

DEPOSIT AND LOAN FUND POLICY

Starting in 1993 the following provisions took place.

- Effective July 1, 1993, the Deposit and Loan Fund will charge interest on loans and pay interest on deposits according to the following schedule:
 - » Loan interest at 70% of the prime rate.
 - » Deposit interest at the 30-day Treasury bill rate or the average national money market rate, whichever is higher.

EXAMPLES:

*PRIME RATE	Interest Charged on Loans (70% of Prime)
4%	2.80%
6	4.20
8	5.60
10	7.00

- » The interest rate charged will be recalculated on the second working day of each calendar quarter (in that day's Wall Street Journal the rate paid on the first day of the quarter is published). That rate will remain in effect for the entire quarter for loans on hand at the beginning of the quarter.
- Withdrawals may be made at any time. All requests for withdrawals must be in writing. Requests for withdrawals of less than \$10,000 may be addressed directly to the Diocesan Finance Officer. Above \$10,000 the request should be addressed directly to the bishop. Withdrawals in excess of \$15,000 will usually require 7-30 days' notice. Only pastors, independent school principals or heads of agencies may request withdrawals.

Loans made from the fund shall be made only to entities that comprise the Corporation Sole, with independent fundraising capabilities and only for capital projects and for extraordinary maintenance. All loans will require the monthly payment of interest and an amortization of principal over 3 years.
- All components of the Corporation Sole (parishes, independent schools and agencies) having cash, savings and investments in excess of the current month's plus one month's operating revenue shall be required to deposit such funds into the Deposit and Loan Fund. Deposits may be made at any time in increments of \$1,000 or more. Deposits of excess funds shall be made at least quarterly. (Funds currently in time certificates shall be deposited in the Deposit and Loan Fund at their next maturity.)
- Interest will be calculated monthly on the monthly average balance. Depositors will have the interest credited to their fund account to enjoy the benefits of interest compounding. If requested, interest will be sent to depositors. Statements will be provided on a quarterly schedule. Interest income paid by the Deposit and Loan Fund is not subject to diocesan assessment.

LOAN CRITERIA¹

Purpose

To assign authority and identify loan policy and objectives for the Diocese of Fresno.

Objective

To provide a vehicle by which members of the DEPOSIT AND LOAN FUND may borrow money to complete projects prior to 100% of the total cost of the project being collected and on deposit in the fund.

Criteria for New Loans

- All projects that will require financing from the fund must be approved initially by the bishop prior to making a request for a loan.
- Only members who have all of their surplus deposits with the Deposit & Loan Fund may request a loan.
- Preference will be given to those parishes and organizations that have the longest membership in the fund.
- Borrowers should have a good history of depositing regularly 100% of eligible funds in the fund.
- The maximum loan will be 20% of the project's total cost, provided an excellent fund drive or other cash flow is demonstrated.
- The projected income to repay the loan must exceed the loan amount requested, plus interest by a minimum of 30% to allow for uncollectible pledges.
- Due to the large number of anticipated withdrawals over the next three years, the percentage of the deposit fund that may be loaned out to qualified members will, in the aggregate, not exceed 10% of the total fund balance.
- The loan request should be on the Diocese's standard loan application form and will include the following:
 - » Amount and purpose of loan and total cost of project.
 - » Two prior years of financial statements for the borrowing entity.
 - » Projection, in narrative form, with some financials indicating income and expected receipts for the years covering the life of the loan.
 - » The sources of repayment (e.g., plate income, special projects, fund drive, etc.).
 - » List of existing debt, repayment terms, and sources.
- The maximum loan period will be three years.
- It is expected that the loan from the fund will represent the last 20% of the monies to be expended and that parish deposits for the project will be used first.
- Loan requests should be made sufficiently in advance to coincide with the completion of the fund drive and to allow the fund committee to accurately project the use of incoming deposits from all sources for loan funding, minimizing the need to liquidate

¹ Issued September 11, 1995

what otherwise might impair high interest rate investments.

- Loan approvals for building projects may be approved conditionally subject to the fund drive collecting 80% of the project's total cost. Application for a loan may be made when 60% of the funds have been collected. Any conditional loan approval granted shall stand as an open approval for one year from approval date. If standard approval requirements for a loan are not met within the one-year period, the conditional approval expires. A new application for consideration of a new loan may be submitted subject to the standard loan criteria.
- Loans will be expected to be paid back in equal monthly installments over the life of the loan. Prepayments will be allowed.
- In considering loan requests, the committee will minimize its considerations of the income earned on parish deposits that will be expended on the project. It will look primarily at the excess monthly income over monthly expenses that are currently or expected to be generated by the new construction and it will look at special fundraising projects and/or pledge drives and other sources of repayment.

Implementation

The DEPOSIT AND LOAN FUND Committee shall be responsible for processing for approval or decline applications for credit and for the implementation of the loan policy with their recommendations being forwarded to the bishop of the Diocese for final decision.

Responsibility

The Bishop of the Diocese of Fresno shall make all loan approval or decline decisions.

Review and/or Modification

The Deposit and Loan Fund Committee is responsible for reviewing and/or making recommendations to the bishop to amend or change the loan policy.

Pricing

The loan will be priced at a floating rate at 70% of prime rate as listed in the Wall Street Journal, adjusted quarterly.

Application

All officers, members, and employees of the Diocese of Fresno shall abide by this policy.

Bishop's Outreach Loan Program²

Loan Criteria

Purpose

To assign authority and identify loan policy and objectives for the Diocese of Fresno.

Objective

To provide a vehicle by which members of the Deposit and Loan Fund may borrow money to complete projects prior to 100% of the total cost of the project being collected and on deposit in the fund.

² Issued September 11, 1995

Criteria for New Loans

- All projects that will require financing from the fund must be approved initially by the bishop prior to making a request for a loan.
- Only members who have all of their surplus deposits with the Deposit and Loan Fund may request a loan.
- Preference will be given to those parishes and organizations that have the longest membership in the fund.
- Borrowers should have a good history of depositing regularly 100% of eligible funds in the fund.
- The maximum loan will be 20% of the project's total cost, provided an excellent fund drive or other cash flow is demonstrated.
- The projected income to repay the loan must exceed the loan amount requested, plus interest by a minimum of 20% to allow for uncollectible pledges.
- Due to the large number of anticipated withdrawals over the next three years, the percentage of the deposit fund that may be loaned out to qualified members will, in the aggregate, not exceed 10% of the total fund balance.
- The loan request should be on the Diocese's standard loan application form and will include the following:
 - » Amount and purpose of loan and total cost of project.
 - » Two prior years of financial statements for the borrowing entity.
 - » Projection, in narrative form, with some financials indicating income and expected receipts for the years covering the life of the loan.
 - » The sources of repayment (e.g., plate income, special projects, fund drive, etc.).
 - » List of existing debt, repayment terms, and sources.
- The maximum loan period will be ten years.
- It is expected that the loan from the fund will represent the last 20% of the monies to be expended and that parish deposits for the project will be used first.
- Loan requests should be made sufficiently in advance to coincide with the completion of the fund drive and to allow the Fund Committee to accurately project the use of incoming deposits from all sources for loan funding, minimizing the need to liquidate what otherwise might impair high interest rate investments.
- Loan approvals for building projects may be approved conditionally subject to the fund drive collecting 80% of the project's total cost. Application for a loan may be made when 50% of the funds have been collected. Any conditional loan approval granted shall stand as an open approval for one year from approval date. If standard approval requirements for a loan are not met within the one-year period, the conditional approval expires. A new application for consideration of a new loan may be submitted subject to the standard loan criteria.
- Loans will be expected to be paid back in equal monthly installments over the life of the loan. Prepayments will be allowed.
- In considering loan requests, the committee will minimize its considerations of the income earned on parish deposits that will be expended on the project. It will look

primarily at the excess monthly income over monthly expenses that are currently or expected to be generated by the new construction and it will look at special fundraising projects and/or pledge drives and other sources of repayment.

Implementation

The Deposit and Loan Fund Committee shall be responsible for processing for approval or decline applications for credit and for the implementation of the loan policy with their recommendations being forwarded to the bishop of the Diocese for final decision.

Responsibility

The Bishop of the Diocese of Fresno shall make all loan approvals or decline decisions.

Review and/or Modification

The Deposit and Loan Fund Committee is responsible for reviewing and/or making recommendations to the bishop to amend or change the loan policy.

Pricing

The loan will be priced at a floating rate at 65% of prime rate as listed in the Wall Street Journal, adjusted quarterly.

Application

All officers, members, and employees of the Diocese of Fresno shall abide by this policy.

Deposit and Loan Fund – Present Situation³

When we began the Deposit and Loan Fund in 1993, we had to be very conservative in our loan criteria, as the fund itself was not very large, and the need for major construction was great. The maximum amount able to be borrowed was 20% of the total cost of construction with the maximum loan period of three years. In 1995, the bishop was able to make allowances for poorer parishes allowing a maximum loan period of ten years.

The fund is now strong with a great deal of major construction behind us. Because of this, the bishop was able to loan St. Mary's in Sanger close to 1 million dollars to complete their church and pledge a loan of 1.4 million dollars to Holy Spirit in Fresno to begin construction of their church. In both instances, they had to assure with documentation to the Deposit and Loan Fund Board that they were able to repay those loans.

Because of the strength of the fund, we are now able to vary a little more regarding major loans, though we still encourage parishes to collect as close to 80% of the total cost of construction as possible. It is very difficult for a parish to continue with its educational, charitable and apostolic works, if it is trying to repay a major loan. The major concern of granting a loan is that the parish is able to repay the loan within a reasonable amount of time without causing grave harm to the ordinary apostolic life of the parish.

The following gives some idea how so many have benefited from this fund. Since this fund was established in 1993, the following parishes have benefited from the fund in the building of NEW CHURCHES:

- St. Joseph, Los Banos (1993)
- Our Lady of Victory, Fresno (1994)
- St. Patrick, Merced (1995)

³ Issued January 2001

- San Clemente, Bakersfield (1995)
- Infant of Prague, Toll House (1997)
- St. Elizabeth, McFarland (1997)
- Our Lady of the Sierra, Oakhurst (1999)
- St. Mary, Sanger (2000)
- St. Patrick, Kerman (2002)
- Holy Spirit, Fresno (2002)
- Holy Cross, Porterville (2006)
- St. Anthony of Padua, Reedley (2011)
- St. Peter Prince of Apostles, Lemoore 2011)
- St. Mary Queen of Apostles, Fresno (2012)

NEW HALLS constructed in the last eight years: St. Francis in Bakersfield; California City; Tehachapi; Corcoran; Huron; Frazier Park; Toll House; Mariposa; Easton; Mojave; Firebaugh; Ridgecrest; Oakhurst; Greenfield; St. Patrick's, Merced; St. Jude, Wofford Heights; St. Anthony of Padua, Fresno (event center); St. Paul Newman Center, Fresno (ministry hall); Shrine of St. Therese, Fresno (hall); Holy Rosary, Hilmar; Shrine of Our Lady of Fatima, Laton (social building and classroom building); St. Joachim, Madera (hall expansion)

MAJOR CONSTRUCTION: (This list is not all inclusive.) St. Philip's, Bakersfield (youth center); Selma and St. Mary's in Visalia; Clovis (parish office buildings); Los Banos (rectory); Lamont (six new classrooms); Clovis and St. Rita's in Tulare (major expansion of churches); Madera (new classrooms and gymnasium), George McCann School, Visalia (new lighting, complete lab, multi-media lab), O L of Fatima, Laton (kitchen, classroom), St. Joseph, Los Banos (preschool wing); Our Lady of the Snows, Frazier Park (2006); St. Helen School, Fresno (2006); San Joaquin Memorial High School, Fresno (2006); Our Lady of Perpetual Help, Bakersfield (2007); San Clemente Mission, Bakersfield (2008); Our Lady of Perpetual Help, Clovis (2009); St. Brigid, Hanford (2009); St. Elizabeth, McFarland (2009); St. Jude Thaddeus, Livingston (2009); St. Peter Cemetery, Fresno (2009); Garces Memorial High School, Bakersfield (2010); Sacred Heart, Bakersfield (2010); St. Francis of Assisi, Bakersfield (2010); St. Helen, Fresno (2006); Our Lady of Guadalupe, Bakersfield (2010); St. Mary of the Desert, Rosamond (2010).

A number of other parishes have had major remodeling for youth centers, parish offices, parish churches, parish halls, classrooms and classroom additions.