

TRIBAL SAVINGS CERTIFICATE

The Citizen Potawatomi Nation recognizes the recession has reduced income for retired and working tribal members through losses in equity investments, dividends, and savings deposit rates. In addition to these losses, their income is subject to income tax. The safety of equity investments is vital in this volatile market environment and bank certificates of deposit are paying very low interest. The Nation is providing a unique investment opportunity for its citizens that will be expanded if the demand for it is justified

Tax exempt interest payments on federally guaranteed loans are not allowed under the Internal Revenue Code. Tax exempt interest payments are allowed for loans to Indian tribes for "essential governmental purposes". The Tribal Savings Certificate is the purchase of a portion of such an "essential governmental purposes" loan to an Indian tribe.

It is the Citizen Potawatomi Nation's intent to provide an investment vehicle exclusively for its citizens that pays tax exempt interest. It is also the Nation's intent to provide added security for such an investment over and above the pledge of its' full faith and credit that includes a bank controlled account containing the deposited cash proceeds of a 100% federal guarantee on a First National Bank loan to the Nation, paid in the event of a default.

The steps of the transaction are (1) a First National Bank loan to the Nation is (2) purchased by the Citizen Potawatomi Nation, Inc, the separate tribal federal corporate entity, who will (3) pledge the proceeds of First National Bank's Section 184 guarantee from the federal government in the event of a loan payment default to a "lock box" security account which (3) will pay out to holders of Tribal Savings Certificates under the terms of the account agreement. THE PLEDGE OF THE ACCOUNT CONTAINING THE PROCEEDS OF THE GUARANTEE IS NOT A PARTICIPATION IN THE ORIGINAL GUARANTEED LOAN. THE GUARANTEE FOR REPAYMENT OF FUNDS LOANED UNDER A TRIBAL SAVINGS CERTIFICATE IS A PLEDGE OF PAYMENT FROM THE SECURITY BANK ACCOUNT.

The Tribal Savings Certificate is, under these conditions, a private placement security backed by a "essential governmental purpose" loan guaranteed by both the full faith and credit of the Citizen Potawatomi Nation, and a federal bank-controlled, FDIC insured, deposit account which will, in the event of the direct bank deposit of the proceeds of a federal guarantee on a loan owned Citizen Potawatomi Nation, Inc., contain funds equal to the amount of the outstanding Tribal Savings Certificates.

The 100% federal guarantee on the loan originated by First National Bank is under the Indian Home Loan Guarantee Program (Section 184) from the U.S. Department of Housing and Urban Development. The Indian Home Loan Guarantee Program (Section 184) is funded annually by Congress. The Citizen Potawatomi Nation Housing Program is the borrower. This loan is also guaranteed to First National Bank under the full faith and credit of the Citizen Potawatomi Nation. Appropriate waivers of sovereign immunity from suit and filings under the Uniform Security Code of the Citizen Potawatomi Nation are made to insure perfection of the bank's security interest in the mortgages and Savings Certificate owners.

The liquidity to allow loan participants to remove their money from the loan participation after six months will come from a contractually guaranteed repurchase by the Citizen Potawatomi Nation Community Development Corporation, an approved lender under the Section 184 program, backed by a secondary repurchase contract from First National Bank.

The Certificate interest rate of 6.5% will adjust on each 6 month renewal date by the amount of the change in the WSJ prime interest rate from the day of issue of the Certificate to the day of renewal. Certificates may be owned by Citizen Potawatomi Nation members, joint accounts with their spouses, or by trusts controlled by them, POD clauses allowed.