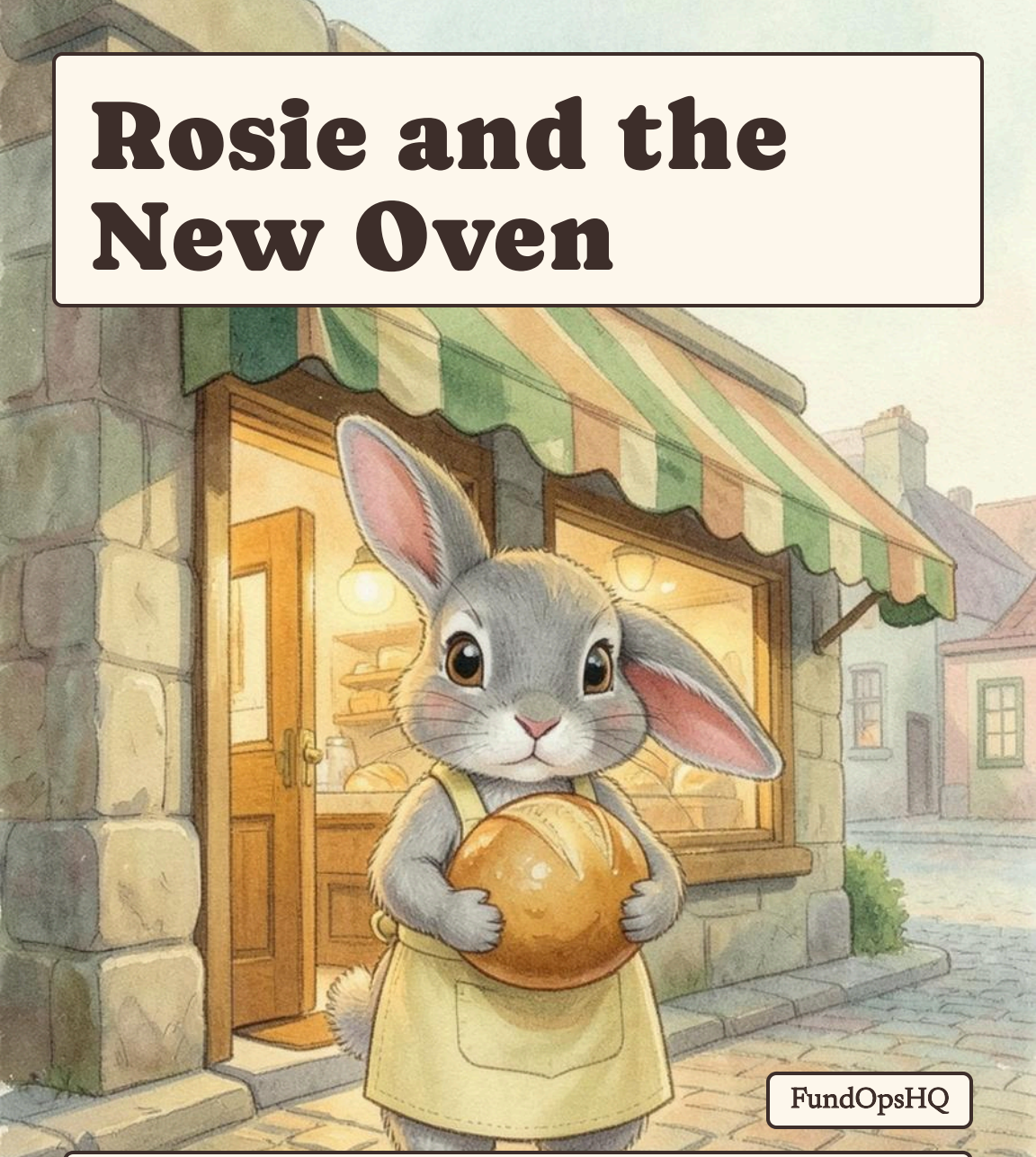
Rosie and the New Oven



FundOpsHQ

A story about a loan with covenants



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Rosie the rabbit had a little bakery on the corner of a market square. Every morning, her seed loaves were gone by nine.



She wanted a second, bigger oven, so she could bake twice as many. But a good oven cost more than all her savings.



The bank in town mostly lent to bigger shops. It asked her kindly to come back in a year or two.



Then she met Ada the heron. Ada ran a private credit fund. It lent money to businesses like Rosie's, money that pension funds and others had trusted to it.



Ada looked at the bakery and at Rosie's numbers, then agreed to lend her the money. Rosie would pay interest every three months and repay the loan in five years.



The loan came with promises, called covenants. Rosie would keep some cash for a rainy day, borrow from no one else without asking, and send Ada her numbers each quarter.



"A covenant is not a trap," said Ada. "It is more like a smoke alarm. It tells us both, early, when something needs looking at."



The new oven arrived. For two good years, Rosie baked twice as many loaves, paid her interest on time and sent Ada her numbers.



Then one wet spring, the road by the square was dug up for new pipes. For three months, far fewer customers came, and the cash in Rosie's tin fell below the line she had promised.



Rosie was worried. She could keep quiet and hope summer came quickly. Instead, she put on her coat and went to see Ada that same afternoon.



Ada read every number. The road would open again in June. "Thank you for telling me early," she said. "That is what the promises are for."



Ada agreed not to count the missed promise against her, just this once. Lenders call that a waiver. In return, Rosie sent Ada her numbers every month until the tin was full again.



In June the road opened and the customers came back. Five years later Rosie repaid the loan, and Ada's fund passed it, with the interest, back to the pension funds.



A note

The words in this book are real ones, explained simply. The animals and examples are made up, and real terms vary from fund to fund. It is not advice. The pictures were drawn with an AI image model and checked by hand.

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