



Now More Than Ever.
Help Build It!

June 20, 2012

Overseas Private Investment Corporation
1100 New York Avenue, NW
Washington, DC 20527
United States of America

Re: MicroBuild I, LLC / OPIC Loan No.999-2012-897-DI

Ladies and Gentlemen:

Reference is made to that certain Loan Agreement dated as of June 22, 2012 (the "Loan Agreement") by and among MicroBuild I, LLC, a limited liability company organized and existing under the laws of Delaware ("MicroBuild"), MicroBuild I, B.V., a *besloten vennootschap met beperkte aansprakelijkheid* organized and existing under the laws of The Netherlands ("MicroBuild BV") and together with MicroBuild, collectively, the "Borrower"), and Overseas Private Investment Corporation ("OPIC"). As of the date hereof, Habitat for Humanity International, Inc. a Georgia nonprofit corporation and 501(c)(3) organization ("HFHI"), directly owns 100%, and will always own at least 51%, of the equity interests of MicroBuild, and MicroBuild in turn directly owns 100% of the equity interests of MicroBuild BV. Capitalized terms used but not otherwise defined herein shall have the meanings given them in the Loan Agreement.

The Borrower will function as a social investment fund which HFHI is launching in order to accelerate the innovation and scaling of housing microfinance. Under the terms and conditions set out in the Loan Agreement, the Borrower will use the proceeds of the OPIC Loan to make loans (each, an "MFI Loan") to qualified microfinance institutions (each, an "MFI"), which will make downstream housing microfinance loans to local borrowers. In support of that objective, HFHI has agreed to maintain a program to provide technical assistance to MFIs positioned to scale housing microfinance in countries targeted by MicroBuild, as more fully described in Annex A attached hereto (the "TA Program"), as necessary to meet the objectives of the Borrower.

It is a condition precedent to the making of the OPIC Loan that HFHI shall have executed and delivered this letter agreement, and HFHI acknowledges that all disbursements of the OPIC Loan to the Borrower will be made by OPIC in reliance on HFHI's compliance with the terms hereof.

In furtherance of the foregoing, HFHI and OPIC hereby agree that until all amounts due in respect of the OPIC Loan have been indefeasibly paid in full:

1. HFHI shall (a) maintain the TA Program in accordance with the terms set forth in Annex A, and (b) provide the services of the TA Program as set forth in Annex A;
2. HFHI shall not, without the prior written consent of OPIC, transfer, assign or delegate all or any part of (a) its ownership interest in MicroBuild or MicroBuild BV, or (b) its obligations under the TA Program or hereunder; and
3. HFHI shall not suspend, terminate or materially alter the services provided by the TA Program without the prior written consent of OPIC.

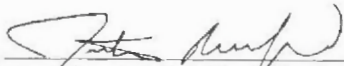
THIS LETTER AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

This letter agreement shall become effective when signed by HFHI and accepted and agreed to by OPIC in the space provided below.

This letter agreement may be executed in any number of counterparts and the signature pages from such counterparts may be attached to a single copy hereof and such assembled copy shall be considered an original.

[Signature Pages Follow]

Habitat for Humanity International, Inc.

By: 
Name: Jonathan T. M. Reckford
Title: Chief Executive Officer
Date: June 20, 2012

**Accepted and agreed by
Overseas Private Investment Corporation**

By: Bruce D. Cameron
Name: Bruce D. Cameron
Title: Director
Date: June 20, 2012

Annex A

Annex A to Letter between HFHI and OPIC dated June 20, 2012 Technical Assistance Program

Overview

Habitat for Humanity International, Inc. ("HFHI") is launching MicroBuild I, LLC ("MicroBuild"), a social investment fund whose purpose is to accelerate the innovation and scaling of housing microfinance for low-income homeowners. MicroBuild's goal is to mobilize US\$100,000,000 of social investment capital with the following objectives: (1) to provide a source of longer term social investment capital for financial service retailers who target the poor to expand these retailers' housing microfinance portfolios; (2) to demonstrate to the microfinance sector (microfinance institutions, their networks, as well as the donor and investor communities) the viability and opportunity to scale of housing microfinance products within the marketplace; and (3) to provide leading technical assistance in the design and refinement of housing microfinance products, and to steward and share best practices with the sector as these products emerge.

Technical assistance is an important component of MicroBuild's success and overall purpose. Moreover, HFHI already provides technical assistance to microfinance institutions as part of its mission. Accordingly, HFHI agrees to establish and maintain a technical assistance program (the "TA Program") to support MicroBuild. The TA Program has two primary objectives:

- I. To develop housing microfinance products and provide services to microfinance institutions with the capacity to take such products to scale; and
- II. To promote financial ecosystems that enable households to more effectively use housing finance for shelter improvements, productive housing strategies, and secure tenure ("Housing Support Services").

The TA Program will be overseen and executed by HFHI's Center for Innovation in Shelter and Finance ("CISF"), which serves as the administrative umbrella for HFHI's initiatives aimed to advisory services and peer learning, and will deliver capacity building through HFHI's network of in-house and partner technical advisors. The following table illustrates HFHI's contributions in contrast to MicroBuild . A description of HFHI's commitments under, management of, and reporting obligations in respect of the TA Program are found after the table. Set out at the end of this Annex are two sections that describe in further detail the two objectives of the TA Program.

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	MicroBuild Fund	TA Program
Relationship to HFHI	A separate company - Delaware LLC, majority (or greater) owned by HFHI	An Internal program of HFHI
Source of Funding	Loans and Social Investments	Philanthropic donations and technical donor grants
Primary Service	Investments in microfinance institutions	Technical assistance and small grants to microfinance institutions and housing service providers
Size	Starting at \$50,000,000, with a target capitalization of \$100,000,000	The lesser of \$10,000,000 and 10% of the total capitalization of the MicroBuild Fund (including both the outstanding OPIC loan and the committed equity of MicroBuild)
Management Responsibility	Triple Jump, BV	HFHI's CISF

HFHI Commitments under TA Program

Over the term of the OPIC Loan, HFHI will allocate a portion of its institutional resources to this TA Program, up to a value the lesser of (a) US\$10,000,000 and (b) 10% of the total capitalization (including both the amount outstanding under the OPIC Loan and the committed equity) of MicroBuild (the "TA Value").

Generally, funding for the TA Program will come from a mix of three primary target sources.

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Source 1: HFHI National Organization Operations Budgets

National Organizations' Budgets include new dedicated local funding as well as the existing program budget. Many of the National Organizations in priority MicroBuild countries have already allocated funding to help catalyze housing microfinance through wholesale lending or Housing Support Services. National Organizations are encouraged to commit funding to the TA Program as a way of repositioning the Habitat for Humanity mission in their country.

Source 2: Restricted Donor Funding (technical donors)

Bi-lateral and technical donors are likely targets for specific grants to build capacity in local indigenous financial institutions and Housing Support Service providers. For example, the Inter-American Development Bank, Citi Foundation, and USAID have already provided country based funding for these activities.

Source 3: Global Discretionary Fund

HFHI is pursuing contributions to provide global discretionary technical assistance funding ("Global Discretionary Funding"). The Global Discretionary Funding will be allocated at the discretion of HFHI, subject to the requirements below (see Section, "*Linking the Technical Assistance Program to the MicroBuild Fund*"), to backstop other sources of funds. The Global Discretionary Funding will have flexibility and be able to efficiently fill funding gaps left by the two above sources.

HFHI will be raising all three of these sources of funds over the life of the MicroBuild Fund, anticipating that the TA Program can be more than 80% deployed by the end of the sixth year; *provided*, that HFHI's obligation to provide the TA Value shall not depend on its ability to raise any minimum amount from any source, including any of the sources identified above. If for some reason HFHI feels continued capacity building is not needed at the levels projected in this document, adjustments to this commitment can be made with the prior written approval of OPIC.

Technical Assistance Program Operations and Management

The TA Program will be branded through HFHI's CISF, with funding and administration overseen by HFHI. The TA Program's effectiveness will be the regional leadership provided by a designated regional lead, who will serve as the point of contact for the Fund Manager for the region, as well as the coordinator of regional and country participation in the planning and technical assistance delivery.

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Referral Process

The regional team is expected to help identify investment prospects for MicroBuild. HFHI will prioritize institutions to whom the CISF has provided services, with demonstrated effectiveness at a small scale and who express an interest in additional capital to scale their housing microfinance products. In the course of their housing microfinance promotional activities, the CISF will recommend institutions in focus countries for investment and readiness assessment through a pre-clearance process and memorandum.

MFI's in this pre-clearance process that are assessed as both investment ready and housing microfinance ready will be evaluated by the Fund Manager during an ensuing due diligence visit. HFHI will initiate the TA Program diagnostic visit with the aim of support for the housing microfinance product.

A portion of the TA Program activity each year will be allocated to institutions that do not yet meet the housing microfinance (and to a lesser extent investment readiness) criteria, but are considered highly likely to achieve these within the next 12-24 months. In these cases, the diagnostic visit will be conducted directly after the pre-clearance process. After the visit, these MFIs will be given TA Program support consideration. Discretionary technical assistance to a financial institution is an important pipeline development strategy for MicroBuild but will not guarantee an eventual loan placement. The TA Program will expend approximately 50% of its resources on this prospecting role based on local regional and global funding sources for each MicroBuild country.

Preparation Stage and Diagnostic

Once an institution is selected for discretionary TA Program intervention, funding will be allocated for a CISF consultancy. The CISF will provide services to facilitate self-assessment of institutional readiness for a housing microfinance product.

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Product Rollout and Refinement

The third component of TA Program support is the most time intensive: preparing potential microfinance institutions for product rollouts and product refinement. This will include market research, product development, Housing Support Service development, operative self-sufficiency analysis of the housing microfinance product, supporting prospect pilots, product performance monitoring and evaluation.

National / Sub-regional Housing Support Service Assessment

This assessment will be conducted with the first applicant in a country and then reused/leveraged for subsequent applicants.

Proposals and areas for qualified funding:

HFHI will allocate resources based on its assessment of a given microfinance institution and an analysis of such institution's needs. Areas of need eligible for Global Discretionary Funding (and highly encouraged in the design of proposals for national or regional technical funding) include:

Service Phase	Estimated percentage of TA funding	Description
Diagnostic	15%	Typically, a preliminary diagnostic assessment can be done based on existing knowledge of an institution by either Fund Manager, HFH (National Organization or Area Office), or through publicly available information or inquiry. A more in depth assessment may be required in some cases and is eligible for Global Discretionary Funding.
Preparation	40%	This is expected to be the highest area of costs associated with technical assistance. Preparation phase would cover institutional assessment, market research, product development, prototype development, business planning, strategic

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Service Phase	Estimated percentage of TA funding	Description
		planning, and staff/loan officer training.
Housing Support Services	30%	Housing Support Services are a part of preparation, but important enough to break out as distinct. Non-financial needs will need to be discovered in the market research phase, and designed to meet client demands in the product development stage. Additionally, solutions around Housing Support Services are likely to happen even after the product is launched.
Monitoring and Evaluation	15%	Monitoring products to determine efficacy and make refinements.

Program Output Reporting:

Over the term of the OPIC Loan, HFHI will submit annual reports to OPIC that include the following.

- I. A list of countries and institutional partners who were involved in the TA Program operated.
- II. An accounting of organizational resources that has allocated to the TA Program and therefore that will count toward the TA Value. This accounting will be presented through separate profit and loss statements, with consolidated annual related expenses.

Linking the Technical Assistance Program to the MicroBuild Fund

MicroBuild and the TA Program operate under separate governance structures. Nevertheless, the commitment and high performance of HFHI's technical assistance impact the investment opportunities and enrich the social performance of MicroBuild's investments.

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Therefore the following intentional linkages have been made between the TA Program and MicroBuild:

- (1) HFHI as sponsor of MicroBuild will always retain a VP or EVP from its Program department on the MicroBuild board of directors to create a permanent institutional linkage between the TA Program activity and MicroBuild governance. This VP or EVP will always have direct authority and accountability over HFHI's TA Program.
- (2) The HFHI Program VP or EVP will provide summary TA Program progress reports during the MicroBuild board meetings. This will include an HFHI report on TA Program progress and an opportunity to seek guidance from the Board.
- (3) The primary staff person assigned as part of HFHI's Administrative Services Agreement to MicroBuild will have authority over the Global Discretionary Funding, with the intent of advancing housing microfinance globally or for the purposes of providing TA Program Activity to support MicroBuild's operations.
- (4) Before funding from any of the three sources qualifies to the TA Value, HFHI will prepare a factsheet outlining the content of the TA Program activities and the amount of funds intended to be spent. The Fund Manager will review this factsheet together with HFHI's Program team.
- (5) A summary status report of all ongoing TA Program activity, period expenditures, and progress towards agreed upon milestones and the TA Value, will be provided to the MicroBuild board of directors together with the factsheets of all new TA Program activity since the last meeting and will be discussed during the MicroBuild board of directors meeting.
- (6) The MicroBuild board of directors will give a recommendation to HFHI to approve counting part or all of the expenditures included in the status report as part of the TA Value.

Further Description of the Objectives of the TA Program

Objective I. To develop housing microfinance products and provide services to microfinance institutions with the capacity to take such products to scale.

The following questions will be considered by HFHI in order to efficiently offer housing products, both at the institutional and retail level, and to evaluate whether the products align with customers' livelihood strategies and home improvement plans:

1. Is HFHI ready to provide this product?

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2. What elements does HFHI need in place to succeed?
3. What are appropriate terms for housing loans?
4. Should the same loan officers administer them? What additional training will the loan officers require?
5. Will MicroBuild need to adapt its risk management processes?
6. Should the product be linked to microenterprise loans, or will it stand alone?
7. How will HFHI and MicroBuild need to modify their marketing strategies and operational platforms for this product?
8. Should the products be provided to existing clients, or offered to new clients?
9. What are the appropriate pricing considerations?
10. How should HFHI and MicroBuild track revenues and costs by product to provide management with information for decision making?
11. What are some of the essential non-financial service needs that clients want and that make a better overall product?
12. What are clients willing to pay?

To help institutions answer these questions and develop demand-driven products, the support provided by the TA Program will include services including but not limited to the following:

1. Institutional readiness workshops;
2. Institutional readiness diagnostics, including operational platform review;
3. Market research assistance and customer satisfaction analysis;
4. Product development and refinement (including loan officer training);
5. Business planning;

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6. Operative and financial self-sufficiency analysis of the housing microfinance product;
7. Supporting prospective pilots through pilot reviews, trainings, general advisory support; or
8. Product performance monitoring and evaluation.

Objective II. To promote financial ecosystems that enable households to more effectively use housing finance for shelter improvements, productive housing strategies, and secure tenure.

HFHI defines Housing Support Services as a demand driven service or product, designed to enable a household a) to reach an adequate housing quality standard in secure tenure, basic services, and shelter durability and space; or b) to make shelter related improvements in health, safety and livelihood.

HFHI uses housing value chain analysis to identify gaps in the informal incremental housing process. In response, HFHI has developed a growing complement of demand-driven Housing Support Services. Two components of these Housing Support Services include:

1. Construction Housing Support Services – Construction technical assistance (CTA) characterized by direct consultation to a household, but not including direct construction, oversight, or construction management.
2. Non-construction Housing Support Services – including:
 - a. Legal: tenure, permits and entitlements
 - b. Design: lifecycle affordability, incremental, sustainable building, disaster resiliency;
 - c. Training: financial capability, skilled and non-skilled construction, tool rental, material production, certification; and
 - d. Access: information resources/networks, supplier linkages, qualified contractors and product suppliers, government and private subsidy programs and services

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To what extent Housing Support Services are needed, their importance to families, and who and how they should be paid are emerging issues within the housing and development sectors. The TA Program seeks to identify best practices around these issues as housing microfinance scales within the sector.