarantors, and "**Collateral**" shall mean the personal property, if any, given by the Obligor as security for the Loan. "**Solar Energy System**" shall mean a photovoltaic energy generating system, consisting of solar panels or modules, inverter(s), electricity storage, charging, energy efficient monitoring equipment and related equipment and wiring installed at a premises given as Collateral. "**Home Efficiency Improvements**" shall mean improvements intended to increase a home's energy and/or resource efficiency installed at an Obligor's premises and constituting Collateral, including smart home devices, modern HVAC systems, energy efficient windows, upgraded roofing and synthetic grass turf, among other sustainable products.

The risks involved with GoodFinch's investment strategy and an investment in a Fund include, but are not limited to:

*Risks Related to Investments in Loans*

***GoodLeap has limited origination and servicing history.*** GoodLeap was founded in 2003 and commenced its operations as an originator and a servicer of residential Sustainable Home Improvement Loans in December 2017 (in its capacity as servicer of Sustainable Home Improvement Loans, the "**Servicer**"). GoodLeap therefore has limited historical performance data with respect to its activities of originating and servicing Sustainable Home Improvement Loans. GoodLeap's limited experience with Sustainable Home Improvement Loans could have an adverse effect on the performance of the Sustainable Home Improvement Loans, which could adversely impact the performance of the Fund. Additionally, if GoodLeap were to become insolvent, bankrupt or were otherwise unable to continue as a going concern, it could be unable to fulfill its obligations with respect to the Sustainable Home Improvement Loans.

***Credit scores and historical default rates may not be an accurate predictor of the likelihood of repayment of the Sustainable Home Improvement Loans.*** The performance of the Sustainable Home Improvement Loans will depend on a number of factors, including general economic conditions, geo-political events, employment levels, the circumstances of individual Obligors, the acceptance and economic viability of eligible improvements financed, the underwriting standards of GoodLeap at origination and the success of GoodLeap's servicing and collection strategies. Additionally, credit scores purport only to be a measurement of the relative degree of risk an Obligor represents to a lender (i.e., an Obligor with a higher credit score is statistically expected to be less likely to default than an Obligor with a lower credit score). Consequently, no accurate prediction can be made of how the Sustainable Home Improvement Loans will perform based on credit scores or other similar measures.

***The Servicer's discretion over the servicing of the Sustainable Home Improvement Loans may impact the amount and timing of distributions from the Fund.*** The Servicer is

obligated to service the Sustainable Home Improvement Loans in accordance with its customary servicing practices and policies. The Servicer has discretion in servicing the Sustainable Home Improvement Loans, including the ability to grant payment extensions and to determine the timing and method of collection and liquidation procedures. In addition, the Servicer's customary practices may change from time to time and those changes could delay or reduce collections on the assets. The Servicer's customary servicing practices and policies may not maximize collections from the assets, and, consequently, the manner in which the Servicer exercises its servicing discretion or changes its customary practices could have an adverse impact on the amount and timing of distributions from the Fund.

***It is likely that recoveries on defaulted Sustainable Home Improvement Loans will be less than the full principal and interest payments due, which could adversely affect the Fund.*** The Servicer typically employs, in accordance with its customary servicing practices and policies, the services of a third-party collection agency to pursue collection of the amounts owing under delinquent Sustainable Home Improvement Loans and defaulted Sustainable Home Improvement Loans. The Servicer may also cease collection actions on such Sustainable Home Improvement Loans or elect not to repossess and liquidate the related Collateral if it determines that such activities are impractical or unlikely to result in recoveries that exceed the cost of collection or foreclosure. If payments on a delinquent or defaulted Loan are received from an Obligor after the Loan has been referred to a third-party collection agency, the collection agency may retain a percentage of that payment as a fee. In addition to collection fees relating to the recovered amounts, a third-party collection agency may have rights to any additional legal fees and transaction fees associated with accepting payments incurred in the collection effort. These fees will reduce the amount of recoveries available.

***Modifications to the terms of the Sustainable Home Improvement Loans may result in Collections on the Sustainable Home Improvement Loans being delayed or reduced.*** Waiver or modifications of the terms of the Sustainable Home Improvement Loans may negatively affect collections on the Sustainable Home Improvement Loans. The Servicer may waive, modify or vary the terms of a Solar Loan under certain circumstances. As a result of any waiver, modification or varying of any term of any Solar Loan or consent to the postponement of strict compliance with any such term or any other grant of an indulgence or forbearance to the related Obligor, collections on the Sustainable Home Improvement Loans may be delayed or reduced, which, in turn, may cause delays in payment or losses and adversely affect the Fund.

***GoodLeap's Sustainable Home Improvement Loans are originated at the point of sale using an automated credit decisioning system.*** GoodLeap originates Sustainable Home Improvement Loans through its relationships with approved installers. Pursuant to those agreements, approved installers typically access GoodLeap's website in real time during the process of selling the related Collateral in order to qualify the consumer for a Loan while making the sale. In order to facilitate such sale, GoodLeap endeavors to provide prompt underwriting decisions through an automated electronic credit decisioning system. The fully automated electronic credit decisioning system relies on certain consumer supplied information, such as personal identity and income. With the prospective Obligor's permission, the credit decisioning system electronically accesses certain information from credit bureaus and other providers of consumer information. The credit decisioning system uses this information to substantiate, but not prove, the consumer provided information and to process a credit decision using a set of rules

established by GoodLeap's credit policies and procedures. Although GoodLeap has established what it believes to be prudent loan application and underwriting procedures with respect to its Solar Loan program, given the limited performance history of its portfolio, there can be no assurance that such procedures are sufficient to prevent delinquencies, defaults or losses greater than those experienced to date.

***An Obligor may use claims against the Installer for its Collateral as grounds for not repaying its Sustainable Home Improvement Loan.*** Pursuant to rules promulgated by the Federal Trade Commission, a consumer's claims and defenses against a seller of goods and services may also be asserted against a lender that finances the purchase of such goods and services or any subsequent assignee of the financing contract. Such claims and defenses, if valid, may be used to offset, reduce or suspend payment on a Sustainable Home Improvement Loan. In addition, such claims, if valid, may be used as grounds for recovering prior payments made on such Sustainable Home Improvement Loan (up to the amount previously paid). Thus, if the Obligor on an Sustainable Home Improvement Loan has a product liability, faulty installation, breach of warranty, or other claim against the installer that, based upon applicable state law, constitutes a valid claim or defense to payment of the purchase price for the related Collateral or other services financed under the Sustainable Home Improvement Loan, the Obligor may be entitled to stop making payments on its Sustainable Home Improvement Loan (in full or in part) and seek a refund of prior payments made. This rule (referred to as the "holder in due course" rule) does not create new rights against the lender; rather the claims being asserted by the lender must exist under the terms of the sale contract or under other applicable laws, and the lender's right to assert such claims is subject to general rules that limit the enforceability of claims, including warranty limitations set forth in the sales contract or by law, statutes of limitation, rules of evidence and equitable estoppel. GoodLeap's policies and procedures regarding approval of installers, monitoring of complaints against approved installers, generally delaying disbursements to installers until receipt of assurances by GoodLeap that the installation has been completed in accordance with the installation contract obtaining indemnifications from installers and maintaining arrangements with backup installers are all intended to reduce the risk of non-payment by Obligors based on the assertion of claims or defenses. However, no assurance can be given that such measures will eliminate or mitigate all or any particular claim or defense. Because GoodLeap may fund Sustainable Home Improvement Loans upon installation, and the installer certifies as to completion of the installation, in the event of fraud or malfeasance by an installer, the Obligor may have a defense against the enforcement of their Sustainable Home Improvement Loan even if the applicable installer has certified the installation and GoodLeap has funded the Sustainable Home Improvement Loan. Any such claims or defenses, if valid and if not covered by the applicable installer, could result in a reduction of payment of Sustainable Home Improvement Loans and adversely affect the performance of the Fund.

***GoodLeap originates Sustainable Home Improvement Loans using the same Approved Installers as its competitors, and must offer competitive interest rates and terms.*** The market for consumer Sustainable Home Improvement Loans is competitive, and many other lenders rely upon the same approved installers. GoodLeap may not have exclusive relationships with its approved installers. The approved installers responsible for offering GoodLeap Sustainable Home Improvement Loans to homeowners may also offer homeowners Sustainable Home Improvement Loans from GoodLeap's competitors, at competitive interest rates and terms. The compensation approved installers receive is determined in part, based upon the interest rates and terms agreed to

by homeowners. If GoodLeap's competitors offer more attractive interest rates or terms to homeowners, approved installers may be more willing to offer, homeowners may be more willing to accept and Sustainable Home Improvement Loans from GoodLeap's competitors. Due to these competitive pressures, GoodLeap may have to offer homeowners better interest rates and terms to stay competitive. If GoodLeap is unable to offer competitive terms, its origination volume, market share, and competitiveness may decline.

***The credit information of an applicant may be inaccurate or may not accurately reflect the applicant's creditworthiness.*** GoodLeap obtains applicant credit information from consumer reporting agencies and other sources, including Obligor-supplied information, and based in part on the applicant's credit score. However, a credit score may not reflect the applicant's actual creditworthiness because the credit score may be based on outdated, incomplete or inaccurate consumer reporting data. Similarly, the credit data taken from the applicant's credit report may also be based on outdated, incomplete or inaccurate consumer reporting data. GoodLeap did not verify the information obtained from the applicant's credit report. Moreover, GoodLeap does not have nor is it expected to have, access to financial records of applicants or to other detailed financial information about applicants.

***Credit scores are generated by models developed by third party credit reporting organizations which analyzed data on consumers in order to establish patterns which are believed to be indicative of an Obligor's probability of default.*** A credit score represents an opinion of the related credit reporting organization of an Obligor's creditworthiness. The methodology employed by a credit reporting organization to assess an Obligor's creditworthiness may change from time to time, which may result in a decrease in the credit score for an Obligor from that obtained prior to closing date for the related solar loan and described in the Memorandum. The credit score is based on an Obligor's historical credit data, including, among other things, payment history, delinquencies on accounts, levels of outstanding indebtedness, length of credit history, types of credit and bankruptcy experience. Credit scores may be based on outdated, incomplete or inaccurate consumer reporting data, including as a consequence of GoodLeap's utilizing credit reports for a specific period of time after issuance before such reports are deemed to be outdated. Similarly, the credit data taken from the applicant's credit report may also be based on outdated, incomplete or inaccurate consumer reporting data. Credit scores can range from approximately 300 to approximately 850, with higher scores indicating an individual with a more favorable credit profile compared to an individual with a lower score. A credit score purports only to be a measurement of the relative degree of risk an Obligor represents to a lender, i.e., that an Obligor with a higher score is statistically expected to be less likely to default in payment than an Obligor with a lower score. In addition, it should be noted that credit scores were developed to indicate a level of default probability over a two-year period, which does not correspond to the life of the Sustainable Home Improvement Loans. Credit scores do not necessarily correspond to the probability of default over the life of the related Loan, because they reflect past credit history, rather than an assessment of future payment performance. Furthermore, credit scores were not developed specifically for use in connection with the Sustainable Home Improvement Loans, but for consumer loans in general. Therefore, credit scores do not address particular loan characteristics that influence the probability of repayment by the Obligor. Credit scores should not be considered as an accurate predictor of the likelihood of repayment of the related Loans. Additionally, there is a risk that, following the date of the credit report that GoodLeap has obtained and reviewed, an Obligor may have:

- become delinquent in the payment of an outstanding obligation;
- defaulted on a pre-existing debt obligation;
- taken on additional debt; or
- sustained other adverse financial events.

If Obligor's default on Sustainable Home Improvement Loans that are not priced correctly because the information provided by the Obligor or third parties is inaccurate or for any other reason, this may cause the pool of Sustainable Home Improvement Loans to perform worse than expected, and may accordingly adversely affect the performance of the Fund.

***Competing security interests could have an adverse effect on the Fund's investment.*** If the Fund does not have a prior perfected security interest in the Collateral for a Sustainable Home Improvement Loan, another party (such as a creditor of an Obligor) may acquire rights in such Collateral superior to those of the Fund. The lack of a perfected security interest in any Collateral may result in claims against the Obligor's being unsecured and may adversely affect the ability of the Servicer to realize proceeds from a liquidation of such Collateral, which may cause delays in payments and losses on the Fund's investment. In accordance with GoodLeap's credit policies and procedures, GoodLeap may file a UCC financing statement and a fixture disclaimer in the applicable state and county filing offices to perfect the security interest on the Collateral granted by an Obligor to secure its obligations under the related Sustainable Home Improvement Loan, although GoodLeap currently does not file UCC financing statements for certain home improvement loans having an original principal balance of less than \$20,000.

If any Collateral is not characterized as personal property, a county fixture filing may not be effective with respect to that product. If any Collateral is characterized as a fixture to the real property in the state in which it is located, the Fund's security interests in such product may be subordinate to a mortgage lender that has a mortgage on the real property. The county filings may in some states give the Fund priority over any creditors that have perfected interests in such Obligor's real property if the Collateral is classified as a fixture to the extent that the Fund is deemed to have a purchase money security interest therein. Nevertheless, the Fund's security interest therein may be subordinated to the rights of other perfected creditors to the extent that the county filings, if any, are insufficient to provide such priority.

***Homeowner Associations may have super priority liens which may incentivize Obligor's to pay HOA assessments before they make payments on their Sustainable Home Improvement Loan.*** In some jurisdictions, dues and fees payable to the applicable homeowners association ("HOA") or condominium association, if any, enjoy superpriority lien status over the applicable mortgage loan or Sustainable Home Improvement Loan. In at least 20 states and the District of Columbia, HOA or condominium association assessment liens can take priority over first lien mortgages under certain circumstances. The number of these so called "super lien" jurisdictions has increased in the past few decades and may increase further. Recent rulings by the highest courts in Nevada and the District of Columbia have held that the "super lien statute" provides the HOA or condominium association with a true lien priority rather than a payment priority from the proceeds of the sale, creating the ability to extinguish the existing senior mortgage loans. There is

currently no efficient mechanism available to track the status of Obligor's payments of HOA assessments that are governed by super lien statutes. In fact, there is neither a unified database for HOA information, nor a practical, systemic method for the Servicer to determine when HOA assessments have been paid when due. The superpriority lien status of HOA assessments means that Obligor may have an incentive to make payments on their mortgage loan and to pay HOA assessments, if any, prior to making payments on their Sustainable Home Improvement Loan. This may increase the risk of default of the related Sustainable Home Improvement Loans.

***The death of an Obligor may impair the ability to collect a Sustainable Home Improvement Loan in full.*** All of the Obligor under the Sustainable Home Improvement Loans are individuals. If an Obligor dies while his or her loan obligations under the related Solar Loan are outstanding, the Servicer will generally seek to work with the executor of the estate of the Obligor to obtain repayment of the Sustainable Home Improvement Loan. The Obligor's estate, however, may not contain sufficient assets to repay the Sustainable Home Improvement Loan, the executor may prioritize payments to other creditors over those due on the Sustainable Home Improvement Loan and the new owner of the related residence may not qualify for or agree to assume the Sustainable Home Improvement Loan, if assumable. If such an event occurs, in the absence of insurance covering the obligations of the Obligor there may be a loss realized on such Sustainable Home Improvement Loan.

***Defaults on Obligor home mortgages may increase defaults by Obligor on their Sustainable Home Improvement Loans.*** If a decline in real property value or other event leads to a default on the mortgage loan secured by the real property where the Collateral is installed such that the Obligor no longer resides at such location, it can be expected that defaults on the related Sustainable Home Improvement Loan will also increase. If such an event occurs, there may be a loss realized on such Sustainable Home Improvement Loan.

***Current market conditions may impair the ability of Obligor to refinance their mortgage loan or sell their real property, which may contribute to higher delinquencies and default rates on the mortgage loans.*** Obligor seeking to avoid increased monthly payments by refinancing may no longer be able to find available replacement mortgage loans due to more stringent underwriting standards. Despite recent home price appreciation in certain markets, home price depreciation experienced to date, and any further price depreciation, may also leave Obligor with insufficient equity in their real property to permit them to refinance. Obligor intending to sell their real property on or before the expiration of interest-only periods on their mortgages loans or on or before the expiration of the fixed rate periods on their mortgage loans may find that they cannot sell their real property for an amount equal to or greater than the unpaid principal balance of their mortgage loans. The existence of an installed Solar Energy System and/or certain Home Efficiency Improvements may adversely affect the value or marketability of the related real property, especially if market conditions or regulatory changes make Solar Energy Systems and/or certain Home Efficiency Improvements less desirable. All of these factors may increase the risk of default on the related Obligor's Sustainable Home Improvement Loan.

***Violations of federal, state and local laws may adversely affect the ability to collect amounts due on the Sustainable Home Improvement Loans.*** The Sustainable Home Improvement Loans must comply with regulatory regimes applicable to consumer credit transactions. The relative newness of GoodLeap's program means compliance with various aspects

of such laws is untested or has not been tested to a meaningful degree. Certain state laws may, if applicable, regulate interest rates and other charges and require certain disclosures, and may also require licensing for certain activities. In addition, other state laws, public policy and general principles of equity relating to the protection of consumers, unfair and deceptive practices and debt collection practices may apply to the origination, servicing and collection of the Sustainable Home Improvement Loans. The program is also subject to other laws, such as:

- the Federal Truth-in-Lending Act and Regulation Z promulgated thereunder, which require certain disclosures to Obligor regarding the terms of their credit obligations;

- the Federal Equal Credit Opportunity Act and Regulation B promulgated thereunder, which prohibit discrimination in the extension of credit on the basis of age, race, color, sex, religion, marital status, national origin, receipt of public assistance or the exercise of any right under the Consumer Credit Protection Act;

- the Federal Fair Credit Reporting Act, which regulates the use and reporting of information related to each applicant's credit history;

- the Federal Fair Debt Collection Practices Act, which regulates debt collection practices by "debt collectors" and prohibits debt collectors from engaging in certain practices in collecting, and attempting to collect, outstanding consumer obligations; and

- state counterparts to the above consumer protection laws and other state specific regulations.

GoodLeap has in place procedures intended to identify and prevent any inadvertent violations of these laws. When errors are detected, GoodLeap should take reasonable steps to address such errors and, if possible, to cure such errors. However, there can be no guarantee that every instance of inadvertent error has been or will be detected, and if detected, can be or will be cured. As a result, GoodLeap may not always be in compliance with these laws. Obligor may make claims or counterclaims regarding the enforceability of their Sustainable Home Improvement Loan obligations under consumer protection laws, or otherwise seek damages under these laws. In some instances, applicable law may permit an Obligor to make claims or counterclaims against an assignee of the Sustainable Home Improvement Loans, including GoodFinch. Federal or state authorities may have the ability to bring an enforcement action or seek other relief in the event of a violation of applicable law. Compliance with these requirements is also costly, time-consuming and limits operational flexibility. In the last several years, a number of laws have been introduced or enacted at the federal, state and local level that are designed to discourage certain credit practices, including those deemed abusive or predatory. In some cases, state law imposes requirements and restrictions greater than those under federal law. Some such state laws are extremely rigorous and a violation could lead to statutory, punitive, consequential and actual damages, administrative enforcement or forfeiture of all principal and interest. In addition, other state laws, public policy and general principles of equity relating to the protection of consumers, unfair and deceptive practices and debt collection practices may apply to the origination, servicing and collection of the Sustainable Home Improvement Loans.



***An economic downturn may adversely affect the performance of the Sustainable Home Improvement Loans.*** The United States periodically experiences periods of economic slowdown. Such periods may adversely affect the performance of the Fund. High or rising unemployment, rising interest rates and/or a lack of available credit are all likely to lead to increased delinquencies, defaults and losses on the Sustainable Home Improvement Loans. Additionally, increasing unemployment levels, general levels of availability of consumer credit, unstable real estate values, reset of adjustable rate mortgages to higher interest rates, political gridlock on United States federal budget matters or other disruptive political events, a downgrade of the United States sovereign debt credit rating, a sovereign debt crisis in the European Union, general economic malaise in the United States or elsewhere and other factors may impair consumer confidence or disposable income in the United States, which could increase loss frequency. Because the Collateral financed by the Sustainable Home Improvement Loans may be as much of a social consciousness choice as an economic choice, rather than a necessity, like automobiles have become in many communities, the rates of delinquencies, defaults and losses on the Sustainable Home Improvement Loans may be higher than those experienced in the general consumer asset or home mortgage finance industry and could be, on a comparative basis, more adversely affected by a general economic downturn or loss of consumer confidence. The ability of the Obligor to make payments on the Sustainable Home Improvement Loans may be affected by a variety of social and economic factors. Such economic factors include interest rates, unemployment levels, gasoline prices, upward adjustments in monthly mortgage payments, the rate of inflation and consumer perceptions of economic conditions generally. Social factors include changes in consumer confidence levels and attitudes toward incurring debt and changing attitudes regarding the stigma of personal bankruptcy.

***Recently imposed import duties could have an adverse effect on the solar installation industry and adversely affect the performance of the Sustainable Home Improvement Loans.*** On January 22, 2018, the U.S. President announced that solar cell modules would be subject to import duties of up to 30%, to be phased down to 15% over a period of four years, with the first 2.5 gigawatts of imported solar cells exempt for each year. Such action could increase the cost of solar panels for sellers and consumers which could negatively affect demand from homeowners. Ongoing or new trade disputes and tariff actions in the United States or other markets where the components of Solar Energy Systems are produced may have additional impacts on the installed price of Solar Energy Systems in the future. A decrease in demand related to the change in the cost of Solar Energy Systems could have a negative financial impact on solar panel installers with whom GoodLeap partners to originate Sustainable Home Improvement Loans. Such events could have an adverse effect on GoodLeap and/or the value of installer performance guarantees. No assurances can be given as to whether such events will adversely affect the Sustainable Home Improvement Loans or the Fund.

***New technologies may have a material adverse effect on the Obligor's willingness to repay their Sustainable Home Improvement Loans.*** Solar Energy Systems are only one source of electricity available to Obligor, and Solar Energy Systems compete directly with electricity generated and stored by other means, include electricity generated by electric utilities. The emergence of new technologies for the generation and/or storage of electricity, for either homeowners or electric utilities, might make Solar Energy Systems less economically viable as compared to other sources of electricity. Any new technology that reduces electric generation or storage costs for either homeowners or electric utilities may reduce the costs savings Obligor expected to realize by installing the Collateral, to the extent it includes a Solar Energy System.

This may increase the risk that Obligor's default on their Sustainable Home Improvement Loans if they elect to shift their electricity consumption to cheaper sources. Any rapid, widespread adoption of any such new technologies would exacerbate these effects, and could have a material adverse effect on the performance of the Sustainable Home Improvement Loans and the Fund.

***Investment in a single issuer.*** The Fund will invest substantially all of its capital in the Equipment Loan issued by the Obligor. A small portion of the Fund's capital may be invested the equity of the Obligor. This approach carries with it a number of risks and special considerations not associated with a typical "fund" investment. For example, the Fund is not expected to provide any benefits of portfolio diversification. The Fund's performance likely will be determined almost exclusively by the performance of its investment in the Equipment Loan. To a very significant degree, an investment in the Fund will constitute an investment in the Equipment Loan, burdened by the costs and procedures associated with the formation, management, operation, dissolution and liquidation of the Fund. The performance of the Fund will be particularly susceptible to idiosyncratic risks associated with the Obligor, such as the death or incapacity of a key officer, litigation, regulation, failure to capitalize on available business opportunities and other events that may negatively impact the Obligor's performance.

The Fund will maintain only modest cash reserves and, if extraordinary expenses arise, the Fund may be forced to liquidate assets prematurely. At the time of such liquidation, the Fund may be forced to sell its interest in the Equipment Loan at a substantial discount to fair value.

***Young/emerging company status of Ojjo.*** Ojjo is a young/emerging company. Relative to mature companies, young/emerging companies often have not yet developed comprehensive legal, regulatory, financial audit/control and similar compliance capabilities. This has made it more difficult for the General Partner to conduct diligence on Ojjo, and will likely make it more difficult to monitor Ojjo on a going forward basis. It should also be noted that it enhances the risk that Ojjo will experience adverse consequences due to unintended violations of legal, regulatory or similar obligations. It also enhances the risk that Ojjo or the Fund will experience adverse consequences due to intentional wrongdoing by Ojjo's personnel or third parties.

#### *Risks Related to Investments in Notes*

***A secondary market for the Notes may not develop, which means the Fund may have difficulty selling the Notes.*** Any transfer of the Notes will be restricted pursuant to the constituent documents of the Notes. The Notes will not be registered under the Securities Act, and are not expected to be listed on any securities exchange. As a result, if the Fund wishes to sell the Notes, it must locate a purchaser that is qualified and willing to purchase the Notes. If a secondary market for the Notes does not develop, the spread between the bid price and the ask price for the Notes may widen, thereby reducing the net proceeds to the Fund from the sale of the Notes. There have been times in the past where liquidity in secondary markets has been reduced or other disruptions have occurred in secondary markets for asset-backed securities, resulting in fewer buyers of asset-backed securities, and there may be such times in the future. Accordingly, the Fund may not be able to sell the Notes when it wants to do so or the Fund may be unable to obtain the price that it wishes to receive for the Notes and, as a result, the Fund could suffer a loss on its investment.

***The rate of prepayments on the Sustainable Home Improvement Loans could cause the Fund to be paid earlier or later than expected, which may adversely affect the Fund's yield to maturity.*** The Notes may receive distributions more slowly or more quickly than expected for a variety of reasons. All Sustainable Home Improvement Loans, by their terms, may be prepaid at any time. Prepayments may occur for a variety of reasons. The rate of prepayments cannot be predicted and may be influenced by a variety of factors, including changes in economic and social conditions, changes in interest rates and changes in real estate values. GoodLeap's servicing policies are designed to maximize collections by encouraging prepayments. If Sustainable Home Improvement Loans prepay, prepay earlier than anticipated at a rate other than the scheduled payment rate, or Sustainable Home Improvement Loans are repurchased, distributions on the Notes may be repaid at a different rate than the Fund assumed, and the Fund may not be able to reinvest the principal repaid to it at a rate of return that is at least equal to the rate of return on the Notes.

***Defaults on the Sustainable Home Improvement Loans will significantly affect the yield on the Notes.*** The Notes are in a "first loss position," and the issuers of the Notes generally do not possess sources of funds to protect the Fund against losses on the Sustainable Home Improvement Loans. The rate of payments in respect of the Notes and the yield on the Notes will be affected by the rate of defaults resulting in losses on defaulted Sustainable Home Improvement Loans and by the severity and timing of those losses. To the extent there is a default resulting in a loss on a Sustainable Home Improvement Loan (i) such loss will result in a reduction in the amount of collections available for ultimate distribution to the Fund and (ii) such default will have an effect similar to one of the effects of prepayment of such Loan in that such Loan will no longer be generating excess cashflow that may be distributed in respect of the Notes. In the event that defaults resulting in losses on the Sustainable Home Improvement Loans occur at a rate greater than expected, the Fund may not fully recover its investment.

***Limited obligations and lack of sufficient available funds may affect payments on the Notes.*** The Notes are obligations solely of the entities that issued the Notes. Neither the Sustainable Home Improvement Loans nor the Notes are insured or guaranteed by GoodLeap, any other entity involved in the issuance of the Notes or any of their affiliates or by any governmental agency or instrumentality, and there will be no recourse to such parties for payments on the Notes. Moreover, the entities that issued the Notes will have no substantial assets. Except in limited circumstances, no other party will have an obligation to make any of its assets available to pay principal of or interest on the Notes or distributions with respect to the Notes. Noteholders must rely for payment upon revenues realized from the Sustainable Home Improvement Loans.

***Notes are not secured obligations; failure to make distributions on the Notes is not an event of default.*** The Notes are not secured by the Sustainable Home Improvement Loans or any other assets of the entities that issued the Notes. The Notes do not bear interest and do not have regularly scheduled principal payments. As such, the holders of the Notes will be subordinated to all creditors, whether secured or unsecured and known or unknown, of the entities that issued the Notes. In the event the entities that issued the Notes do not have sufficient available funds to make payments on the Notes on any distribution date, the failure to make a distribution on the Notes will not be an event of default and the holders of the Notes will not have any remedies available against any party.

***An event of default may result in investors not fully recovering their investment.*** If an event of default occurs with respect to the Notes, subject to certain conditions, the Sustainable Home Improvement Loans can be sold. There can be no assurance, however, that a purchaser for the Sustainable Home Improvement Loans will be found in a timely manner. Even if the Sustainable Home Improvement Loans are sold, in certain circumstances, the Notes will not be entitled to receive any portion of such proceeds and the Fund may not fully recover its investment.

***Optional Redemption of the Notes may result in investors not fully recovering their investment.*** The optional redemption of the Notes and sale of the Sustainable Home Improvement Loans will result in the early retirement of the remaining Notes, as well as a final distribution, if any, with respect to the Notes. The price at which the Sustainable Home Improvement Loans may be sold is not required to be an amount sufficient to make any distributions to the Notes, and the Notes may not receive any distributions in connection with such sale. No funds will be available thereafter for distribution to the holders of the Notes (except for any funds remaining on deposit in the accounts of the entities that issued the Notes). There can be no assurance that the redemption price will be sufficient to result in distributions to the Notes upon an optional redemption of the Notes. As a result of the exercise of the optional redemption of the Notes, investors in the Notes may not fully recover their investment.

***Holders of the Notes have controlling rights.*** Without the consent of the holders of the Notes, there will be senior noteholders that may:

(1) declare or waive certain defaults by, or cause the removal of, the Servicer with respect to the Sustainable Home Improvement Loans,

(2) consent to the entering into of certain supplemental indentures, and

(3) upon the occurrence and continuation of an event of default, cause the principal of the Notes to be immediately due and payable or to subsequently rescind such acceleration, provide instruction concerning any related proceedings or remedies, and waive certain non-payment defaults.

These events may have an impact on whether, and if so, to what extent, amounts will be available to be paid on the Notes.

***The Notes are not rated.*** The Notes have not been rated by any rating agency. The lack of a rating reduces the potential liquidity of the Notes, which could in turn have a negative effect on the market value of the Notes. In addition, the lack of a rating will reduce the potential for, or increase the cost of, financing the purchase and/or holding of the Notes.

#### *Risks Related to the Funds*

***Changes in Environment.*** A Fund's term is intended to extend over a period of years, during which the business, economic, political, regulatory, and technology environment within which the Fund operates is expected to undergo substantial changes, some of which may be adverse to the Fund. The General Partner will have the exclusive right and authority (within limitations set forth in the Fund's Partnership Agreement) to determine the manner in which the Fund shall

respond to such changes, and Limited Partners generally will have no right to withdraw from the Fund or to demand specific modifications to the Fund's operations in consequence thereof.

***Reliance on Individual Members of the General Partner.*** A Fund will be particularly dependent upon the efforts, experience, contacts and skills of the individual members of the General Partner. The loss of any such individual could have a material, adverse effect on the Fund, and such loss could occur at any time due to death, disability, resignation or other reasons. Moreover, except as specifically provided in the Partnership Agreement, the members of the General Partner will not be required to devote their time and attention exclusively to the Fund. Additional members may be admitted to the General Partner following the Fund's initial closing and the Limited Partners will have no power to prevent any specific person from being admitted to the General Partner as a member thereof. Within the General Partner, the economic, voting and other rights of the individual members of the General Partner will be determined by agreement among such members and will be subject to change, without notice to the Limited Partners, from time to time. The Limited Partners will not be permitted to evaluate investment opportunities or relevant business, economic, financial or other information that will be used by the General Partner in making decisions. Except as specifically provided in the Partnership Agreement, the General Partner will have the exclusive right and power to manage the Fund's business and affairs.

Some or all of the members of the General Partner may lack substantial prior experience managing an investment fund such as the Fund and/or working with other members of the General Partner.

Any prior experience that members of the General Partner may have in making investments of the type expected to be made by the Fund necessarily was obtained under different market conditions and with different technologies at the forefront of development. There can be no assurance that members of the General Partner will be able to duplicate prior levels of success.

Individuals referred to as members of the General Partner may actually conduct their affairs (including, without limitation, their participation in the General Partner) through one or more wealth management, estate planning, tax planning, liability limiting or regulatory compliance entities. The use of such entities may, among other potential consequences, limit the ability of the Limited Partners to obtain direct recourse against such individuals in the case of breach of any duty or obligation.

***Reliance on Third Parties.*** The General Partner and the Fund may require, and rely upon, the services of a variety of third parties, including but not limited to attorneys, accountants, bankers, brokers, custodians, consultants (including "finders" and similar persons engaged to assist with the development and exploitation of portfolio deal flow, as well as "experts" and similar persons engaged to assist with the assessment of technologies, markets and other matters) and various other persons or agents. The General Partner and its affiliated management/advisory entities may also utilize the services of non-executive directors who provide such services on a professional basis and are not primarily part of any single venture capital/private equity firm. Failure by any of these third parties to perform their duties or otherwise satisfy their obligations to the Fund could have a material adverse effect upon the Fund. Except as otherwise provided in the Fund's Partnership Agreement, the fees and costs associated with such third parties will be paid by the Fund.

**Limited Partner Defaults.** Limited Partners may be required to make incremental capital contributions to the Fund pursuant to capital calls issued by the General Partner from time to time. Limited Partners that fail to satisfy capital calls in a timely manner generally will be subject to significant penalties as set forth in the Fund's Partnership Agreement. Nevertheless, Limited Partners may default upon capital calls for a variety of reasons including their own insolvency, bankruptcy or subjective determination that default is more attractive than compliance. Under certain circumstances, some Limited Partners may be prohibited or excused from making capital contributions under the terms of the Fund's Partnership Agreement or applicable law. Some investors may participate in the Fund through their own special purpose vehicles or other structures that have the effect of limiting the Fund's recourse against such investors for amounts not paid or contributed. Any failure by Limited Partners to make timely capital contributions in respect of their capital commitments (or to make any other payments required under the Partnership Agreement or applicable law) may impair the ability of the Fund to pursue its investment program, force the Fund to borrow, or cause other damage. If a particular Limited Partner fails to make a contribution or other payment, other Partners may effectively bear the burden of such Limited Partner's share of Fund-related costs or expenses. Notwithstanding the foregoing, the General Partner generally will be under no obligation to confirm the creditworthiness of any investor before or after admitting such investor to the Fund as a Limited Partner, nor will the General Partner be under any obligation to exclude from the Fund any investor based on creditworthiness-related considerations.

**Cybersecurity Risks.** The General Partner, the Fund's service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Fund and the Limited Partners, despite the efforts of the General Partner and service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Fund and the Limited Partners. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of the General Partner, the Fund's service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third party service providers or other users of the General Partner's systems to disclose sensitive information in order to gain access to their data or that of the Fund's investors. A successful penetration or circumvention of the security of the General Partner's systems could result in the loss or theft of a Limited Partner's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Fund, the General Partner or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

## **DISCIPLINARY INFORMATION**

Neither i) GoodFinch nor ii) any person with the power to exercise, directly or indirectly, a controlling influence over GoodFinch's management or policies, or to determine the general investment advice given to the Funds have been subject to any material legal or disciplinary events required to be discussed in this Brochure.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

The Management Company is affiliated with GoodFinch GP I, LLC, GoodFinch GP II, LLC, and GoodFinch GP III, LLC.

Hayes Barnard, founding principal, manager, and Chairman of the Management Company, is the founder of GoodLeap, LLC, a large California-based finance technology company that provides financing options for the residential sustainable home improvement industry. Fund Portfolio Investments include Sustainable Home Improvement Loans originated by GoodLeap. Furthermore, Sustainable Home Improvement Loans invested in by the Funds are serviced by GoodLeap pursuant to a Master Services Agreement entered by and between each Fund's subsidiary and GoodLeap. Please see "CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING" for a description of risks and conflicts of interest related to GoodFinch's affiliation with GoodLeap.

### **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

GoodFinch has adopted and implemented a Code of Ethics (the "**Code**"), which sets forth standards of conduct that are expected of GoodFinch "supervised persons" and addresses conflicts, including those that arise from personal trading of supervised persons. The Code requires certain supervised persons to report their personal securities transactions, prohibits or requires pre-clearance for such supervised persons from directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering, and prohibits GoodFinch supervised personnel from directly or indirectly acquiring beneficial ownership of securities with limited exceptions, without first obtaining approval from GoodFinch's Chief Compliance Officer. In addition, the Code requires supervised persons to comply with procedures designed to prevent the misuse of, or trading upon, material non-public information. A copy of the Code will be provided to any investor or prospective investor upon request to Mr. Jay Laifman, GoodFinch's Chief Compliance Officer, at [notice@goodfinch.com](mailto:notice@goodfinch.com). Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client's interests in client eligible investments.

GoodFinch and its supervised persons may come into possession, from time to time, of material non-public or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, GoodFinch and its supervised persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of GoodFinch.

Accordingly, should GoodFinch or any of its supervised persons come into possession of material non-public or other confidential information with respect to public and non-public company, such information will be communicated to the Chief Compliance Officer and the applicable public or non-public company would be placed on a "restricted" or no trade list which is provided to all supervised persons. GoodFinch generally would be prohibited from communicating such information to clients, and GoodFinch will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and

procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of GoodFinch personnel serving as directors of public companies and may restrict trading on behalf of clients, including a Fund.

Furthermore, Limited Partners should be aware of the following potential conflicts of interest with respect to each of the Funds:

In particular, the GoodFinch Funds I, II, and III generally will invest in Sustainable Home Improvement Loans originated by GoodLeap, a related party to the Management Company. While the Sustainable Home Improvement Loans will be allocated to the Fund on a blind pool basis, Limited Partners should anticipate that the General Partner and the Management Company have confidential information regarding such Sustainable Home Improvement Loans in the aggregate, that such information would be material to the Limited Partners' evaluation of an investment in the Fund, and that such information will not be disclosed to the Limited Partners in connection with such evaluation. The General Partner and the Fund explicitly disclaim any obligation to include such information in the Memorandum or to otherwise inform prospective investors of any such information.

Additionally, GoodFinch has policies and procedures reasonably designed to allocate investment opportunities in a fair and equitable manner among its clients except to the extent of limitations in each Fund's Partnership Agreement.

Conflicts of interest are not limited to General Partner members who are investment professionals. They may extend to all affiliated personnel, including finance, compliance and other back-office staff of the General Partner and its affiliates.

Provisions contained within the Fund's Partnership Agreement that authorize the General Partner or its members to engage in investment, management or other activities outside, or alongside with, the Fund, or to cause the Fund to make investments (or otherwise approve transactions) in respect of which members of the General Partner have conflicting interests, will override certain common law and statutory fiduciary duties that would apply in the absence of such provisions and (in particular) may place the Limited Partners in a materially less favorable position than if the General Partner and its members engaged in no activities other than managing the Fund or were otherwise subject to unmodified fiduciary duties to the Fund and the Limited Partners. Moreover, as a practical matter, it may be difficult for Limited Partners to subject the behavior of the General Partner and its members to close scrutiny. In particular, the Fund's Partnership Agreement generally does not require that the General Partner and its members provide notice to Limited Partners if they are subject to conflicts of interest, or if they engage in actual transactions that conflict with the interests of the Fund.

Except to the limited extent specifically provided in a Fund's Partnership Agreement, prospective investors should assume that the Fund will not have a "right" to participate in any investment opportunity made available to the General Partner or its members or affiliates, and that any such opportunity may be presented to other persons. Such other persons may include, without limitation, a subset of the Fund's Limited Partners, other investment vehicles managed by members or affiliates of the General Partner, and third parties who are in a position to provide benefits to members or affiliates of the General Partner. The Fund's right to participate in investment



opportunities will be specifically limited and defined in the Fund's Partnership Agreement, and it is expected and intended that members and affiliates of the General Partner will exercise their rights to carry out investment and investment-related activities outside (and potentially in competition with) the Fund. This may include providing other persons with the opportunity to co-invest with the Fund on a deal-by-deal or continuing basis.

Without limitation on the foregoing, except as specifically provided in a Fund's Partnership Agreement, the General Partner (or an affiliate of the General Partner) may, from time to time, create successor funds, special purpose investment vehicles, co-investment funds, "spillover" or "excess opportunity" funds, annex funds, and other types of funds/vehicles, any of which may compete with the Fund for investment opportunities, co-invest or cross-invest with the Fund, or otherwise give rise to conflicts of interest. The General Partner (or an affiliate of the General Partner) may be or become subject to binding obligations to make co-investment or cross-investment opportunities available to such other funds/vehicles or to a subset of the Limited Partners. Except as specifically provided in the Fund's Partnership Agreement, the General Partner will have no obligation to provide notice to Limited Partners of co-investment or cross-investment opportunities or the fact that co-investments or cross-investments have taken place. A Limited Partner that desires to co-invest or cross-invest with the Fund, but has not been granted specific co-investment or cross-investment rights, must assume that no such rights exist.

During the Fund's term, many different types of conflicts of interest may arise and the applicable Memorandum does not purport to identify all such conflicts.

The Limited Partners are expected to have widely differing interests on a variety of tax, regulatory, business, investment profile and other issues. Without limitation, some Limited Partners may invest in the Fund for strategic reasons unrelated to maximizing their direct financial returns through their interests in the Fund. These differing interests may, in turn, give rise to a number of risks that the Limited Partners as a group will not act in a manner consistent with the best interests of the Limited Partners as a group or the best interests of the Fund itself. Furthermore, conflicts of interest among the Limited Partners likely will make it impracticable for the General Partner to manage the affairs of the Fund in a manner that is viewed as optimal by all Limited Partners, and the General Partner will be under no obligation to do so. In general, prospective investors should assume that the General Partner will not take their unique interests into account when managing the Fund's affairs.

In assessing the impact of provisions of the Fund's Partnership Agreement that purport to limit, modify or eliminate certain fiduciary duties of the General Partner or its members, prospective investors are cautioned against assuming that such provisions will apply, under all circumstances, as written. The laws governing partnerships and investment activities are complex and, in certain cases, do not permit investor protections to be overridden by a contract such as the Fund's Partnership Agreement. Thus, under certain circumstances, Limited Partners may have greater rights than would be apparent from a straightforward reading of the Fund's Partnership Agreement. In connection with any such circumstance, prospective investors and Limited Partners are urged to consult with their own legal counsel. The purpose of this paragraph is not to minimize the concerns of prospective investors regarding conflicts of interest, nor is it intended to undermine the cautions and considerations described in the applicable Memorandum. Rather, this paragraph is intended solely to caution prospective investors against assuming the efficacy of limitations on

their rights. It should be noted that the considerations identified in this paragraph are not limited to provisions that purport to limit, modify or eliminate fiduciary duties (and, indeed, under specific circumstances, such considerations may apply to nearly every provision of the Fund's Partnership Agreement).

### **BROKERAGE PRACTICES**

GoodFinch focuses on securities transactions and generally purchases and sells such investments through privately-negotiated transactions in which the services of a broker-dealer are not utilized.

### **REVIEW OF ACCOUNTS**

GoodFinch closely monitors Portfolio Investments in which the Funds invest and will track loan performance regularly to measure actual experience against modeled expectations, with a primary focus on cash payments received and delinquencies. For GoodFinch Funds I, II, and III, on a monthly basis, GoodFinch coordinates with the servicer (GoodLeap) to review the most aged loans and discuss plans of action to resolve the borrowers' delinquency status or any related outstanding issues that may impact loan performance. For GREF Fund I, on a monthly basis GoodFinch reviews a monthly servicing report to track the cash positions and overall financial health of the investments. Furthermore, the Chief Compliance Officer periodically checks to confirm that each Fund is maintained in accordance with its stated objectives.

Each Fund generally will provide to its Limited Partners (i) annual GAAP audited and quarterly unaudited financial statements for the first three quarters of each fiscal year, (ii) annual tax information necessary for each limited partner's tax return and (iii) annual reports providing a descriptive investment information for each portfolio company investment.

### **CLIENT REFERRALS AND OTHER COMPENSATION**

From time to time, GoodFinch may enter into private placement agent arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. Any fees payable to any such placement agents will generally be borne by a Fund and its Limited Partners though in the case of certain Funds will be offset against Management Fees.

### **CUSTODY**

GoodFinch is deemed, under Rule 206(4)-2 of the Advisers Act, to have custody of the funds and securities held by each Fund by virtue of the common control of Management Company, the General Partner, and the Funds. All funds and securities owned by the Funds are held by qualified custodians, with the exception of certain privately offered securities as permitted under the Advisers Act. Furthermore, as noted in "REVIEW OF ACCOUNTS" above, Limited Partners receives written annual financial statements audited by an independent public accounting firm and within 120 days of the Fund's fiscal year end. Limited Partners are urged to carefully review these statements and reconcile them with any interim reporting that investors may receive from GoodFinch.

## **INVESTMENT DISCRETION**

GoodFinch has discretionary authority to manage investments on behalf of each Fund. As a general policy, GoodFinch does not allow clients to place limitations on this authority. Pursuant to the terms of the relevant Partnership Agreement, however, GoodFinch and/or its affiliates may enter into Side Letters with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. GoodFinch assumes this discretionary authority pursuant to the terms of the relevant Partnership Agreement and powers of attorney executed by the Limited Partners of such Fund.

## **VOTING CLIENT SECURITIES**

Given the nature of the Funds' Portfolio Investments, GoodFinch does not typically vote proxies. Nevertheless, GoodFinch has authority to direct the vote of the Funds on certain issues.

If GoodFinch is called upon to vote proxies, it will vote such proxies in accordance with the proxy voting policies and procedures in GoodFinch's compliance manual. Pursuant to SEC rule 206(4)-6, GoodFinch has established policies and procedures to address voting procedures and any conflicts of interests involved in a proxy vote between GoodFinch and the Funds. GoodFinch's proxy voting procedures are designed to ensure that proxies are voted in a manner that is in the best interest of the Funds. GoodFinch will generally vote in favor of matters that follow an agreeable corporate strategic direction, support an ownership structure that enhances shareholder value without diluting management's accountability to shareholders and/or present compensation plans that are commensurate with enhanced manager performance and market practices. GoodFinch addresses conflicts of interest involved in a proxy vote through a three-step process of identifying potential conflicts of interest, determining material conflicts and establishing procedures to address material conflicts. GoodFinch may determine not to vote proxies in respect of securities of an issuer if it determines it would be in the Fund's overall best interest not to vote. Limited Partners may obtain copies of GoodFinch's proxy voting policies by contacting the Chief Compliance Officer.

## **FINANCIAL INFORMATION**

GoodFinch does not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.