OFFERING MEMORANDUM

COMMON CAPITAL, INC.
(A Massachusetts Nonstock Corporation)
120 MAPLE ST, 4TH FLOOR
SPRINGFIELD, MA 01103
413-233-1680

Offering of Up to $2,000,000 of Unsecured Fiscal 2020 Promissory Notes

Minimum Investment
$500.00

Common Capital, Inc. (the “Company” or “Common Capital”), a Massachusetts non-profit, U.S. Treasury certified, Community Development Financial Institution (“CDFI”), is offering up to $2,000,000 of its unsecured non-negotiable fiscal 2020 promissory notes (“Notes”) of the Company at a maximum fixed interest rate that is identified on the Company’s website from time to time, and with a term of either three or five year at the investor’s options, with interest payable semi-annually. The maximum interest rates as of the date of this Memorandum are 2.15% for a three-year term, and 2.65% for a five-year term, but Investors can select a lesser interest rate. The Notes offered hereby are only being offered to residents and businesses of Massachusetts, although the Company reserves the right to offer the Notes in additional states in which it is lawful to offer the Notes. The minimum investment in this Offering is $500.00. There is no minimum amount that must be raised, and therefore, there will be no escrow of proceeds pending achievement of any minimum. See, “Summary of Offering.” See “Description of the Promissory Notes.”

The Company was formed on February 16, 1990 as a Massachusetts nonprofit corporation with the name “The Western Massachusetts Enterprise Fund, Inc.” The name of the Company was changed to Common Capital, Inc. on September 2, 2011. There is no market for the Notes, and the Company does not anticipate that there will be any market for the Notes in the future, which may only be sold, transferred, or assigned in compliance with federal and state securities laws and regulations. See “Description of the Promissory Notes.”

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE VALUE OR MERITS OF THESE SECURITIES OR THE ADEQUACY OR ACCURACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS OFFERING MEMORANDUM CONTAINS ALL OF THE REPRESENTATIONS BY THE COMPANY CONCERNING THIS OFFERING, AND NO PERSON SHALL MAKE DIFFERENT OR BROADER STATEMENTS THAN THOSE CONTAINED HEREIN. INVESTORS ARE CAUTIONED NOT TO RELY UPON ANY INFORMATION NOT EXPRESSLY SET FORTH IN THIS OFFERING MEMORANDUM.


There are no outside agents or underwriters involved and no commission or underwriting expenses will be paid in connection with this Offering. The Offering will terminate on the earlier of the date on which all Notes offered hereby are sold or November 30, 2020, unless sooner terminated or extended by the Company. This Offering Memorandum will be updated from time to time as necessary during the offering period, and the Offering may be suspended from time to time when the Offering Memorandum is being updated.

The date of this Offering Memorandum is December 1, 2019
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMPORTANT NOTICES TO INVESTORS</td>
<td>1</td>
</tr>
<tr>
<td>SUMMARY OF OFFERING</td>
<td>2</td>
</tr>
<tr>
<td>RISK FACTORS</td>
<td>4</td>
</tr>
<tr>
<td>COMMON CAPITAL, INC.</td>
<td>6</td>
</tr>
<tr>
<td>STRATEGIC ALLIANCE WITH WAY FINDERS, INC</td>
<td>16</td>
</tr>
<tr>
<td>LOAN LOSS RESERVES</td>
<td>167</td>
</tr>
<tr>
<td>LIQUIDITY RESERVES</td>
<td>17</td>
</tr>
<tr>
<td>FINANCING AND OPERATIONAL ACTIVITIES OF COMMON CAPITAL</td>
<td>17</td>
</tr>
<tr>
<td>USE OF PROCEEDS</td>
<td>19</td>
</tr>
<tr>
<td>SELECTED SUMMARY FINANCIAL DATA</td>
<td>19</td>
</tr>
<tr>
<td>DESCRIPTION OF THE PROMISSORY NOTES</td>
<td>20</td>
</tr>
<tr>
<td>FORWARD-LOOKING STATEMENTS</td>
<td>21</td>
</tr>
<tr>
<td>PLAN OF DISTRIBUTION</td>
<td>22</td>
</tr>
<tr>
<td>MANAGEMENT</td>
<td>22</td>
</tr>
<tr>
<td>COMPENSATION</td>
<td>27</td>
</tr>
<tr>
<td>TAX CONSIDERATIONS</td>
<td>28</td>
</tr>
<tr>
<td>PENDING LEGAL PROCEEDINGS</td>
<td>29</td>
</tr>
<tr>
<td>FINANCIAL INFORMATION</td>
<td>29</td>
</tr>
<tr>
<td>RIGHT TO REJECT</td>
<td>29</td>
</tr>
<tr>
<td>HOW TO INVEST IN NOTES</td>
<td>30</td>
</tr>
</tbody>
</table>
IMPORTANT NOTICES TO INVESTORS

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THIS OFFERING OTHER THAN THOSE CONTAINED IN THIS MEMORANDUM AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN MADE OR AUTHORIZED BY THE ISSUER.

THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION (“SEC”), BEING EXEMPT SECURITIES UNDER SECTION 3(a)(4) OF THE SECURITIES ACT OF 1933 AND SECTION 3(c)(10) OF THE INVESTMENT COMPANY ACT OF 1940. NOR HAVE THESE SECURITIES BEEN REGISTERED WITH THE SECURITIES DIVISION OF ANY STATE. THE ISSUER IS RELYING ON EXEMPTIONS PROVIDED BY THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS.

PROSPECTIVE INVESTORS SHOULD NOT CONSTRUÉ THE CONTENTS OF THIS MEMORANDUM AS INVESTMENT, TAX OR LEGAL ADVICE. THIS MEMORANDUM, AS WELL AS THE NATURE OF AN INVESTMENT IN THE SECURITIES OFFERED HEREBY, SHOULD BE REVIEWED BY EACH PROSPECTIVE INVESTOR AND SUCH INVESTOR’S INVESTMENT, TAX, LEGAL, ACCOUNTING, AND OTHER ADVISORS.

THIS OFFERING IS SUBJECT TO WITHDRAWAL, CANCELLATION OR MODIFICATION BY THE ISSUER WITHOUT NOTICE. THE ISSUER RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO REJECT ANY NOTE RESERVATION FOR ANY REASON.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING, WITHOUT LIMITATION, THE MERITS AND RISKS INVOLVED.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS AND TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM.

NEITHER THE DELIVERY OF THIS MEMORANDUM NOR ANY SALES OF SECURITIES MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCE CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER SINCE THE DATE HEREOF, OR THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

THIS IS NOT AN OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY THE SECURITIES DESCRIBED HEREIN IN ANY JURISDICTION IN WHICH, OR TO ANY PERSON TO WHOM, IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SALE.

INVESTMENT IN SECURITIES INVOLVES RISKS. SEE “RISK FACTORS” ON PAGES 3-5 OF THIS MEMORANDUM FOR SOME OF THE RISKS REGARDING AN INVESTMENT IN THE NOTES.

THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION DOES NOT PASS UPON THE MERITS OF OR GIVE ITS APPROVAL OR DISAPPROVAL TO ANY SECURITIES OFFERED OR THE TERMS OF THE OFFERING. NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF ANY OFFERING MEMORANDUM OR OFFERED SELLING LITERATURE. THESE SECURITIES ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE COMMISSION; HOWEVER, THE COMMISSION HAS NOT MADE AN INDEPENDENT DETERMINATION THAT THE SECURITIES OFFERED HEREUNDER ARE EXEMPT FROM REGISTRATION.
This Summary does not contain all of the information you should consider before investing in the Notes. You should carefully read this Memorandum in its entirety, especially the “Risk Factors” section, and the Company’s financial statements, and related notes, before investing in the Notes.

The Company. Common Capital, Inc. (the “Company” or “Common Capital”) was incorporated as a nonstock corporation under the laws of the Commonwealth of Massachusetts on February 16, 1990. Its Articles of Organization were amended on September 2, 2011 to change its name from Western Massachusetts Enterprise Fund, Inc. to Common Capital, Inc., and were amended on March 29, 2017 to reflect that the Company may have one or more members, and that the initial member of the Company is HAP, Inc. This amendment was adopted in connection with a Strategic Alliance Agreement with HAP, Inc., a Massachusetts nonstock corporation that subsequently changed its name to Way Finders, Inc. (“Way Finders”). See “Strategic Alliance.” The Company’s principal office is located at 120 Maple St., Fourth Floor, Springfield, Massachusetts 01103. The telephone number of the Company is (413) 233-1680. The fiscal year runs from July 1 through June 30. The Company’s purpose is to strengthen the communities it serves by creating economic opportunities for low- and moderate-income entrepreneurs in Western and Central Massachusetts by providing loans to local businesses and nonprofit organizations which may not otherwise qualify for traditional lending, as well as its offering of business advisory services. See “Common Capital, Inc.”

The Offering of Promissory Notes. The Company is offering unsecured non-negotiable promissory notes (“Notes”), in a minimum principal amount of $500 to investors in the Company (“Investors”). The Company seeks to raise up to $2,000,000.00 through the offer and sale of Notes. The Offering is being made to persons in Massachusetts, although the Company may determine to offer Notes in additional states, in compliance with state laws and regulations governing the offer and sale of securities. The Company reserves the right to accept Notes for less than the principal amount of $500. There is no minimum amount that must be raised in the Offering. The Offering will terminate at the earlier of when all of the Notes offered hereby are sold or November 30, 2020, unless sooner terminated or extended by the Company. The Company will prepare an updated Offering Memorandum from time to time, as necessary during the Offering period, and the Offering may be suspended from time to time when the Offering Memorandum is being updated.

Management. The Company is controlled by its Board of Directors which is responsible for the overall policies and direction of Common Capital and elects its Officers. The Board meets quarterly. The Board appoints an Executive Committee that is responsible for supervising the operation of Common Capital. The Chairperson of the Company, working with the President of the Company, is responsible for its day to day operations and, subject to the limitations described in “Loan Approvals,” for loan decisions. Directors serve for staggered three year terms. See “Management.”

Risk Factors. Any investment in the Company involves risks. Prospective investors should consider all the Risk Factors discussed under “Risk Factors,” and all of the other information set forth in this Memorandum. In addition, investment in the Company will be non-transferable and completely non-liquid. Any potential investor should not consider investing in the Company unless they can afford a total loss of any monies that they may consider investing in the Company. Investors should review the matters discussed under “Risk Factors.”

Use of Proceeds. The Company will use the aggregate principal amount of the Notes, less expenses, to increase its available loan pool. There is no minimum amount to be raised in this Offering. See, “Common Capital, Inc.” and “Use of Proceeds” for a summary of the intended use of proceeds of this Offering.
Terms of the Notes. Each Note has a term of three years or five years from the date the Investor’s Loan Agreement is accepted by the Company, at the option of the Investor, and bears interest at a maximum fixed annual rate as published on the Company’s website from time to time. As of the date hereof, the maximum interest on a Note with a three year term is 2.15%, and interest on a Note with a 5 year term is 2.65%. Interest on the principal amount is due and payable semi-annually. See “Description of the Promissory Notes.”
RISK FACTORS

The Notes are Unsecured Obligations of Common Capital

The Notes will not be secured by any collateral of the Company, and are general obligations of the Company. Investors will be dependent solely upon the financial condition and operations of the Company for repayment of principal and interest. Investors will not have any recourse against Common Capital or its assets beyond Common Capital’s net assets, and in the event of default, Investors will have the status of unsecured creditors. Common Capital has commercial bank and other financing in place, repayment of which is secured by security interests in its assets. Repayment of the Notes is, therefore, subordinate to Common Capital’s secured financing from time to time.

No Market

No market exists for the Notes, and no such market can develop, as transfer of the Notes is not permitted. Consequently, the Notes are illiquid. In general, Investors will be unable to obtain repayment of their Notes before maturity. Even at maturity, there is no assurance that the Company will have the cash available to repay any particular Note.

Limited Financial Return; Subjective Value of Societal Return

The Notes offer a low rate of return when compared to other investments of comparable risk, in order to allow more of each investment to go toward achieving Common Capital’s community development goals. However, Investors will place different values on the societal component of their investment when considering their total return on investment in the Notes. Because the proceeds of this Offering will be pooled in the Company’s general funds before distribution to various borrowers, individual Investors will not have control over where their funds are used. Consequently, there can be no assurance that the funds provided by an individual Investor will be used to advance the particular societal interests which that Investor considers important.

No Tax Deduction Allowed for the Notes

The Internal Revenue Service (“IRS”) does not consider the purchase of a Note to be a donation to a charitable organization. Accordingly, the purchase of the Notes does not allow for a tax deduction. Consequently, the interest paid to Investors by Common Capital on the Notes must be declared as income and will therefore generally be subject to federal income tax. The deductibility of donations will depend on the individual Investor’s tax situation. See “Income Tax Consequences.”

Limited Protection against Default

Common Capital attempts to obtain collateral for loans it makes to the fullest extent possible. However, if a significant portion of borrowers default, the total amount that Common Capital will realize after exercising its rights to the collateral may be less than the total amount of the borrowers’ loans. There are several instances in which this may occur, including when other creditors may have senior rights to the same collateral pledged to Common Capital, or when the collateral may have declined in value due to changes in market conditions, obsolescence, wear and
tear, or misuse. Consequently, if several borrowers default, insufficient collateral could result in a loss to the Company and therefore a potential loss to some or all of the Investors.

High-Risk Operations

The Company seeks to meet financing needs of businesses that in most cases would not meet the underwriting guidelines of conventional commercial lenders due to the newness of the enterprise, the cost of conventional financing, the limited experience of management, the credit history of the business owners, limited debt service coverage ratio, ratio of loan to value, and collateral available to secure the loans the Company makes. Accordingly, significant losses in the loan portfolio would have a material adverse effect on the Company’s financial position.

No Agency Approval; No Regulation.

No federal or state agency has made any finding or determination as to the fairness for investment, or made any recommendation or endorsement of the Notes. The Company’s activities and operations are not supervised or regulated by any federal or state authority or agency. Repayment of the Notes is not secured or guaranteed by any federal or state authority or regulatory agency or any other entity as are certificates of deposits or accounts offered by banks and other regulated financial institutions.

Dependence upon Tax Exempt Status

Both Common Capital and Way Finders, Inc., its affiliate and sole member ("Way Finders") have received an IRS determination that it is a public charity exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). However, either Common Capital or Way Finders could lose its tax exempt status if there are changes in the treatment of charitable organizations under section 501(c)(3) of the Code, or under certain other circumstances. Loss of tax-exempt status by either would make it difficult to obtain grants, loans, and donations that are essential to Common Capital’s ability to provide a full range of services to borrowers. Reduction of borrower services potentially increases the risk of default on the Notes.

Dependence upon Grants

The Company receives grant income annually from commercial banks operating in its region as well as the U.S. Small Business Administration’s Microloan Program, foundations, and other donors. Part of the Corporation’s annual operating budget is dependent upon the receipt of grants from these sources. Any loss of grant funds in a given year may result in a decrease in the Corporation’s Net Assets.

Dependence on Certification as a “CDFI”

The Company receives its designation as a Community Development Financial Institution (CDFI) from the U.S. Treasury’s CDFI Fund. The CDFI Fund offers various programs that are only available to certified CDFIs. These include the CDFI Fund Financial Assistance awards and New Markets Tax Credit allocations. If the Corporation loses its certification as a CDFI, it will no longer be able to benefit from these programs.
Dependence upon Credit Market

The Company’s ability to deploy its capital is dependent upon the competitive nature of the credit markets in its region. The lending standards of commercial banks vary depending upon general economic conditions and this may impact its ability to find qualified borrowers.

Dependence upon Regional Economy/ General Economic Downturn

The health of the Company’s loan portfolio is dependent upon the strength and resiliency of the local and regional economy in Western and Central Massachusetts. Also, a general economic downturn that affects the global or U.S. economy would certainly impact the businesses in its region and may affect their ability to service their debt, including amounts owed to the Company.

Conflicts of Interest

Conflicts of interest may arise in conducting the daily operations of Common Capital. To mitigate these conflicts, Common Capital has adopted a Conflict of Interest Policy requiring, among other things, disclosure of conflicts by Directors, employees, and volunteers of Common Capital, and compliance with certain procedures when conflicts arise. See “Management - Conflicts of Interest.”

As noted in “Strategic Alliance” and “Management,” the Board of Directors of Way Finders has *de facto* control of Common Capital’s Board of Directors.

No Public Market; No Liquidity

The Notes are restricted securities, and have not been registered under federal or state securities laws being exempt securities. They may not be negotiated, assigned or transferred. There is no public market for the securities, and Investors are required to hold the Notes and bear the risk of their investment.

Dependence on Key Personnel and Management

The Company’s continued ability to achieve its nonprofit purposes and fulfill its mission depends on its ability to attract and retain qualified personnel. In addition, control of Common Capital is exercised by its Board of Directors who donate their time and are not compensated for serving as Directors. Therefore, the Company’s purposes are served by the willingness of qualified individuals to serve on the Board of Directors.

**COMMON CAPITAL, INC.**

Common Capital’s mission is to strengthen communities by creating economic opportunities for low- and moderate-income entrepreneurs in Western and Central Massachusetts who, for a variety of reasons, may not otherwise qualify for conventional loans. As a result of the Strategic Alliance with Way Finders (See “Strategic Alliance”), the Company anticipates being able to expand its mission to align with Way Finders’ objective of promoting vibrant and diverse communities through the creation and maintaining of affordable housing projects and neighborhood
revitalization. Accordingly, the Company seeks to invest capital into businesses, nonprofits, and community projects that will positively impact people’s lives. Over the last three fiscal years, the Company has assisted over 300 clients with business advisory services, has loaned approximately $4.08 million to local businesses, and helped to create or retain over 350 jobs. The Company employs 5 people, all of whom are full-time employees.

The Company is organized as a non-profit corporation for exclusively charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). During 2011, the Company was approved by the U.S. Small Business Administration as designated SBA 7(a) Community Advantage Lender.

Capital of the Company. The current capital of the company is derived, in large part, from federal and state sources including the U.S. Treasury’s CDFI Fund, the U.S. Economic Development Administration, the U.S. Small Business Administration and U.S. Department of Agriculture - Rural Business Enterprise Grants. Additional capital has been raised from the State of Massachusetts that was used as matching funds for various federal grant programs. This offering of Notes is intended to increase available capital. The rates and terms of the Notes currently being offered are set forth on the cover page of this Memorandum. The Board of Directors reviews these rates and terms periodically and may issue promissory notes in the future containing different rates and terms.

Each investor (“Investor”) and the Company will enter into a loan agreement in substantially the form of Exhibit A. The Company will issue a Non-Negotiable Promissory Note to the Investor in substantially the form of Exhibit B, and the Investor will remit a check payable to “Common Capital, Inc.”

Loan proceeds not immediately disbursed by the Company, or maintained for liquidity or reserves, are held in cash, certificates of deposit, and/or money market funds, in accordance with the Company’s investment policy.

Company loans to and invests in organizations and businesses. The Company’s principal focus is lending funds to and investing funds in nonprofit organizations and businesses working to build wealth and create economic opportunity for low- and moderate-income entrepreneurs in the counties of Berkshire, Franklin, Hampden, Hampshire, and Worcester, Massachusetts. The Company’s CDFI certification requires that 60% of its lending activities be for the benefit of persons with low to moderate income. The Company’s staff screens loan and investment applications from prospective borrowers/investees, including both nonprofit and for-profit entities. The Board of Directors has authorized specific lending staff of Common Capital, based on experience and expertise, to approve transactions within specific guidelines set by the Board, with a loan committee of the Board of Directors approving or disapproving all other proposed loans and investments.

The Company makes both long and short-terms loans. Interest rates will vary, depending on conditions set by the lenders to the Company, the type of loan, prevailing market conditions, and the risk associated with the loan. Loans will not be made when the Company determines that the applicant will be unable to repay a loan, or otherwise does not meet the Company’s underwriting standards. In addition, the Company has the discretion to determine what collateral, if any, is
appropriate. The Company, at its discretion, imposes terms that protect its investment and provide security for repayment. See “Lending Factors and Procedures.”

From time to time, Common Capital has loaned money to its sole corporate member, Way Finders, and/or one or more of its affiliates, for community development projects. There is no restriction on this practice and such transactions may occur in the future. Loans from Common Capital to Way Finders and its affiliates are eliminated in the Company’s consolidated, audited financial statements. As of June 30, 2019, Common Capital’s loans receivable due from Way Finders and its affiliates totaled $624,254.24.

Funding for Operational Expenses. Historically, the Company’s sources of revenue obtained to fund its operating budget include interest income and fees, grants from local commercial banks, grants from the U.S. Small Business Administration’s Microloan Program, and grants from other state or federal programs. The nature and extent of these revenue sources into the future will impact its ability to fund its operating budget.

Common Capital provides financing and business assistance services to for-profit, cooperative, and nonprofit businesses that are unable to obtain necessary financing from conventional lenders. As a result of the Strategic Alliance, it will seek to expand its loan portfolio to include such projects as affordable housing and neighborhood revitalization. The overall goal of Common Capital’s efforts is to maximize the positive impacts in the communities it serves and create opportunities for low- to moderate-income individuals. Every dollar that Common Capital deploys is intended to be an investment in job creation, providing opportunity for low-income people, essential community services, neighborhood rejuvenation, and/or environmental sustainability. The Company focuses on businesses that are locally owned and that recirculate local dollars.

Common Capital makes loans that have an impact on the community. Loans are intended to have a direct positive impact, which may include any or all of the following:

- **Employment:**
  - Create or sustain employment, including self-employment
  - Provide jobs for low skill workers, provide career development opportunities, increase income potential, and/or improve access to benefits
  - Jobs may be skilled and higher paying but may be part of an industry cluster or specialization which can generate additional economic value locally
  - May increase self-sufficiency and income level for owner(s)
  - Effective use of debt will enhance personal credit score, improving borrower’s access to capital and potentially lowering other personal and business costs (e.g. insurance)

- **Local Economy:**
  - Business provides and/or utilizes local goods and services
  - Business is locally owned
  - Business can be a catalyst for other businesses to move into the area or may be an anchor business within a community
  - Business reinvests into the community and is an active civic participant

- **Community Services:**
  - Business provides a needed good or service directly or provides access to needed goods or services in an underserved area
• Business provides development and/or project management services (e.g. low income housing projects)
• Business product or service is part of a larger network which creates a stronger localized economy (e.g., sustainable agriculture)
• Provide affordable housing to low-income families

• Environment:
  o Business will increase local economic vitality by occupying a vacant storefront or building, or otherwise reducing blight
  o Business provides an environmentally beneficial good or service
  o Business is making improvements which improve its energy efficiency
  o Business will improve an environmentally challenged property such as a brownfield

Services:

Common Capital provides financing in the form of term loans and lines of credit and offers business assistance services to its clients and prospective borrowers in order to help them succeed in their endeavors. The maximum amount of any given loan made by the corporation is $300,000 (higher loan amounts can be approved by the Common Capital Board of Directors). The Company participates in various federal programs, including the U.S. Small Business Administration’s Microloan Program, and is an SBA 7A Community Advantage Program lender. The Company utilizes its staff and various consultants to assist its clients with building the necessary skills to succeed. From time to time, Common Capital also has access to federal New Markets Tax Credits through partners, which are designed to assist economic development projects in low-income census tracks.

Lending Factors and Procedures:

Common Capital strives to finance businesses and community projects that will create a lasting impact in the community. This includes job creation and retention, neighborhood rejuvenation, essential community services, and businesses that will recirculate local dollars. In general, the corporation works with clients that are unable to qualify for traditional financing from commercial banks due to lack of sufficient collateral, insufficient time in business, and/or imperfect credit history.

Borrowers are eligible to apply for a loan from Common Capital if:

• The borrower can demonstrate business or project viability with the proposed funds
• The borrower is unable to obtain sufficient financing elsewhere at reasonable terms. This may be determined through actual denial letters from other lending organizations, from the applicant’s representation that he/she has been denied, or from Common Capital lending staff’s general knowledge of lending practices.
• The business or project creates or sustains a community benefit
• The borrower will provide available collateral to support the loan
• The borrower can demonstrate adequate future cash flow or financing sources to repay business or project debt
• The owner has a substantial commitment to the business or project. This may mean existing business equity, commitment of personal resources, or sweat equity. In some cases where
the borrower does not have personal funds or assets but the financing appears viable, and the loan will fulfill Common Capital’s mission and create financial independence for the owner, financing may be provided without financial equity.

- The business is owned by individuals whose character and skills indicate strong commitment to successfully utilize the funds and/or complete the project in order to fully repay the loan.
- Nonprofit organizations are eligible to apply if the financing supports a defined business activity, has committed funding to support full repayment, or will generate income through the project or program being funded which can support full repayment. Funding will not be provided against potential (i.e., uncommitted or contingent) revenue sources or where committed revenue sources do not extend through the term of the financing.

Common Capital may reject any loan application, in its sole discretion, if the nature of the business or project does not support Common Capital’s mission and values.

Loan proceeds can be used for a variety of purposes that will clearly assist the borrower in sustaining, growing or otherwise increasing the viability of the business, or completing a project that aligns with Common Capital’s mission. The financing purpose will be determined through information provided by the applicant and any other financing sources or involved parties. Typical purposes include the following:

- Working capital
- Accounts receivable and inventory financing
- Agricultural working capital or infrastructure
- New or used equipment purchase or improvements to existing equipment
- Real estate if related to the business activity or related to a specific development project
- Building renovation or expansion to benefit operating business
- Leasehold improvements
- Debt refinancing that improves cash flow and as part of defined plan that increases business viability
- Purchase of an existing business
- Start-up costs of a new business

Common Capital does not make loans:

- To businesses engaged in an illegal activity
- For personal use
- For payment of delinquent taxes
- For liens placed by third parties
- To businesses that are delinquent on government obligations or taxes and are not in a repayment plan

Common Capital borrowers may also be required to comply with certain reporting or performance requirements, which may include the following:

- Evidence that corporate borrowers are in good standing with the Secretary of State and that a business license, if required, has been obtained.
- Financial Reporting:
  - Interim financial statements or other financial reports (such as deposit account statements) as determined during the underwriting process
o Annual business or personal tax returns (with appropriate business schedules) for borrower
o Annual personal financial statement and tax returns for individual guarantors
o Annual business tax return for business guarantors
• Financial covenant compliance as determined during the underwriting process
• Agreement to participate in Common Capital’s marketing and other promotional efforts. The borrower agrees to reference Common Capital whenever possible and appropriate to represent Common Capital’s support of the borrower or project; and Common Capital shall be authorized to use the business name (and logo) in signs, press releases and other printed materials prepared by Common Capital to promote the importance and success of its efforts.

Loan application and review process:

The underwriting process will typically begin with receipt of a completed loan application with supporting financial and business plan information. The application is intended to simplify the process for potential borrowers by helping them clarify the financing request and by providing a checklist of necessary supporting information. Common Capital lending staff will review application information and will request additional information as appropriate in order to fully understand the financing request and the business need. Common Capital lending staff will also review an applicant’s preliminary information in order to provide direction and guidance as to what information might be necessary to support that request in order to assist the applicant in completing the application in a constructive manner. Common Capital lending staff may suggest that the applicant work directly with other organizations that can provide support in completing the more technical portions of the application.

In some cases where an applicant is referred to Common Capital by a business partner or another organization, or in cases where the financing requirement is unclear, the underwriting analysis may begin without an application. In such cases, the lender will work with the applicant and/or the referral source to obtain necessary financial and business plan information in order to fully understand the financing request and the business need. An application will be completed as the financing requirement is clarified.

Because Common Capital views its role as not just a direct lender but also as a broader economic resource, lending staff will take every situation on a case by case basis in order to determine the most effective and timely path to a financing decision. Lending staff may refer an applicant to another financing source or organization if that lender or organization has better financing options or can provide more specialized support to the applicant. Common Capital will make every effort to provide constructive support, both from a consultative perspective as well as direct financing, to support the applicant’s needs as effectively as possible.

A complete Common Capital application package will generally include:
• Completed and signed Common Capital loan application form
• Appropriate Common Capital application fee
• Business plan that outlines the business concept, marketing, management, ownership, and business development plans (may not be required for existing businesses)
• Historical business financial information consisting of income statements and balance sheets for the preceding two years. Information may be company or accountant prepared and may consist of Federal income tax returns with supporting schedules.
• Personal financial information including a current personal financial statement and personal Federal income tax returns for all persons owning 20% or more of the company and any prospective guarantors for the preceding two years. Common Capital will also obtain personal credit reports, as appropriate.
• Financial projections for the next 12 months or applicable project or financing period. In most cases, projections will be provided for three years but may be for a lesser time period based on the financing request and nature of the business.
• Additional financial, project, or collateral information will be requested as appropriate to the transaction. This may include information from other existing or potential funding sources, viability or needs assessment, mission and impact information, qualification under certain programs such as tax credit programs, and the like.

Additional criteria:
• Loans will be made in compliance with the underwriting and documentation requirements specific to a loan’s funding source or sources.
• Common Capital will consider all financing requests where the applicant and Common Capital believe that comparable financing terms are not reasonably available from conventional lending sources; or that insufficient funds to support the business or project are available from other conventional lending sources without the financing support of Common Capital. Common Capital will use its experience and judgment to determine if other financing sources are available, and will make every effort to direct the applicant to the lowest cost, and most appropriate, financing available.
• Business debt refinancing, including debt consolidation and refinance or restructure of Common Capital debt, will be considered in cases where the refinancing improves or sustains the financial condition of the borrower and therefore increases its viability.
• Common Capital may provide real estate financing as long as the real estate is primarily used for the business activity, or for project financing which converts, upgrades or rehabilitates a building or area, and has a defined permanent financing or repayment source. However, Common Capital does not consider real estate lending to be its primary activity and will not typically seek to provide conventional mortgage terms with extended maturity dates (more than ten years) and/or extended amortization schedules that result in balloon payments.

Loan Approval:

Loan Approval limits are based on aggregate committed and outstanding debt to a borrower, inclusive of any new financing requests. Unfunded commitments such as lines of credit or undrawn term facilities will be included in determining aggregate debt.

Loans up to $75,000 may be approved by Common Capital’s President. Loans of $75,001 and up to $125,000 may be approved by the Chair of the Loan Committee (or designee) and the President. Loans of $125,001 and greater will be presented to the Loan Committee for consideration and approval. In all cases, the approving individual or body may make further recommendations to the financing request, including revising loan structure, requesting clarification on certain information or requesting additional information in order to make its decision.
Loan Underwriting Criteria:

Repayment Ability: Common Capital considers the following factors in evaluating repayment ability:

a. Historical financial performance, including assessment of how the historical business operation may be affected through the financing, and how the historical cash flow can support the proposed debt.

b. Projected financial performance, based on the additional cash flow to be created through effective utilization of the requested loan funds.

Greater reliance will generally be placed on the projected financial performance, but Common Capital staff will perform a thorough analysis of sources of cash flow and the probability of the cash flow being generated in accordance with the projection. Common Capital believes that business planning is essential, however, the execution of the business plan may be more difficult as business situations change rapidly. Therefore, Common Capital seeks to work closely with borrowers throughout the life of the loan to assist management in adapting to changing requirements and therefore to maximize cash flow and improve business viability.

Common Capital will typically utilize a benchmark debt service coverage ratio of 1.20x (total annual cash flow divided by total annual debt service) but will customize its analysis to each situation. Common Capital will not provide extended loan terms in order to achieve an adequate debt service coverage ratio, but will assess debt service coverage against a reasonable repayment schedule based on the underlying use of funds.

Equity: Equity may be an indicator of the applicant’s financial capacity and fallback position. It is therefore evaluated carefully in the underwriting process.

Common Capital believes that there are many individuals who can be successful business owners with a well thought out business plan, good business support services, and a properly structured financing package, but who do not have equity to support the project. Common Capital also believes there are many established businesses that may have negative net worth but still have a viable business if provided with properly structured debt and appropriate business support.

Therefore, Common Capital considers equity but weights business viability and impact more heavily in reaching a final underwriting recommendation. Common Capital will make every effort to have its applicants inject as much of their own resources into the project or business as possible but also recognizes that for many businesses, sweat equity and moral commitment is stronger than having a financial stake in the business.

Common Capital also recognizes that many businesses cannot obtain traditional financing due to limited equity contribution or negative net worth, and this may serve to weaken the regional economy as these businesses may be viable but will struggle without sufficient financing resources. Common Capital will review all factors for an application to manage its own risk profile effectively and will attempt to provide financing based more on viability and impact to create a greater overall economic benefit.

Working Capital: Common Capital’s analysis will include an assessment of working capital based on the likely cash collection cycle and cash payment requirements. Common Capital will work
with applicants to develop a meaningful cash flow projection that details the cash flow cycle as closely as possible. Financing repayment will be structured with direct reference to the underlying cash flow to ensure that funds will be sufficient to support debt service. Specific components are the applicant’s revenues, accounts receivable quality and aging; accounts payable aging; vendor relations and terms; inventory levels and requirements, and the like.

**Break-even Analysis and Viability:** Common Capital’s analysis will include a thorough analysis of the financial projections to determine debt service capacity and overall financial performance, including owner compensation. Common Capital does not provide financing to “buy time” to come up with a solution, but instead to provide targeted financing that supports the applicant’s ability to execute the business plan, whether it is for business growth, business re-engineering, or start-up. It is expected that a borrower will have sufficient financial performance to support the pro forma debt service within the first year. Loan repayments may be structured to increase over time in accordance with cash flow projections.

Common Capital will assess many factors in reviewing a business’s viability, including the likelihood of marketing success, management’s experience in the industry, barriers to entry for future competitors, alternative products or services, pricing pressures on materials or services required or supplied, overhead costs such as rent, staffing requirements and availability of qualified staffing resources, local and broader industry trends, and general economic factors. Common Capital recognizes that viability requires sufficient cash flow, and that cash flow is determined by many tangible and intangible factors, not all of which are within management’s control. Therefore, Common Capital attempts to have a thorough discussion of the factors that are most relevant to the applicant’s business and to have a clear understanding of management’s objectives, what the limiting factors are, what fallback positions are possible, and what resources are most crucial to business success.

**Credit Scores:** Common Capital obtains personal credit reports on individual borrowers and guarantors. However, Common Capital does not make lending decisions based on the credit score. Common Capital believes that individual credit scores are affected by many factors, which may not indicate that the individual will not repay the proposed debt. Common Capital also recognizes that an individual with a very low credit score may pay a premium for other services (such as interest rates on other financial obligations, insurance rates, and the like) and therefore may assist a borrower with financing with a view to also improving the individual’s credit score over time and therefore creating a direct economic benefit to the individual.

**Interest rates and Collateral:**

Common Capital determines the interest rates it charges to its borrowers based primarily on the risk of any given transaction. Some of the factors that determine the amount of risk include available collateral, the expertise and experience of the business owner, and industry sector. Interest rates may be fixed or variable and generally fall within a range of 3% to 6% over the prevailing Wall Street Journal Prime Rate. Common Capital believes itself to be a higher risk lender, providing loans to applicants that do not have access to conventional financing sources, and therefore Common Capital generally charges an interest rate that is higher than the market rate as indicated by area commercial banks.
Common Capital considers all available forms of collateral to secure its loans, including business assets, personal assets, personal guarantees, loan co-signers, residential and commercial real estate, and other assets as appropriate. Due to the nature of its lending, Common Capital may not always have sufficient collateral value to fully repay a loan in the event of a default. In cases where the collateral shortfall is significant, Common Capital can apply for loan guarantees from the SBA Community Advantage program. Common Capital may make lending decisions that weigh its mission and the business viability more heavily than collateral, and may approve loans that are either completely unsecured or are functionally unsecured based on the likely limited collateral value in a liquidation scenario.

Loan Management:

Common Capital monitors the loans in its portfolio on a periodic basis to attempt to identify problems before they occur and to help mitigate business viability risks by identifying and providing business assistance. Common Capital’s loan portfolio management includes the following:

A. Borrower Relationship Monitoring
Common Capital lending staff will make every effort to maintain close, ongoing contact with all of its borrowers. Contact may be through direct meetings, including site visits, telephone contact, and email.

Borrowers are expected to notify the lending staff of any material change in management or in business operations. Material events may include the following:
- Change in management or ownership
- Change in insurance carriers or cancellation of insurance
- Additional financing by other parties
- Change in location or occupancy terms
- Financial stress such as shortened vendor terms, delinquent payments, liens, and the like
- Change in business including reducing or eliminating primary products, closing down some or all operations, and the like

B. Financial Reporting
Borrowers will be required to provide periodic reporting as appropriate based on the nature of the financing and project. Requirements may include, but are not limited to:
- Deposit account bank statements
- Company prepared financial statements
- Receivable and payable aging reports
- Annual Federal business income tax returns
- Accountant prepared financial statements
- Disbursement requests (for construction/rehabilitation projects)
- Personal financial statements
- Personal Federal income tax returns

C. Annual Review
Lending staff will complete a written annual review of each borrower. The review will typically be in conjunction with review of annual financial results. The review may include the following:
- Historic financial performance and financial condition, including cash flow
Location

The Company rents office space at 120 Maple St., Springfield, Massachusetts as a subtenant of Way Finders, which is the primary lessee. The Company pays rent to Way Finders on a monthly basis which the Board of Directors has determined to be fair market rent. In 2020, Way Finders and the Company intend to relocate to office space elsewhere in Springfield, Massachusetts that will be owned by Way Finders and the Company will continue to pay fair market rent to Way Finders.

Deposits in excess of insured amounts

In the ordinary course of its business, Common Capital has funds on deposit with various financial institutions which may exceed the amount insured by the Federal Deposit Insurance Corporation ("FDIC").

STRATEGIC ALLIANCE WITH WAY FINDERS, INC.

On April 1, 2017, Common Capital entered into a Strategic Alliance Agreement with Way Finders, Inc., formerly HAP, Inc., ("Way Finders"), a Massachusetts nonprofit corporation with 501(c)(3) tax exempt status. Way Finders’ mission is to “light pathways and open doors to homes and communities where people thrive.” Founded in 1972, it was established, to test a new way of delivering housing assistance to lower-income households utilizing the private rental market. Way Finders pioneered innovative approaches for counseling tenants to improve their housing market skills and promoting regional mobility to broaden housing choices and economic independence. Over the years, its mission evolved to include developing and managing affordable housing, homelessness prevention, temporary shelter, and job development services as well as home ownership education and assistance. Way Finders works with neighborhood leaders to help revitalize target neighborhoods.

The Strategic Alliance between Way Finders and Common Capital permits Way Finders and Common Capital to benefit from shared geographic service regions and to pursue alignment of their respective missions more broadly. As part of that agreement, Common Capital amended its Articles of Organization to have one member. That member is Way Finders. The Strategic Alliance Agreement gives defacto control of Common Capital’s Board of Directors to Way Finders, since Way Finders’ Board of Directors approves the Company’s board member selections as board member terms expire. Way Finders provides some administrative services to
Common Capital, including fiscal and human resource functions, for which Common Capital pays an administrative fee. In addition, as of April 1, 2017, Common Capital’s President became an employee of Way Finders and Common Capital reimburses Way Finders for the President’s salary and related expenses.

While Common Capital and Way Finders are, and remain, two separate legal entities, with each continuing its day-to-day operations and maintaining its business and programs except as specifically provided in the Strategic Alliance Agreement, Financial Statements for the two corporations were consolidated for the first time as of June 30, 2018 and Common Capital is shown as a line of business in consolidated audited financial statements. None of the information contained in this Offering Memorandum reflects consolidated financial information with Way Finders.

**LOAN LOSS RESERVES**

Common Capital’s net loan losses from its Loans Receivable for the years ended June 30, 2017, 2018 and 2019 were $299,926, $0, and $138,092 respectively. The allowance for loan losses is a valuation reserve that management believes will be adequate to absorb possible losses on existing loans that may become uncollectible. It is established through provisions for loan losses charged to expenses. Loans deemed to be uncollectible are charged against the allowance. Subsequent recoveries, if any, are credited to the allowance. The allowance is maintained at a level believed adequate by management to absorb estimated potential losses after considering past performance, the nature of the loan portfolio and current economic conditions. However, the allowance is an estimate that could change if there are significant changes in the portfolio, portfolio performance and/or economic conditions, and no assurance can be given that the established loan loss reserves are adequate.

On June 30, 2019, the allowance for loan losses totaled $280,372 or 5.53% of total loans receivable. On June 30, 2018, the allowance for loan losses totaled $349,210 or 8.14% of total loans receivable outstanding, and as of June 30, 2017, the allowance totaled $375,607 or 7.55% of total loans receivable. Also, as of June 30, 2019, the amount of Loans Receivable considered delinquent by the Company (over 30 days past due) was $204,832, compared to $316,919 on June 30, 2018. As of September 30, 2019, the allowance for loan losses totaled $295,004.

**LIQUIDITY RESERVES**

As of June 30, 2019, the Company had unrestricted cash, cash equivalents and current investments totaling $481,220, or 21.5% of the $2,237,630 in total promissory notes and other loans payable by Common Capital, and as of September 30, 2019, the Company had unrestricted cash, cash equivalents and current investments totaling $251,718, or 10.5% of the $2,400,717 in total promissory notes and other loans payable by Common Capital.

**FINANCING AND OPERATIONAL ACTIVITIES OF COMMON CAPITAL**

The following information briefly describes the obligations of the Company as of June 30, 2019, the date of the Company’s last audited statements. Other information is as of September 30, 2019, according to the Company’s internally prepared quarterly financial statements.
A. Liabilities

The liabilities of the Company as of June 30, 2019 and September 30, 2019, were the Company’s obligations to its commercial and other lenders, promissory notes previously issued and held by existing investors, and other liabilities as follows:

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2019</th>
<th>September 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable and Accrued Liabilities</td>
<td>$110,220</td>
<td>$99,872</td>
</tr>
<tr>
<td>Interest Payable</td>
<td>$2,381</td>
<td>$1,125</td>
</tr>
<tr>
<td>Debt Payable</td>
<td>$2,263,113</td>
<td>2,400,717</td>
</tr>
<tr>
<td>Deferred income</td>
<td>455,000</td>
<td>$5,000</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>$2,822,220</strong></td>
<td><strong>$2,506,714</strong></td>
</tr>
</tbody>
</table>

B. Loans receivable.

As of June 30, 2019, there were 115 loans to 84 borrowers on the books of the Company, and as of September 30, 2019, there were 116 loans to 85 borrowers on the books of the Company. Loans Receivable is the amount owed to the Company by borrowers, net of loan loss reserves, and so the financial statements of the Company reflect the amount that Management expects to collect from the total Loans Receivable. While no assurance can be given that the Company will be able to collect the below amounts, the loans receivable of the Company as of June 30, 2019 and September 30, 2019, in each case after deduction of the provision for loan losses, were as follows:

<table>
<thead>
<tr>
<th>Loans Receivable, net of loan loss reserves, Current Portion</th>
<th>June 30, 2019</th>
<th>September 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$656,043</td>
<td>$647,492</td>
</tr>
<tr>
<td>Loans Receivable, net of loan loss reserves and Current Portion</td>
<td>$4,137,081</td>
<td>$4,192,998</td>
</tr>
<tr>
<td><strong>Total Loans Receivable</strong></td>
<td><strong>$4,793,123</strong></td>
<td><strong>$4,840,490</strong></td>
</tr>
</tbody>
</table>

The Company, in borrowing funds for its corporate purpose of making loans to local businesses, sometimes pledges the loans receivable and related loan loss reserve funds to the particular lender that provided the funds. The following table illustrates the projected maturities of the Company’s Loans Receivable from borrowers on June 30, 2020, June 30, 2021, and thereafter:

<table>
<thead>
<tr>
<th>Pledged as Collateral to:</th>
<th>6/30/2020</th>
<th>6/30/2021</th>
<th>Thereafter</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. SBA</td>
<td>$196,580</td>
<td>$174,436</td>
<td>$307,302</td>
</tr>
<tr>
<td>Bank Debt</td>
<td>$33,785</td>
<td>$43,597</td>
<td>$412,562</td>
</tr>
<tr>
<td>Not Pledged</td>
<td>$420,362</td>
<td>$819,719</td>
<td>$2,665,152</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$650,727</strong></td>
<td><strong>$1,037,752</strong></td>
<td><strong>$3,385,016</strong></td>
</tr>
</tbody>
</table>
USE OF PROCEEDS

As previously described, the Company will use the net proceeds of this Offering principally to provide loans to qualified borrowers for the purpose of creating opportunity for people in the counties of Berkshire, Franklin, Hampden, Hampshire, and Worcester, Massachusetts. See “Common Capital, Inc.”

The Proceeds of the Offering will become part of the general funds of the Company and, will not be earmarked for any specific loan or loans and substantially all of the proceeds, net of the expenses of the Offering, will be used for loans. If sufficient interest is accrued on the proceeds, however, some of that interest (but not principal) may be used to offset expenses of the Company and to further fund loan loss reserves. The expenses of the Offering are estimated to be $10,000, including legal, accounting, administrative, printing, and miscellaneous costs.

SELECTED SUMMARY FINANCIAL DATA

The following table summarizes selected information from the Company’s financial statements for the fiscal years ended June 30, 2017 through June 30, 2019. The table should be read in conjunction with the more detailed information in the Company’s audited financial statements and the related notes and supplementary information included with this Memorandum and available on the Company’s website. See “Financial Information.”

Cash and Cash Equivalents represent the Company’s liquid and available funds, broken down between funds available for operations and funds available for lending. Long-Term Debt and LOC includes all notes, including capitalized leases, payable, by the Company together with outstanding balances under Lines of Credit, and amounts due under equity equivalent instruments. Equity equivalent instruments are long-term, subordinated, interest bearing debt instruments. Loans are considered delinquent by the Company when overdue by 30 days. For purposes of this table, the Loans Receivable are the total loans receivable, prior to deduction for the provision for loan losses. Unrestricted Net Assets as shown below is the Company’s Total Assets less Total Liabilities, minus any temporarily restricted assets. Change in Unrestricted Net Assets reflects the change from the prior year.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents – Operating</td>
<td>$413,387</td>
<td>$602,243</td>
<td>$481,220</td>
</tr>
<tr>
<td>Cash and Cash Equivalents – Lending</td>
<td>$688,102</td>
<td>$1,171,146</td>
<td>$822,038</td>
</tr>
<tr>
<td>Total Loans Receivable*</td>
<td>$4,929,766</td>
<td>$4,288,741</td>
<td>$4,643,920</td>
</tr>
<tr>
<td>Loan Delinquencies as % of Total Loans Receivable **</td>
<td>0.8%</td>
<td>7.4%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$6,147,591</td>
<td>$6,362,011</td>
<td>$6,675,702</td>
</tr>
<tr>
<td>Long-Term Debt and LOC</td>
<td>$1,776,837</td>
<td>$2,060,628</td>
<td>$2,237,630</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$1,917,871</td>
<td>$2,167,314</td>
<td>$2,409,177</td>
</tr>
<tr>
<td>Unrestricted Net Assets</td>
<td>$3,935,357</td>
<td>$3,823,513</td>
<td>$3,866,525</td>
</tr>
<tr>
<td>Change in Unrestricted Net Assets</td>
<td>$(477,236)</td>
<td>$(111,844)</td>
<td>$43,012</td>
</tr>
</tbody>
</table>

*For 2018 and 2019, Total Loans Receivable excludes the balance of loans receivable from Way Finders.

**The calculation for Loan Delinquencies is “Total Loan Balances with Payments Past Due 30 days or..."
more” divided by “Total Loans Receivable. For 2018, this calculation differs from the one presented in the audited financial statements, which was calculated as follows: “Total Payments Past Due 30 days or more” divided by “Total Loans Receivable.” For 2018 and 2019, this calculation excludes from the denominator the balance of loans receivable due from Way Finders.

On June 30, 2017, there were two loans with balances totaling $41,482 that were past due 30 days or more.

On June 30, 2018, there were seven loans with balances totaling $316,919 that were past due 30 days or more.

On June 30, 2019, there were five loans with balances totaling $204,832 that were past due 30 days or more.

Common Capital works proactively with borrowers that have delinquent loan balances to identify steps that can be taken to cure the delinquency. As part of its social mission, Common Capital is typically willing to allow more time than conventional lenders for borrowers to cure their delinquencies. Common Capital’s business assistance services for its borrowers are a component of its delinquent loan management strategy.

DESCRIPTION OF THE PROMISSORY NOTES

Each Investor whose Loan Agreement is accepted will receive a Non-Negotiable Promissory Note as evidence that the named Investor has made a loan of a specific amount to the Company. Interest on the loan shall be due and payable semi-annually on the dates specified on the Note. The Notes do not provide for redemption prior to the maturity date by the named Investors. Any such early redemption will require the mutual written consent of the Company and the Investor. The Loan Agreement allows the Investor to select either a three year term or a five year term. The maximum annual rate of interest payable by the Company for each term will be published on the Company’s website from time to time. As of the date of this Memorandum, the maximum rate for a three year term is 2.15% per annum, and for a five year term is 2.65% per annum. Each Investor can elect a lower rate on the Loan Agreement.

At least 30 days prior to the Maturity Date of each Note, the Company will send a notice to the Investor offering the Investor the choice of: a) redeeming the Note and being paid back the principal balance plus interest due thereon; b) subject to the next sentence below, renewing the Note for another term of three or five years at an interest rate selected by the Investor up to the then-current maximum interest rate being offered by the Company; or c) donating the principal and/or interest to the Company. The opportunity to renew the loan evidenced by the Note will only be offered if Common Capital is still offering promissory notes, which it reserves the right not to do. Unless an Investor notifies the Company on or before the Maturity Date of the Note of his/her election, Common Capital will repay the principal balance of the Notes and interest due thereon as of the Maturity Date.

The notice sent to Investors will be accompanied by the Company’s Offering Memorandum then in effect, if any, containing a description of the terms of the promissory notes that would be issued upon renewal. If an Investor elects to receive payment in full of the principal amount of the
Investor’s Note, the investor shall not be entitled to receive interest on the principal amount of the Promissory Note after the Maturity Date.

The Notes are unsecured obligations of the Company and do not contain any restrictive covenants limiting the Company’s ability to make payments on other indebtedness, incur additional indebtedness (including additional secured indebtedness), make loans to or investments in its affiliates or otherwise limit the Company’s operations or financial condition. There is and will be no market for the Notes. Therefore, Investors in the Notes should realize that these investments will be completely illiquid.

Common Capital’s ability to pay its obligations, including its obligation to pay principal and interest on the Notes, depends on its borrowers repaying loans and advances made to them by Common Capital, and on its borrowers’ earnings and repaying such loans to Common Capital, and on its ability to raise funding, whether through grants, contributions, or loans, from other private, public and institutional sources. The Company owes, as of June 30, 2019, $486,263 to commercial banks, all of which is secured by assets of the Company. The Company owes, as of June 30, 2019, $834,525 to the U.S. Small Business Administration, all of which is secured by assets of the Company. The Company owes, as of June 30, 2019, $125,000 to institutional lenders, all of which is unsecured. The Company owes, as of June 30, 2019, $791,842 to other lenders under Notes issued in previous offerings of the Company’s promissory notes, all of which is unsecured.

See the sample Loan Agreement with Investors attached as Exhibit A and the sample Note attached as Exhibit B. The interest rate on the Notes will be at a fixed annual interest rate selected by the Investor up to the then-current maximum interest rate being offered by the Company at the time the Investor’s Loan Agreement is accepted by the Company, payable semi-annually.

As indicated above, Notes may not be redeemed prior to maturity by the Investor. Notwithstanding that, the Board of Directors of the Company, in its discretion, may elect to redeem any Note (1) at the request of an Investor upon a showing of death, incapacity or extreme emergency of such Investor; or (2) upon its determination for any reason it deems appropriate without any penalty for prepayment, notwithstanding any other provision of the Loan Agreement or Note. It is the Company’s policy to honor such requests. The Company, however, shall have no legal obligation to redeem any such Note, and there is no assurance or legal obligation that the Company will continue such policy and practice. In such instances of early redemption by an Investor, the Board of Directors of the Company, in its discretion, may impose an early withdrawal penalty not exceeding an amount equal to four months interest on the principal amount of the Note.

FORWARD-LOOKING STATEMENTS

This Memorandum contains forward-looking statements that are subject to risks and uncertainties and that address, among other things, the ability of the Company to repay the Notes, the use of proceeds from the sale of Notes, the amount of Notes that will be deemed sold as a result of roll-overs or reinvestments, and the Company’s loan underwriting standards and procedures. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, you can identify forward looking statements by terms, such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “should,” “will,” and

-21-
“would” or the negative of these terms or other comparable terminology. The forward-looking statements are based on the Company’s beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to the Company or are within the Company’s control. Consequently, actual results, performance, achievements or events may vary materially from those expressed in the Company’s forward-looking statements. The Company does not undertake, and specifically disclaims, any obligation to update any forward-looking statements to reflect occurrences or unanticipated events or circumstances after the date of such statement except as required by law. Potential investors should carefully consider the risks, along with the risks and information set forth elsewhere in this Memorandum, before making an investment decision with respect to the Notes.

PLAN OF DISTRIBUTION

The Notes are being offered and sold only through officers and employees of the Company or other representatives of the Company under the “safe harbor” provisions of Rule 3a4-1, promulgated under the Securities Exchange Act of 1934. They will only be offered by persons who meet all of the requirements of both Rule 3a4-1 and applicable provisions of Massachusetts law. No underwriters or brokers are involved in the Offering, and no commissions or other remuneration will be paid to any individual or organization in connection with the offering and sale of the Notes.

MANAGEMENT

Board of Directors

Overall policies and direction of Common Capital rests in its Board of Directors, which reflects a wide diversity of economic and community development experience and represents the various communities served by Common Capital. The Board of Directors consists of at least 3 directors and no more than 15 Directors, elected for three-year terms. New members of the Board are nominated and elected annually for three year terms. There are currently 12 members of the Board of Directors. The Board meets quarterly and Directors serve without compensation.

The Strategic Alliance Agreement provides for Way Finders’ defacto control of Common Capital’s Board of Directors, by way of Way Finders’ approval of new board member selections as current board member terms expire. In addition, 2/3 of the members of Way Finders’ Board of Directors have the right to remove a Common Capital Director or Officer for “Cause,” and, after the initial terms of the Common Capital directors expire, 2/3 of Way Finders’ Board of Directors will have the right to remove a Common Capital Director or Officer with or without Cause. Way Finders’ Chief Executive Officer and another member of Way Finders’ chief executive team serve on Common Capital’s Board of Directors as ex officio voting Board Members.

Officers

The officers of Common Capital are a Chairperson, Vice-Chairperson, Treasurer, Clerk, and Assistant Clerk. The officers are elected by the Board of Directors from among the Board members, subject to Way Finder’s right to object to a person proposed for election as an officer on the basis that the election of such person would not be in the best interests of the Company or Way Finders.
Committees

Common Capital also has the following committees:

1) Executive Committee, which is made up of the Board Chairperson, Vice-Chairperson, Treasurer and Clerk, as well as Way Finders’ Chief Executive Officer. This Committee meets as needed.

2) Finance Committee, which is currently composed of two Board members. Way Finders’ Chief Financial Officer serves as a non-voting member of the Finance Committee. This committee typically meets quarterly and reviews the Company’s financial performance, audit and loan portfolio.

3) Loan Committee, which is currently composed of two Board members and four non-Board members. The members of the Loan Committee have experience and expertise in business lending, community development, business finance, and business ownership and management. This Committee meets as needed to review all proposed loans greater than $125,000.

Directors and Officers

The present Directors and Officers of Common Capital, the year their term expires, and a brief description of their experience follows:

Tim Brennan, Treasurer (Director since 2009, term expiring 1/2022) retired in September 2019 as the Executive Director of the Pioneer Valley Planning Commission (PVPC) where he had been employed since 1973. The PVPC is one of the Commonwealth's 13 designated, public Regional Planning Agencies which is responsible for the second largest planning region in Massachusetts. The PVPC, which was established in 1962, serves a planning district encompassing 43 cities and towns, 1200 square miles of land area and over 620,000 residents. The PVPC’s work agenda in the Pioneer Valley is complex and expansive including land use, environmental quality, transportation, community development, historic preservation, economic development, housing, data collection/research, regional shared services and public policy formulation and advocacy. Mr. Brennan holds a BA from the State University of New York at Buffalo and a Master of Regional Planning degree from the University of Massachusetts. Due to his retirement, Mr. Brennan has notified the Chairperson of the Corporation’s Board of Directors of his intent to step down from the Board effective December 31, 2019.

Jonathan Daen (Director since 2013, term expiring 1/2022) has served as Chief Financial Officer of Australis Holdings, Inc. since 2006, with responsibility for finance, operations, legal, and human resources. Australis is a leader in the commercial aquaculture industry with operations in the US and Vietnam. Before joining Australis, Jonathan spent five years in middle-market private equity, with Longmeadow Capital Partners and Summer Street Capital Partners preceded by 15 years’ experience as CFO in privately held companies, international operations, and commercial lending. Mr. Daen has a BA from Grinnell College and an MBA from Cornell University.

Pascale Desir, Assistant Clerk (Ex officio Director since 2017, term expiring 1/2022) has been the Chief Legal Officer of Way Finders since 2015. Previous to Way Finders, Pascale worked for the State of Maine’s MainCare Policy Division from 2012 to 2015 and the North Shore Community Action Program based in Peabody, Massachusetts from 2011 to 2012. Prior to that, she was a staff
attorney for Neighborhood Legal Services (Lynn, MA) from 2006 to 2011. Ms. Desir received her BA from Boston University and law degree from Suffolk University Law School.

**Linda Dunlavy, Clerk** (Director since 2016, term expiring 1/2021) has been with the Franklin Regional Council of Governments (FRCOG) since 1993, and its Executive Director since 2001. The FRCOG is a regional and municipal services organization and regional planning agency serving the twenty-six towns of Franklin County, MA. FRCOG is recognized for its leadership role in the Commonwealth and as a skilled collaborative partner. Under Ms. Dunlavy’s leadership, FRCOG has grown to 45 staff members in its twelve programs and an estimated $6.5 million budget. Ms. Dunlavy sits on a variety of boards and committees including the Community Foundation of Western Massachusetts, Franklin County Chamber of Commerce Board of Directors, the Massachusetts Rural Policy Commission, and the Pioneer Valley Workforce Skill Cabinet.

**Peter Gagliardi, Vice Chairperson** (*Ex officio* Director since 2017, term expiring 1/2021) has served as President and CEO of Way Finders, Inc. (formerly HAPHousing) since 1991. Way Finders' mission is "to light pathways and open doors to homes and communities where people thrive." Way Finders works throughout Western Massachusetts, creating effective collaborations and partnerships to identify housing needs and to implement innovative strategies to address those needs.

Prior to his tenure at Way Finders Mr. Gagliardi served as Director of Private Housing for the Massachusetts Executive Office of Communities and Development and Director of Field Operations for the Massachusetts Housing Partnership where he oversaw the development of more than 190 local housing partnerships. Mr. Gagliardi holds a degree in Government from Harvard University and teacher certification from Fitchburg State College. He did graduate work in Politics at Brandeis University. He completed the Achieving Excellence in Community Development program at the Kennedy School of Government at Harvard University.

**James Hickson, Chairperson** (Director since 2006, term expiring 1/2020) is currently Regional President for Berkshire Bank. He actively manages 2 commercial lending teams in those markets with a combined loan portfolio in excess of $1 Billion. He has over 29 years of experience within the financial services industry and was previously employed by TD Bank and Fleet Capital Corporation (formerly Bank of Boston). Mr. Hickson received his Masters of Business Administration from Boston University and his Bachelor’s degree from Boston College.

**Clare Higgins** (Director since 2012, term expiring 1/2022) is the Executive Director at Community Action of the Pioneer Valley—the area’s largest anti-poverty agency serving more than 30,000 people in Franklin, Hampshire, Western Hampden, and North Quabbin regions. No stranger to human services, Ms. Higgins worked in the field of early education and care as a teacher, the Childcare Program Director for Sojourn, Inc. before becoming a Childcare Center Director and then the Child Care Program Director at Hampshire Community Action Commission from 1990-1999. Ms. Higgins is perhaps most widely recognized for her lengthy political career after having served six terms as Mayor for the City of Northampton from January of 2000 to September of 2011.

**Samalid Hogan** (Director since 4/2015, term expiring 1/2021) is the Regional Director of Western Mass Small Business Development Center and a Consulting Project Manager for the
Holyoke Innovation District on behalf of MassTech Collaborative and Pioneer Valley Planning Commission. She has over 15 years of experience in Economic Development and Project Management and has served in key roles building partnerships between organizations from the private, civic, and public sectors to achieve economic development goals for the Pioneer Valley region.

**Sarah la Cour** (Director since 2016, term expiring 1/2020) is a landscape designer and planner with over 25 years of experience in landscape architecture, regional and urban planning and historic preservation. She is currently the Grants Administrator and Clerk of the Works for Westmass Area Development Corporation in Chicopee, MA. Prior to joining Westmass, Ms. la Cour was the Executive Director of the Amherst Business Improvement District for 6 years. She previously worked as the Director of Conservation and Planning at W.D. Cowls, Inc. Land Company, was a partner at Conservation Works LLC and served as adjunct faculty in the UMass Department of Landscape Architecture and Regional Planning teaching graduate level courses in site planning, watershed planning, green infrastructure and geographic information systems. Ms. la Cour received her Masters of Landscape Architecture from the University of Massachusetts and is a graduate of Mount Holyoke College.

**Jay Leonard** (Director since 8/2015, term expiring 1/2020) has been a board member and mentor at Valley Venture Mentors, which he co-founded, since 2010. From 2005 to 2019, he held various positions at Barings, including Director from 2011 through 2019; head of the Springfield Venture Fund from 2014 to 2019; and Advisor to the Deputy Chief Investment Officer at MassMutual from 2015 to 2019. He holds an MBA from the Isenbergs School of Management at the University of Massachusetts.

**Frank Robinson** (Director since 2014, term expiring 1/2022) has over forty years of public and non-profit experiences, grounding his work in addressing health inequity and improving community health, particularly racial and ethnic health disparities and related justice issues affecting communities of color and low-income people. Since 2015, he has served as Vice President, Public Health, for Baystate Health. Prior to that, for 19 years he simultaneously served as the Executive Director of Partners for a Healthier Community and the Director of Community Health Planning at Baystate Health. Dr. Robinson has served as adjunct faculty at various colleges including University of Massachusetts at Amherst School of Public Health and Health Sciences; Springfield College School of Human Services; Smith College School of Social Work; Western New England College Criminal Justice Program; and Westfield State College Sociology Department. He earned a PhD in Public Health from the University of Massachusetts, Amherst.

**Richard K. Sullivan, Jr.** (Director since 2018, term expiring 1/2021) is the President and Chief Executive Officer of the Western Mass Economic Development Council, a private non-profit corporation that provides resources and information to businesses operating in or entering the region by aiding in expansion, relocation and networking, a position he has held since 2015. Before heading the EDC, Mr. Sullivan was Governor Deval Patrick’s top advisor and worked with all members of his Cabinet to advance the Administration’s agenda. Prior to being named Patrick’s Chief of Staff, Mr. Sullivan served as Secretary of the Executive Office of Energy and Environmental Affairs, overseeing the Commonwealth’s six environmental, natural resource and energy regulatory agencies: the Departments of Environmental Protection, Public Utilities,
Energy Resources, Conservation & Recreation, Agriculture, and Fish & Game. He also served as Chairman of the Massachusetts Water Resources Authority, the Energy Facilities Siting Board, and the Massachusetts Clean Energy Center, and as Commissioner of the Department of Conservation and Recreation. Mr. Sullivan served as the mayor of Westfield from 1994 to 2007 and, in that capacity, chairman of the Westfield School Committee. He is a past president of the Massachusetts Mayors Association, past chairman of the Turnpike Advisory Board, and a past member of the Governor’s Local Advisory Committee. Sullivan holds degrees from Bates College and Western New England School of Law.

Management and Staff

The names, titles, and a brief description of each of the Company’s employees are below:

Raymond Lanza-Weil, President
Mr. Lanza-Weil joined Common Capital in February 2019, succeeding the organization’s founder and only previous president, Chris Sikes. He has spent the last 20 years working in the field of community development finance. Previously, Raymond was the Director of Business Programs at the Vermont Community Loan Fund, where he was responsible for all aspects of the Loan Fund’s business loan and advisory programs. Before that, he served as the Loan Fund Program Manager at Goodwill Industries International; he was a Senior Vice President and Senior Financial Institutions Analyst at CARS, the CDFI Assessment and Ratings System (now Aeris Insight); and he launched and led the Oregon operations of Cascadia Revolving Fund from 1999 to 2006. Raymond is a long-time business lender with tenures at banks, state government programs, and community development loan funds. He has founded a small business, started a nonprofit theatre company, and served on the boards of nonprofit arts organizations and a variety of grant review committees. Raymond currently serves on the Finance Committee for the town of Buckland, MA. He is a graduate of Bates College in Lewiston, Maine.

Sam Ortiz, Senior Vice President, Business Lending
Mr. Ortiz joined Common Capital in November 2011, and possesses over 30 years of banking, accounting and business lending experience. He oversees loan underwriting and portfolio management at Common Capital, underwrites loans, and manages a portfolio of borrowers. He has been involved with business financing and advisory services for the past 28 years. Mr. Ortiz is experienced in the areas of business planning, business financing, taxes, accounting, management consulting, and real estate sales. Mr. Ortiz received his ABS in Finance and Accounting from Springfield Technical Community College.

Kimberly Gaughan, Loan Fund Manager
Ms. Gaughan has been with Common Capital since 2010. She manages the organization’s loan servicing activities, provides information to prospective borrowers, supports Common Capital’s loan officers, and administers the Community First Fund. Before joining Common Capital, Ms. Gaughan worked at the Better Business Bureau for nine years as the office manager as well as helping consumers and businesses resolve their disputes through mediation or conciliation.

Callie Niezgoda, Vice President, Business Lending
Ms. Niezgoda joined Common Capital in May 2012. She analyzes and underwrites loan requests, assists applicants and borrowers with developing financial data and projections, and manages a portfolio of small business borrowers. She holds a Bachelor’s degree in Business Administration
from Fordham University. Ms. Niezgoda is a Holyoke native and worked at American Honda Finance Corporation for seven years prior to joining Common Capital.

**Kelly Tiedemann, Director of Business Assistance**

Ms. Tiedemann joined Common Capital in January 2017. She works directly with Common Capital’s clients providing business assistance to increase the skills and capacity of business owners. Kelly holds a Master’s degree in Community Economic Development from Southern New Hampshire University. Over the past 12 years she has worked with a number of small businesses in the Western MA region providing bookkeeping services, administrative consultation, and QuickBooks instruction.

**Conflicts of Interest.** The Board of Directors has adopted a Conflict of Interest Policy with the intention of preventing the personal interest of employees, Directors, and volunteers from interfering with the performance of their duties or result in personal, financial, professional or political gain at the expense of the Company. The Policy requires of all such persons to complete a conflict of interest disclosure statement at the time of their affiliation with Common Capital and from time to time thereafter, and requires disclosure of any conflict of interest, or appearance of a conflict of interest, by all of such persons. In addition, interested persons may not vote on or participate in discussions concerning any transaction in which there may be a real or perceived conflict of interest, but may be present to provide clarifying information unless their presence is objected to. The Conflict of Interest Policy also provides protection to whistleblowers. As of the date of this Memorandum, the Company does not believe that there are any transactions, contracts or situations with employees or Directors in which there is a conflict of interest with the Company.

**Indemnification.** The bylaws of Common Capital provide for the indemnification of its present and former Directors and Officers to the fullest extent permitted by law, including for expenses incurred by such Director or Officer, provided that the Company’s 501(c)(3) status as a tax-exempt organization is not affected by the Company’s indemnification provisions. The Company is not obligated to provide indemnification as to any matter as to which the person otherwise indemnified is finally adjudicated by a court of competent jurisdiction not to have acted in good faith in the reasonable belief that his/her action was in the best interests of the Company.

**COMPENSATION**

All Common Capital staff members are “at will” employees. The Board of Directors sets the compensation for the President, considering such factors as the person’s experience and contribution to the Company, as well as the compensation of similarly qualified persons performing similar functions at nonprofit organizations. Management believes that the compensation of all of its employees is well within industry standards. Payroll, including payroll taxes and fringe benefits, represented 71.4% of total expenses for the year ended June 30, 2018, and 52.8% of total expenses for the year ended June 30, 2019.

As of April 1, 2017, Common Capital’s President became an employee of Way Finders; Common Capital reimburses Way Finders for the President’s salary and related expenses; these expenses are not included in the percentages in the preceding paragraph. The President and all Common Capital employees are employed subject to the provisions in the Way Finders Employee
Handbook. Way Finders maintains a 403(b) retirement plan for the benefit of its employees and Common Capital’s employees who have completed 12 months of service. Way Finders contributes to the retirement plan. Way Finders also offers medical, dental and disability insurance, a Section 125 Plan and Flexible Spending Accounts to its employees and Common Capital’s employees.

TAX CONSIDERATIONS

This summary of certain material U.S. federal income tax considerations is for general information purposes only, is not relevant to all prospective holders – such as foreign persons – of the Promissory Notes, and is not tax advice. This summary does not purport to deal with all aspects of U.S. federal income taxation that may be relevant to a particular prospective holder in light of the prospective holder’s circumstances. This summary does not address any aspect of state, local, or foreign law, or U.S. federal estate and gift tax law. PROSPECTIVE HOLDERS OF THE PROMISSORY NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE FEDERAL, STATE, LOCAL, AND FOREIGN TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP, AND DISPOSITION OF THE NOTES.

Any interest paid or accrued on Promissory Notes will be income to the holder for federal income tax purposes. The Investor generally will be liable for federal income tax on such interest, unless the investor is eligible for an exemption from federal tax with respect to such interest. Each Investor will receive a Form 1099 in January of each year indicating the interest earned on the Notes. Investors will not be taxed on the repayment of the principal of their loan.

Notes which bear interest at “below-market” rates may fall within the imputed interest provisions of the Code (in particular, Code section 7872), which, in some cases, impose tax liability on investors for the difference between market rates and the interest actually paid. The Internal Revenue Service (“IRS”) has issued temporary and proposed regulations interpreting these provisions. The temporary regulations state that certain loans carrying “below market” rates of interest will be exempted from the imputed interest provisions of the Code. The exemptions include a gift loan to a charitable organization that is described in Code section 170(c) if, at no time during the taxable year, the aggregate outstanding amount of loans by the lender to that organization (or to charitable organizations that are effectively controlled by the same person or persons who control that organization) exceeds $250,000.

The Company has received an IRS determination that it is an exempt organization within the meaning of Code section 501 (c)(3) and a determination that it will be treated as a publicly supported organization under Code section 170(b)(1)(A)(vi). Such organizations are described in Code section 170(c). Therefore, under the above-mentioned regulations, a loan to the Company which carries an interest rate that is below the market rate announced by the IRS will not be subject to the imputed interest provisions of the Code if the foregoing of interest on the loan by the holder is in the nature of a gift and if the amount of the loan, together with all other loans made by the investor to the Company (or to charities controlled by the same person or persons who control the Company), does not exceed $250,000. The holder would be entitled to no charitable deduction on account of any forgone interest that is exempt from the imputed interest provisions of Code section 7872 in the manner described in the preceding sentence.
If a holder loans to the Company (or the Company and to charities controlled by the same person or persons who control the Company) an amount during a taxable year that, in the aggregate, exceeds $250,000 and the loan carries a below-market rate of interest, the investor may be treated as receiving imputed interest income and as making a corresponding charitable contribution, which will be subject to the limitations in the Code for charitable contribution deductions. It is possible, therefore, that some or all of the imputed interest income could be offset by a charitable deduction. The temporary regulations further provide that a below-market interest rate loan may also be exempt from the imputed interest provisions of Code section 7872 if the taxpayer can demonstrate that the interest arrangements of the loan have no significant effect on any federal tax liability of the Company or holder. Whether the interest arrangements of a loan have a significant effect on any federal tax liability of the Company or holder is determined on a loan-by-loan basis and is dependent upon all of the facts and circumstances.

PENDING LEGAL PROCEEDINGS

There are no material legal or administrative proceedings now pending against the Company nor are there any such proceedings known to the Company to be threatened or contemplated by any person or by governmental authorities.

FINANCIAL INFORMATION

Common Capital’s financial statements are audited annually and included in the Consolidating Financial Statements and Auditors’ Reports prepared by the accounting firm for Way Finders. The Audited Statement of Financial Position of the Company as of June 30, 2019, and related statements of activities, cash flows, and functional expense attached to this Offering Memorandum have been prepared by the accounting firm of Daniels Dennis & Company LLP in accordance with auditing standards generally accepted in the United States, and the standard applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. A copy of such Audited Statement, including the Notes thereon is also located on the Company’s website (www.common-capital.org).

In addition, the Audited Statement of Financial Position of the Company and related statements of activities, cash flows, and functional expense, including prior year comparative information, and Report thereon as of each of June 30, 2018, 2017, 2016, and 2015, are located on the Company’s website at www.common-capital.org. If a prospective investor wants a full, printed copy of such financial statements, he/she should call Common Capital at 413-233-1680, and a copy will be mailed to the person requesting the financial statements.

RIGHT TO REJECT

The Company reserves the right to reject any Loan Agreement in its sole discretion for any reason whatsoever and to withdraw this Offering at any time.
HOW TO INVEST IN NOTES

Notes may be purchased by completing and signing the Loan Agreement included with this Memorandum, and sending it, along with a check made payable to “Common Capital, Inc.” for the amount of the Note desired, to the Company at the following address:

   Common Capital, Inc.
   Attention: Kim Gaughan
   120 Maple St., Fourth Floor
   Springfield, Massachusetts 01103

Executed Notes will be prepared and delivered promptly following the acceptance of the Loan Agreement.
Exhibit A

Loan Agreement with Investor

This is a Loan Agreement by and between the “Investor:” (name)______________________________,
(street address)__________________________, (city, state, zip)______________________________.
(phone)__________________________, (email)______________________________________________.

and Common Capital, Inc. (“Common Capital”), having its principal address of 120 Maple Street,
Springfield, Massachusetts 01103.

Common Capital is a Massachusetts nonprofit corporation and a community development financial
institution serving Western Massachusetts. Investor desires to support Common Capital by lending
the amounts set forth below on the terms and conditions contained herein, has received and read the
Offering Memorandum dated December 1, 2019, and therein referenced financial statements
(“Offering Memorandum”), and understands the risks involved in making an investment in Common
Capital.

The Investor and Common Capital agree as follows:

1. The Investor hereby agrees to make a loan (“Loan”) to Common Capital in the amount of $____________________.

The Loan will be evidenced by a Non-Negotiable Promissory Note from Common Capital to the Investor
in the form attached to the Offering Memorandum as Exhibit B (“Note”).

2. Term. The maturity date of the Loan (“Maturity Date”) shall be either the third or the fifth anniversary
of the date on which this Loan Agreement is accepted by Common Capital, at the Investor’s option. The
Investor hereby elects a three- or five-year term, as indicated below:

☐ Three (3) Years  ☐ Five (5) Years

3. Interest Rate. The Note will bear simple interest at a rate selected by the Investor, up to the maximum
amount determined as set forth in the Offering Memorandum. If the Investor decides to select a lower
interest rate than the maximum interest rates as of the date hereof set forth below (“Maximum Interest
Rates”), he/she may do so by checking the box below and indicating the interest rate selected.

☐ If the Investor has chosen a three-year term, the Investor hereby elects an interest rate of _____% per
annum (to a Maximum Interest Rate of 2.15%).

☐ If the Investor has chosen a five-year term, the Investor hereby elects an interest rate of _____% per
annum (to a Maximum Interest Rate of 2.65%).
If the Investor does not check a box, does not enter an interest rate, or enters an interest rate higher than the Maximum Interest Rate, the applicable interest rate will be the Maximum Interest Rate for the term selected.

If not sooner paid, the Loan shall be due and payable on the applicable Maturity Date unless the Loan is renewed pursuant to paragraph 4 below.

4. Common Capital will provide written notice (“Investor Notice”) to the Investor at least 30 days prior to the Maturity Date of the Note offering the Investor the choice of a) redeeming the Note and being paid back the principal balance of the Loan plus interest due thereon; b) subject to the next sentence below, renewing the Loan for one of the then current terms and at one of the then current interest rates being offered by Common Capital, if any; or c) donating the principal and/or interest to Common Capital. The opportunity to renew the Loan will only be offered if Common Capital is still offering promissory notes, which it reserves the right not to do. The Investor Notice when provided by Common Capital will be accompanied by an Investor Election Form indicating the above choices applicable and, if renewal is offered, any proposed changes or additions to this Loan Agreement and Common Capital’s then current Offering Memorandum describing the terms and conditions of the promissory notes it is then offering.

Unless the Investor delivers a completed and signed Investor Election Form to Common Capital in writing on or before the Maturity Date electing to renew the Loan if a renewal option is offered, or donate either the principal balance of the Note, the interest due thereon, or both, the Loan will be repaid in full, with interest due thereon, as of the Maturity Date.

5. If then offered, and if the Investor elects to renew the Loan by timely delivering the Investor Election Form to Common Capital, Common Capital will pay the semi-annual interest due on the Maturity Date, and issue a new promissory note in the same principal amount as the Loan, reflecting the new interest rate and maturity date of the Loan and such note will become the “Note” hereunder. Any such Investor Election Form electing renewal, and the new promissory note issued by Common Capital to reflect the renewed Loan, will become part of and subject to this Agreement, other than with respect to the interest rate, maturity date, and other new or changed terms described in the Investor Election Form and the updated Offering Memorandum, which terms will be deemed incorporated herein as an amendment hereto.

5. Sections 3 and 4 shall be applied cyclically one or more times until either Common Capital ceases to offer promissory notes or the Investor elects not to renew as of an applicable Maturity Date.

6. If the Investor elects not to renew the Loan or doesn’t return the Investor Election Form on or before the Maturity Date, Common Capital will mail a check to the Investor within 10 days after the Maturity Date with interest due up to and including the Maturity Date.

7. The Investor agrees that he/she will, within 20 days after a) receipt of payment in full of the principal balance of the Loan and interest thereon if Investor elected not to renew the Loan or failed to respond; b) receipt of a new promissory note reflecting the renewed Loan if Investor elected to renew the Loan; or c) delivery of the Investor Election Form indicating Investor’s intention to donate the principal, interest, or both, to Common Capital, return the Note to Common Capital. Whether or not the Investor returns the Note, however, upon the occurrence of any of the foregoing three events, Investor will have no further rights under the Note.

8. Notwithstanding any other provision hereof, Common Capital has the right to prepay the Note and all accrued interest thereon as of the date of prepayment in full at any time without penalty or premium.
9. This Loan Agreement and the Note will be governed by the laws of the Commonwealth of Massachusetts.

10. The Note is a security and may not be negotiated, transferred or assigned.

Please enter your Social Security Number or Taxpayer ID Number below:

Social Security No.: ___________________ or Taxpayer ID No.: ________________________

In Witness Whereof, the Investor has executed this Loan Agreement on ________________:

Signature: ________________________________ Date: ________________________________

Print Name: ________________________________ Title: ________________________________

(If Investor is an entity)

Please return this signed and completed form with a check for the amount of the Loan indicated in Paragraph 1 made payable to: “Common Capital, Inc.”, and send to Common Capital, Attn: Kim Gaughan, 120 Maple Street, 4th Floor, Springfield, Massachusetts 01103.

____________________________________________________________________

ACCEPTED: Date Accepted by Common Capital
COMMON CAPITAL, INC. and effective date of this Agreement and Promissory Note:

By: ________________________________
Name: Raymond Lanza-Weil, President
NON-NEGOTIABLE PROMISSORY NOTE

FOR VALUE RECEIVED, Common Capital, Inc. (“Borrower”) promises to pay ________________ (“Investor”) the principal sum of $______________ with interest on the unpaid balance from the date of this promissory note, until paid, at the rate of ____________%. Interest shall be payable semi-annually on ________________ and ________________ each year with the first payment on ________________. Principal and interest shall be payable at the address of the Investor on the books and records of the Borrower or such other place as the Investor may designate in writing to the Borrower. All unpaid principal and interest evidenced by this Note, if not sooner paid, shall be due and payable on the date which is ____ years from the date of this Note, ____________ (“Maturity Date”).

The other terms and conditions of this Note are described in and subject to the Loan Agreement signed by Investor on ________________ and accepted by Borrower on ________________, which is incorporated herein and made a part hereof.

This Note is issued in connection with an offering of promissory notes by Borrower in the aggregate principal amount of up to $2,000,000, as described in the Offering Memorandum of the Borrower dated December 1, 2019 (“Memorandum”). This note is a security and may not be negotiated, assigned, or transferred.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES OR PASSED UPON THE VALUE OR MERITS OF THE SECURITIES OR THE ADEQUACY OR ACCURACY OF THE MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.


COMMON CAPITAL, INC.

By: ________________
Raymond Lanza-Weil
Its: President