

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“MOU”) is entered into as of May __, 2025 by and between **UNITED CHURCH OF CHRIST CORNERSTONE FUND, INC.**, an Indiana non-profit corporation (“Cornerstone Fund”) and the **UNITARIAN UNIVERSALIST ASSOCIATION**, a _____ (“UUA”; Cornerstone Fund and the UUA are each referred to herein as a “Party” and, collectively, as the “Parties”).

Recitals

- A. Cornerstone Fund is a non-profit financial institution that offers real estate secured loans directly to churches and faith-based, non-profit organizations.
- B. The UUA currently offers real estate secured loans to churches affiliated with the UUA.
- C. The Parties have been in discussions regarding Cornerstone performing certain lending and servicing services on behalf of the UUA.
- D. The Parties desire to enter in this MOU to memorialize the terms of such arrangements.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. New Loans.

a. **Loans to Unitarian Universalist Churches.**

- i. On or before September 1, 2025, the UUA will invest with Cornerstone Fund a minimum of \$1,000,000 and up to \$2,000,000 (the “UUA Investment”) with interest payable at Cornerstone Fund’s prevailing rate for its five-year (60 month) term notes. The UUA will maintain the UUA Investment with Cornerstone Fund for a period of at least five years. Thereafter, the Parties will review annually and mutually agree upon any adjustments to the UUA Investment.
- ii. The Cornerstone Fund’s use of the UUA Investment will be restricted to the purpose of extending real estate secured loans (ideally in the first lien position) to UUA member congregations in good standing. These loans shall be at the same rates and on the same terms as Cornerstone Fund offers to United Church of Christ churches for similar real estate secured loans (“UUA Mortgage Loans”). On occasion, other forms of collateral may be deemed acceptable. Cornerstone Fund will use the same criteria and underwriting process in evaluating loans to Unitarian Universalist churches as it employs for United Church of Christ churches. The UUA shall provide Cornerstone Fund with any necessary information about a member congregation who applies for a loan. For the avoidance of doubt, UUA will not have any right of approval over the UUA Mortgage Loans,

providing that Cornerstone Fund is in the first lien position and the loan otherwise conforms to Cornerstone Fund's standard underwriting criteria [OPTIONAL or holds at least an 80% loan to value ratio]. Per the UUA's By-laws, UUA Mortgage Loans and other applicable loan documents will provide that if the congregation dissolves, that the subject property will revert to the UUA.

- iii. The UUA will assist Cornerstone Fund in its efforts to communicate with and market UUA Mortgage Loans to Unitarian Universalist member congregations, including the preparation of joint marketing materials. As compensation for its assistance, Cornerstone Fund will pay UUA a marketing fee equal to one percent (1%) of the principal amount of any UUA Mortgage Loan, within 30 days of the loan's disbursement.

b. UUA Climate Resilience Program

- i. In addition to the UUA Mortgage Loans, the UUA and Cornerstone Fund will collaborate on the establishment of a new Climate Resilience lending program, which will offer subsidized low interest, real estate secured loans to Unitarian Universalist member congregations for the purpose of supporting ongoing environmental justice efforts ("Climate Justice Loans"). These loans must be principally used for capital improvements to the secured real estate.
 - ii. In addition to its other efforts, the UUA will support the Climate Resilience Loans by making an additional investment with Cornerstone Fund of not less than \$ __ TBD __ (the "Climate Justice Investment") which will earn interest at a reduced rate agreed upon by the Parties.
 - iii. Climate Justice Loans that do not exceed a maximum amount of \$ __ TBD __ (the "Maximum Loan Amount") will bear interest at a rate equal to two and one-half percent (2.5%) over the rate paid to the UUA on the Climate Resilience Investment. Climate Resilience Loans in excess of the Maximum Loan Amount will bear interest at a blended rate with the amount in excess of the Maximum Loan Amount bearing interest at the current interest rate on Cornerstone's five (5)-year adjustable rate mortgage product.
- c. UUA Mortgage Loans and Climate Resilience Loans will be the property of Cornerstone Fund and Cornerstone Fund will have the exclusive right to receive all interest, fees and other revenue generated by such loans. Exact details of the Climate program will be worked out jointly with the UUA and Cornerstone Fund, always maintaining the 2.5% spread between the investment rate and the loan rate (loan rate being higher). The UUA and Cornerstone will sign a separate agreement to finalize the terms of the Climate Resilience Loans program.

- d. For the avoidance of doubt, UUA will not have any right of approval over the UUA Mortgage Loans or the Climate Resilience Loans provided Cornerstone Fund complies with the criteria set forth in the MOU.

2. **Donation of Existing UUA Mortgage Loans.**

- a. The Parties anticipate transferring the UUA's existing portfolio of mortgage loans (the "UUA Portfolio") to Cornerstone Fund at a later date after Cornerstone Fund has had sufficient opportunity to conduct customary due diligence and fully evaluate the UUA Portfolio. If Cornerstone Fund is satisfied with the state of the UUA Portfolio, the Parties will enter into a donation or similar agreement whereby UUA will donate the UUA Portfolio to Cornerstone Fund. UUA shall be responsible for all external costs incurred by Cornerstone Fund in acquiring the UUA Portfolio and setting up the loans in the UUA Portfolio in Cornerstone Fund's loan administration software.
- b. Following donation of the UUA Portfolio, Cornerstone Fund will service the UUA Portfolio in a manner consistent with its servicing practices for mortgage loans originated by Cornerstone Fund. As loans within the UUA Portfolio are paid off, Cornerstone Fund will redeploy such principal in the form of new loans to Unitarian Universalist member congregations on terms and in a manner consistent with Cornerstone Fund's other real estate-secured loans. While servicing the pre-existing UUA loan portfolio, Cornerstone will remit 70% of the interest and principal paid on these loans to UUA; any losses would be allocated in the same ratio.

3. **Miscellaneous.**

- a. **Notices.** All notices, requests and other communications hereunder shall be in writing and shall be emailed to the contacts indicated here, as well as (i) personally delivered, (ii) sent by national overnight delivery service (with evidence of delivery), or (iii) sent by facsimile or other electronic transmission with concurrent delivery by overnight delivery service (with evidence of delivery), addressed to the following addresses, or to such other address of which either Party shall have given notice to the other as herein provided:

United Church of Christ Cornerstone Fund, Inc.
1300 E. 9th Street, Suite 1605
Cleveland, Ohio 44114
Attention: _____

Email:

Unitarian Universalist Association
24 Farnsworth Street
Boston, Massachusetts 02210-1409

Attention: David Valentine, Vice President of Finance & Investments

Email: dvalentine@uua.org

All such notices, requests and other communications shall be deemed to have been received (i) if personally delivered, on the day delivered, or (ii) if sent by national overnight delivery service or by facsimile or other electronic transmission with concurrent delivery by overnight delivery service, one business day after having been deposited with such overnight delivery service.

- b. **Interpretation.** All paragraph headings and other titles and captions herein are for convenience only, do not form a substantive part of this Agreement and shall not restrict or enlarge any substantive provisions hereof or thereof. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular, or plural, as the context and the identity of the person or persons may require. The term “including,” when used in this Agreement, means “including, without limitation,” and shall be construed as a term of illustration, and not a term of limitation.
- c. **Severability.** The provisions of this MOU shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any term or other provision of this MOU, or the application thereof to any person or any circumstance, is invalid, illegal or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid, illegal or unenforceable provision, and (b) the remainder of this MOU and the application of such provision to other persons or circumstances shall not be affected by such invalidity, illegality or unenforceability, nor shall such invalidity, illegality or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.
- d. **Construction.** This MOU shall not be construed more strictly against one party than against the other merely by virtue of the fact that it may have been prepared by counsel for one of the parties, it being acknowledged that the Parties have contributed substantially and materially to the preparation of this MOU.
- e. **Further Assurances.** The parties shall execute such further documents and instruments and take such further actions as may reasonably be necessary to carry out the intent of this MOU. Each party shall cooperate affirmatively with the other party, to the extent reasonably requested by such other party, to enforce rights and obligations herein provided.
- f. **Governing Law.** This MOU shall be governed by and construed in accordance with the laws of the State of Ohio, without regard to the principles of conflicts of laws.
- g. **Waiver of Jury Trial.** THE PARTIES HEREBY WAIVE TRIAL BY JURY IN ANY ACTION BROUGHT ON, UNDER OR BY VIRTUE OF OR RELATING IN ANY WAY TO THIS MOU OR ANY OF THE DOCUMENTS OR CERTIFICATES EXECUTED IN CONNECTION WITH THIS MOU, OR ANY

CLAIMS, DEFENSES, RIGHTS OF SET-OFF OR OTHER ACTIONS
PERTAINING TO THIS AGREEMENT OR ANY OF THE DOCUMENTS OR
CERTIFICATES EXECUTED IN CONNECTION WITH THIS MOU.

- h. **Counterparts.** This MOU may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. This MOU may be executed by any party by electronic means, including facsimile or .pdf signature, and any such signature shall be deemed effective and binding for all purposes hereof, with the same legal effect as if such signature(s) were manually affixed to a paper version of this MOU, and without delivery of an original signature being thereafter required.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement of
Sublease as of the day and year first above written.

**UNITED CHURCH OF CHRIST
CORNERSTONE FUND, INC.,** an Indiana non-
profit corporation

By: _____
Name: _____
Title: _____

**UNITARIAN UNIVERSALIST
ASSOCIATION,** a _____

By: _____
Name: _____
Title: _____