Mountain Community Capital Fund Operating Committee
Rules of Procedure

PREAMBLE
The Mountain Community Capital Fund (the "Fund"), as sponsored by The City of Asheville, Buncombe County, Self-Help Ventures Fund ("Self-Help"), Carolina Small Business ("CSB"), and Mountain BizWorks ("MBW" and, together with Self-Help and CSB, "Participating Lenders"), is a fund aimed at providing debt financing to small business enterprises within the city of Asheville and surrounding areas. The Fund is governed by a separate Allocation of Services and Duties Agreement, dated October 18, 2018, and subsequent amendments (the "Agreement"), and these Rules of Procedure are designed to assist in the implementation of the Fund. In the event of any conflict between these Rules and Procedures and the Agreement, the terms of the Agreement shall prevail. Any terms used herein but not otherwise defined shall have the meanings ascribed to them in the Agreement.

ARTICLE I
MEMBERS

Section 1.1 Members
The Fund Operating Committee (the "Committee") shall be comprised of an even number of voting members, consisting of two (2) staff representatives from The City of Asheville, two (2) staff representatives from Buncombe County, and four community stakeholders to be appointed by The City of Asheville and Buncombe County in the role of Fund Sponsors, plus non-voting members of even or odd number, consisting of one (1) representative of each of the Participating Lenders. The institutions and organizations entitled to representation on the Committee are listed in Exhibit A.

Section 1.2 Designation and Replacement of Members
Initial members shall be designated in writing, signed by the institution's or organization's contact person as identified through investment documentation. Members may be replaced at any time by delivering to the Secretary of the Committee a written statement of representational replacement signed by the institution's or organization's contact person.

Section 1.3 Voting Rights
Each member of the Committee, with the exception of Participating Lenders (who will be non-voting members), shall be entitled to cast one vote.

ARTICLE II
MEETING OF MEMBERS

Section 2.1 Regular Meetings
The Committee shall hold regular meetings each year to discuss the business of the Committee. The date, time, and location of the regular meetings shall be set by the Chairperson.

Section 2.2 Special Meetings
Special meetings may be called by the Chairperson or by members holding not less than one-third of the voting rights. The call of a special meeting shall designate the date, time and location of the meeting.

Section 2.3 Place of Meetings
All meetings shall be held at a location within the Asheville, North Carolina city limits.

Section 2.4 Notice of Regular Meetings
Written or printed notice stating the date, time, and location of any meeting shall be delivered,

either personally, by mail or by email, to each member not fewer than ten (10), nor more than sixty (60), days before the date of such meeting, by or at the direction of the Chairperson or the Secretary. In case of a special meeting, the purpose or purposes for which the meeting is called shall be stated in the notice. If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as it appears on the Committees current list of members, with postage thereon prepaid.

Section 2.5 Quorum and Voting
Members holding one-third (1/3) of the votes of the Committee shall constitute a quorum. An affirmative vote of a majority of the votes of the members present at a meeting shall be required to take any action. If a quorum is not present at any meeting, a majority of the votes of the members present at the meeting shall be sufficient to adjourn the meeting.

Section 2.6 Participation by Telephone
Any one or more members may participate in a meeting by means of a conference telephone or similar communications device that allows all persons participating in the meeting to hear each other. Participation by these means shall be deemed presence in person at the meeting.

ARTICLE III
OFFICERS

Section 3.1 Officers of the Committee
The officers of the Committee shall consist of a Chairperson, a Vice Chairperson, and a Secretary. Other officers (whose seniority and titles may be specified by the Committee) may be established by the Committee.

Section 3.2 Election and Term
Officers shall be elected by the Committee. The term of members of each officer shall run for two years from July 1 (or from the date of election for the initial election) through June 30th.

Section 3.3 Removal
Any officer may be removed by a vote of two-thirds of the total eligible votes of the Committee.

Section 3.4 Chairperson
The Chairperson shall be primarily responsible for the implementation of policies of the Committee. The Chairperson shall have authority over the general management of the Committee. The Chairperson may sign and execute instruments on behalf of the Committee except in cases where the signing and the execution thereof shall be expressly delegated by the Committee to some other officer or agent of the Committee. In addition, the Chairperson shall perform all duties incident to the office of the Chairperson and such other duties as from time to time may be assigned by the Committee.

Section 3.5 Vice Chairperson
The Vice Chairperson shall assist the Chairperson in carrying out their responsibilities. The Vice Chairperson shall fulfill the responsibilities of the Chairperson when the Chairperson is unable to attend or carry out their duties. The Vice Chairperson shall serve as the next Chairperson subject to election or vote on Vice Chair for 4 yrs - 2 as Vice and 2 as Chair, after the Chair's term ends.

Section 3.6 Secretary
The Secretary shall keep the minutes of the meetings of the Committee. The Secretary shall see

that all notices are duly given. The Secretary shall have charge of the books, records, and papers of the Committee. The Secretary shall in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to by the Chair or the Committee.

Section 3.7 Compensation
Officers shall serve without compensation.

ARTICLE IV
DUTIES AND GENERAL POWERS OF THE COMMITTEE

Section 4.1 General Powers
The Committee shall govern and monitor the Fund in accordance with these Rules of Procedure and the Allocation of Services and Duties Agreement. Duties and General Powers of the Committee shall include the following:

a. Form and appoint members to the Credit Underwriting Subcommittee, as defined herein;
b. Form and appoint members to the other subcommittees, as determined to be advisable or necessary by the Committee;
c. Review Loans closed, delinquencies, defaults, and Borrower feedback;
d. Monitor Loan volume, delinquencies and defaults;
e. Impose a moratorium on the Program if any of the "Trigger Point" measures exceed pre-set targets;
f. Review and modify Loan underwriting criteria as required;
g. Raise capital to augment the Fund; and
h. Terminate the Fund.
i. Create and disseminate an Annual Report as required

Section 4.2 Trigger Points
In accordance with the Allocation of Services and Duties Agreement, the Committee shall define certain "Trigger Points" with respect to annual loan origination volume, portfolio-wide delinquencies as a percentage of principal outstanding and credit loss defaults as a percentage of principal outstanding.

Section 4.3 Notification of Trigger Points
The Operating Committee shall notify the Fund Sponsor, the Note Holders, other Mountain Community Capital funders, and Participating Lenders, as defined in the Allocation of Services and Duties Agreement, immediately in the event a Trigger Point is met or exceeded, after which a meeting of the Committee will be convened within 30 days.

Section 4.4 Imposition of Moratoriums
In the event that any one or more of the "Trigger Point" parameters are exceeded at any time, the Committee may impose a moratorium on the Program (as defined in the Allocation of Services and Duties Agreement). The Committee shall have the authority to lift the moratorium at any time prior to termination of the Fund. Notwithstanding any of the foregoing, in the event that Fund-wide delinquencies exceed twenty percent (20%) or average annual credit loss defaults exceed five percent (5%) of principal outstanding, the Operating Committee may impose a moratorium on further lending activities under the Program.

Section 4.5 Termination of the Fund Prior to Maturity
In accordance with the Allocation of Services and Duties Agreement, the Fund may be terminated prior to maturity by.

a. The City of Asheville, but only after a duly authorized, valid vote of the City Council, and by providing written notice of termination to the Custodian and the Participating Lenders at least 30 days in advance of termination;
b. Buncombe County, through its manager or the manager's designee, by providing written notice of termination to the Custodian and the Participating Lenders at least 30 days in advance of termination;
c. Any Participating Lender, as to that Participating Lender, by providing written notice of termination to The City of Asheville and Custodian at least 30 days in advance of termination; or
d. The Operating Committee, by a valid vote of no less than two-thirds of the total eligible votes of the Operating Committee and by providing written notice of termination to The City of Asheville, and the Participating Lenders at least 30 days in advance of termination.

ARTICLE V
OPERATING COMMITTEE

Section 5.1 Operating Committee
The Operating Committee shall have and exercise the following duties and general powers:

a. All loans will require the approval of the Operating Committee.
b. Loans greater than $50,000, up to $70,000, will be reviewed by the Operating Committee after loan closing for a period of time up to twelve months. The Operating Committee shall have the right to continue this additional review for an additional six months by majority vote of the membership.
c. If a Participating Lender incurs a loss due to a Borrower Default on a Loan under the Program (a "Participating Lender Loss") after following the terms and conditions of this Agreement, then such Participating Lender may apply to the Operating Committee for reimbursement of such Participating Lender Loss. The Participating Lender shall submit to the Operating Committee all documents and materials reasonably requested by the Operating Committee to demonstrate the amount of the Participating Lender Loss. Upon approval of such documents and materials, the Operating Committee shall notify Custodian and Custodian shall pay to such Participating Lender the amount of the Participating Lender Loss that is an Eligible Loss.

Section 5.3 Term of Office
The term of members of each subcommittee shall run from January 1 (or from the date of election for the initial election)] through December 31. Members shall continue to serve until a successor is appointed.

Section 5.4 Vacancies
Vacancies in the membership of any subcommittee may be filled by appointments made in the same manner as provided in the case of the original appointments.

Section 5.5. Removal
The Committee may remove a member from a subcommittee at any time and for any or no reason by majority vote.

Section 5.6. Automatic Succession
If a member of a subcommittee is replaced on the Committee pursuant to Section 1.2, the representative member of the Committee shall automatically replace the member of the subcommittee.

Section 5.7 Quorum
A majority of the whole subcommittee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the subcommittee.

Section 5.8 Rules
Each subcommittee may adopt rules for its own government not inconsistent with these Rules of Procedure.

ARTICLE VI GENERAL PROVISIONS
Section 6.1 Amendment of Rules of Procedure by parties to the Agreement
These Rules of Procedure may be amended or repealed and new Rules of Procedure may be adopted by a two-thirds vote of the total eligible votes of the Committee; provided, however, that notice of the proposed action to amend these Rules of Procedure shall have been included in the notice of the meeting[, and that such Amendment is approved by the parties to the Agreement prior to consideration by the Committee]

EXHIBIT A
MCCF Operating Committee Members

Voting members:
The City of Asheville, North Carolina members:

_____

_____

Buncombe County Government members:

_____

_____

Community stakeholder members:

_____

_____

Non-voting members:
Self-Help Credit Union member:

_____

Carolina Small Business member:

_____

Mountain BizWorks member:

_____

CERTIFICATE

This is to certify that the foregoing is a true and correct copy of the Rules of Procedure of the Mountain Community Capital Fund and that the Members of the Committee duly adopted such Rules.

Dated: _____

[_____], Secretary