



## Starfish Commentary

The Composite Risk Rating takes into account the Borrower risk rating along with the duration of the loan and strength of collateral.

Starfish - This loan rating denotes a nonstandard credit quality that is not quantifiable by traditional credit models. The significance of this rating is that each loan is unique and requires careful review of underlying investment risk by the investor.

A Starfish rating generally means the borrower does not possess the requirements for the Gold, Silver or Bronze ratings, but has mitigating factors worthy of consideration. These factors may include the loan's significant impact to the nonprofit or social cause, the financial strength being dependent on program outcome (PRI), and/or the uncertainty of timing and size of expected cash inflow.

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[CHERP Inc.](#) ("CHERP") has been approved for a \$800,000 working capital loan (12-month loan, interest-only payments deferred until Month 7) at a ceiling rate of 10%. The loan consists of a sub-ordinate portion and a senior portion. The sub-ordinate portion has been sourced and disbursed. The senior loan (\$600,000) is being presented on the LENDonate Marketplace.

Some factors to consider are:

- ↑ In 2019, CHERP received \$2.1 million from the State of California. With this seed funding, they established the world's first nonprofit solar module assembly factory in Pomona, California.
- ↑ Between 2015-19, CHERP retrofitted over 400 homes, helped homeowners obtain more than \$1 million in rebates, and mitigate over 600 metric tons of carbon.
- ↑ Experienced leadership team, Board of Directors and Advisory Teams are in place.
- ↑ \$322,900 in sub-ordinate funding sourced from CHERP's network (loans and donations/grants).
- ↑ Significant Impact: This start-up funding will enable CHERP to initiate the solar module production at their Pomona assembly factory, which ultimately will employ 70 people and produce 100,000 modules per year at full capacity — enough for 6,000 households per year, mitigating 26,700 metric tons of CO<sub>2</sub> annually.
- ↑ CHERP's mission is to extend the reach of renewable energy to economically disinvested and environmentally burdened communities. They are dedicated to creating green-sector jobs—particularly for those with barriers to entry in the workforce.
- ↓ Solar technology is a capital-intensive industry, and CHERP will continue to need financing for expansion. Future success relies on the organization's ability to source materials and fulfill order contracts to reach operation milestones to qualify for future financing.
- ↓ The \$2.1 million seed funding in 2019 has been spent. The organization is on a tight timeline and needs to immediately start manufacturing the solar panels once the ETL certification is attained.

### **About LENDonate**

*LENDonate's mission is to create a new financial ecosystem that allows capital to flow more freely in the social sector by developing an expressive marketplace that connects affordable capital with impactful projects.*

*LENDonate raises capital by offering and selling Payment-Dependent Investment Notes to accredited investors in an exempt offering in reliance on Rule 506(c) of Reg D under the 1933 Securities Act. LENDonate lends the proceeds to borrowers, with payment of principal and interest to investors dependent on the borrower's payment of principal and interest to LENDonate. LENDonate holds California Finance Lender license no. 60DBO-75670. This is not an offering of securities, and the borrower described here is not making any securities offering. Offers are made by LENDonate via an Offering Memorandum that can be viewed at [LENDonate.com](https://LENDonate.com), as that Offering Memorandum is supplemented for the project described here.*