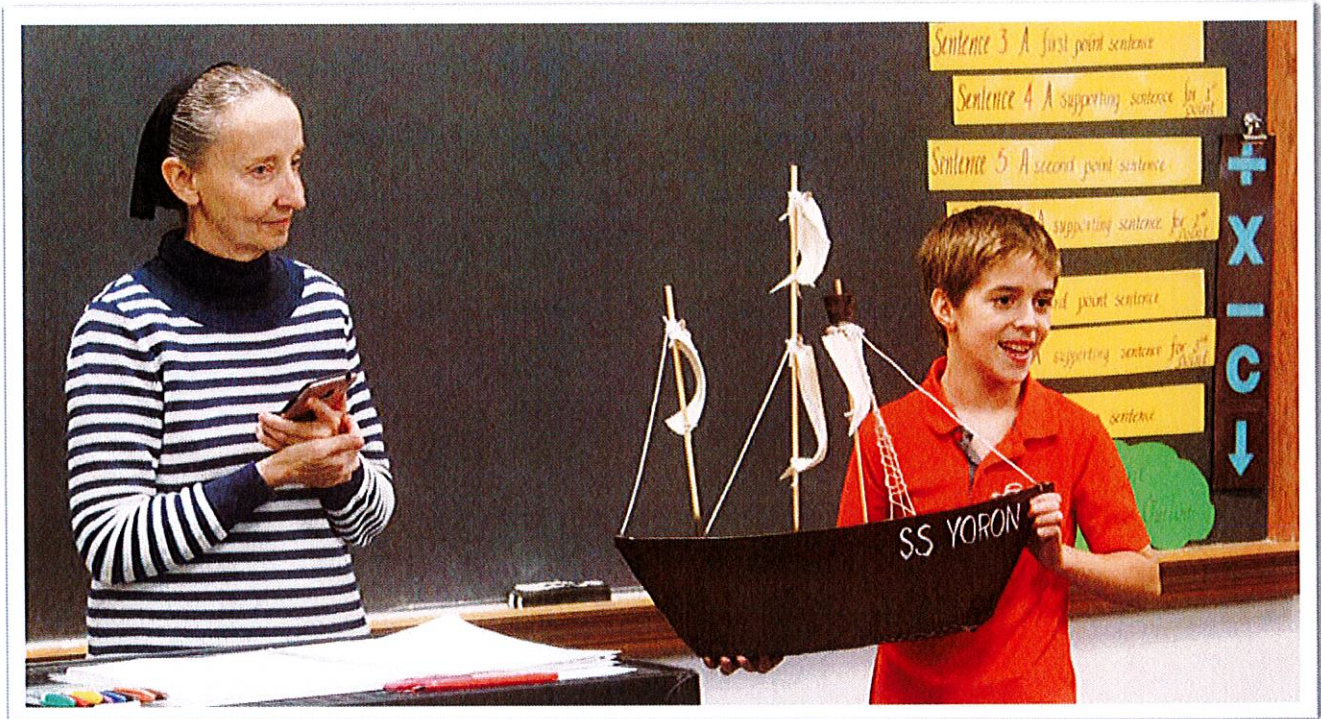


Faith Builders Special Purpose Entity

A GREAT WAY TO SUPPORT CHRISTIAN SCHOOLS!



Make a
Contribution

Receive a
Tax Credit

Eligible participants:

- Pennsylvania Businesses (LLC, partnership, or corporation)
- Employees of Pennsylvania Businesses
- Owners of Pennsylvania Businesses
- Stockholders

(over)

Special Purpose Entity FAQ

What is a Special Purpose Entity (SPE)?

A Special Purpose Entity is a pass-through partnership established solely for the purpose of making contributions to schools through Pennsylvania's Educational Improvement Tax Credit (EITC) program and distributing the tax credits received to its members.

Faith Builders Special Purpose Entities work with Faith Builders Scholarship Services (FBSS). FBSS contributes 95% of funds received toward student scholarships and withholds 5% as an administrative fee.

Who qualifies for Faith Builders SPE opportunities?

- Legal entities and individuals who are owners or employees of an LLC, partnership, or corporation (but not sole proprietorship)¹
or
Individuals who own stock in any public company registered to pay tax in Pennsylvania²
- Applicants who commit to a minimum contribution of \$3,000 for two consecutive years.³

What are the benefits of joining the SPE?

- Receiving 90% of your contribution as a Pennsylvania tax credit
- Being able to direct your contribution to a private Pennsylvania school, aiding families with school costs.
- Being able to contribute the amount desired as an individual rather than through business ownership percentage
- Being able to participate in the tax credit program if in a Pennsylvania business partnership with out-of-state business owners who can't benefit from the program

How does your contribution benefit a child in Pennsylvania?

- FBSS provides flexibility within program parameters regarding eligibility and amount of scholarship awarded. Our goal is to assist families who choose to educate their children in private and religious schools.
- Distribution of funds is needs-based according to family size, income, and tuition owed. Family income may not exceed \$96,676 plus \$17,017 per dependent.
- Any fulltime student (PA resident attending a PA school) may qualify for available scholarship funds. Families must submit an application to FBSS. Scholarships are paid directly to the school and applied to family tuition costs.

How do I join the Faith Builders Special Entity?

- Follow the steps on the accompanying instruction sheet.

¹ Sole proprietors and their employees are not qualified or disqualified. They may qualify with either of the two methods mentioned under "Who can join SPEs?" even if the employee is the spouse of the individual and/or the employment is part time.

² A very easy way of meeting this requirement is to buy stock in PPL Corporation, a Pennsylvania-based utility company that has a direct stock purchase plan. However, owning shares of Apple or Wal-Mart stock (for example) would also be fine, since they are registered in Pennsylvania.

³ Contribution must be the same amount both years. If you make the minimum contribution of \$3,000, your 90% tax credit amount is \$2,700. In order to use the full tax credit, you would need to have approximately \$88,000 of Pennsylvania taxable income.

LIMITED LIABILITY COMPANY OPERATING AGREEMENT
For Faith Builders Special Entity II, LLC

THIS OPERATING AGREEMENT is made and entered into by Faith Builders Educational Programs, Inc., Faith Builders Special Entity II, LLC, and the Members. The parties agree and state as follows:

SECTION I
THE LIMITED LIABILITY COMPANY

1.1 *Formation.* On May 24, 2019, a limited liability company named "Faith Builders Special Entity II, LLC" was formed in Pennsylvania (the "Company").

1.2 *Name.* The business of the Company will be conducted under the name "Faith Builders Special Entity II, LLC."

1.3 *Purpose.* The purpose of the Company is to operate educational, tax incentive programs in accordance with state law.

1.4 *Office.* The Company's current registered agent is Faith Builders Educational Programs, Inc., and the Company's registered address within the Commonwealth of Pennsylvania is 28527 Guys Mills Rd, Guys Mills, PA 16327.

1.5 *Term.* The term of the Company commenced on May 24, 2019, and shall continue perpetually unless sooner terminated.

1.6 *Ownership.* Faith Builders Special Entity II, LLC, is a multi-member company, treated as a partnership for income tax purposes. Contributors to the Company will become members of the Company as they are approved by the manager of the Company. Members will be accepted by the manager upon approval of application. Minimum contribution is \$3,000, unless the manager makes an exception. The Company is not owned by Faith Builders Educational Programs, Inc. The Company is solely owned by the contributing members, and it is not a tax-exempt entity.

1.7 *Management.* The President of Faith Builders Educational Programs, Inc. shall serve as the manager of the Company ("the manager"), which is a separate and distinct appointment from his position as President of Faith Builders Educational Programs, Inc. The manager shall make all decisions regarding acceptance of members. Faith Builders Educational Programs, Inc. shall have the authority to appoint replacement or additional managers of the Company. Faith Builders Educational Programs, Inc. holds authority to dissolve the Company at any time, or to reverse decisions of the manager.

1.8 *Applicable Law.* This Operating Agreement will be governed by the laws of the Commonwealth of Pennsylvania.

1.9 *Indemnification.* The Company shall indemnify its Directors, Officers, and employees from any liabilities of the Company, to the fullest extent permitted under Pennsylvania law. The Company shall also indemnify Faith Builders Educational Programs, Inc. and its Directors, Officers, and employees from any liabilities of the Company, to the fullest extent permitted under Pennsylvania law.

1.10 *Amendment or Revocation.* Faith Builders Educational Programs, Inc. and Faith Builders Special Entity II, LLC may jointly amend or revoke this Operating Agreement at any time without advance notice to the members of the Company.

1.11 *Voting.* The members agree to designate the manager as the agent of the Company. The members shall not hold voting rights, except to any extent required by applicable law. The manager has been delegated authority to operate the Company and to make all decisions on behalf of the Company, subject to the other provisions of this Agreement. The manager has authority to select a partnership representative in the event of an audit. The partnership hereby elects the application of 26 U.S. Code § 6221(b) for each taxable year.

SECTION 2
ACCOUNTING AND REPORTING

2.1 *Profits/Losses.* For financial accounting and tax purposes, the Company will be on cash basis accounting, have a calendar year end, and will file all appropriate forms, including Federal Tax Form 1065 and Pennsylvania REV 1123, and issue Form K-1 for each member on a timely basis for members to be able to benefit from the K-1.

2.2 *Employer Identification Number.* The Company shall hold its own EIN.

2.3 *Banking.* The Company shall maintain its own bank accounts. Net assets shall be determined on a periodic basis.

2.4 *Allocation of Credits and Deductions.* The Company shall do the required filing to allocate any available tax credits and charitable contribution deductions to the members in proportion to their ownership interest percentages.

2.5 *Distributions.* All cash contributions will flow through the Company to Faith Builders Scholarship Services, or to other Pennsylvania registered scholarship organizations if directed by a member.

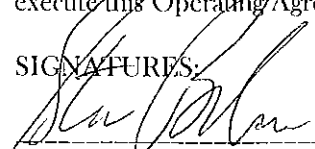
2.6 *Valuations and Additional Members.* The members shall hold ownership interests in the Company as reported by the manager. The members agree that other contributors may be added as members at any time, and that the manager shall have exclusive authority to add or remove members at any time without advance notice or approval. The purpose of the Company is to pass contributions to charitable causes, and the fluctuation of ownership percentages of the members is expected to occur in the normal course of business.

2.7 *Arbitration Clause.* The parties desire to avoid contention and litigation in the performance of this Agreement. Therefore, in lieu of litigation, the sole and exclusive means of resolving legal disputes shall be binding, common law arbitration. Such arbitration shall be held in Pennsylvania, or at another mutually agreeable location. Each party shall bear their own costs for counsel, and an equal portion of the costs of the proceeding. In such event, the partnership shall select one arbitrator by majority vote (not including the aggrieved party), the aggrieved party (or parties) shall select one arbitrator by majority vote, and the two selected arbitrators shall together select a third arbitrator. Members of the arbitration panel must be Anabaptist ministers, or accountants, or mutually agreeable third parties. Arbitrators may not be related to the parties through close familial relationships or ongoing business relationships. Decisions by the panel will be legally binding. The parties hereby agree that they will not litigate against each other for any reason, and that they will utilize the arbitration process to settle any unresolved disputes. The following Biblical principles have inspired this provision:

- a. Avoiding litigation (I. Corinthians 6:1);
- b. Peacemaking (Matthew 5:9); and
- c. Agreeing with adversaries quickly (Matthew 5:25).

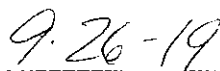
IN WITNESS WHEREOF, Faith Builders Educational Programs, Inc. and Faith Builders Special Entity II, LLC execute this Operating Agreement:

SIGNATURES:




Faith Builders Special Entity II, LLC

By: Steven Brubaker, Manager

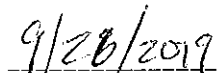


Date of Agreement



Faith Builders Educational Programs, Inc.

By: [Board Chairman, Secretary, or other FBEP Officer]



Date of Agreement