

ST. AMBROSE FINANCIAL SERVICES, INC.
DEPOSIT AND LOAN FUND POLICY

St. Ambrose Financial Services, Inc. has established a Deposit and Loan Fund (Fund) which provides a depository for surplus from all parishes and institutions. Depositors will receive an equitable interest return on their deposits. The purpose of the "Fund" is to provide a source of money on a loan basis to other parishes and institutions at an interest rate generally lower than can be obtained in the commercial market. In this way, financial rewards and responsibilities are shared in an equitable manner.

To assist in interpreting this policy, the following guidelines and procedures have been established:

RESPONSIBILITY AND AUTHORITY

1. The president of St. Ambrose Financial Services, Inc. has the responsibility for administering the "Fund" as outlined in this policy. St. Ambrose Financial Services, Inc. president's responsibility includes investing surplus funds as directed by the "Investment Policy," receiving, disbursing and accounting for deposits, and making and collecting loans made to parishes and institutions. Loans may be made with approval from St. Ambrose Financial Services, Inc.
2. The St. Ambrose Financial Services, Inc. Board of Directors has the sole authority to approve loans to parishes and institutions.
3. The Board of Directors of St. Ambrose Financial Services, Inc. has the responsibility to review this policy annually and, if necessary, make recommended changes including the setting of a maximum interest rate to be paid on loans to St. Ambrose Financial Services, Inc. and on funds on deposit with St. Ambrose Financial Services, Inc.

DEPOSITS

All surplus funds of all parishes and institutions must be deposited with St. Ambrose Financial Services, Inc. to be used as a pool of funds available for loans or other parishes and institutions. Interest will be paid on deposits at the 90-day U.S. Treasury Bill rate as published in the Wall Street Journal on the first day of each quarter (Jan. 1, April 1, July 1, Oct. 1) compounded daily, in effect on the first day of each calendar year. Deposits may be made at any time. Quarterly statements of deposit balance, interest rate and interest earned will be issued by the president of St. Ambrose Financial Services, Inc.

WITHDRAWALS

Withdrawals of \$5,000.00 or less can be made at any time. Withdrawals over \$5,000.00 may be made with a 7-day notice. However, in case of urgency, withdrawals will be honored on a shorter notice if funds are available without penalty to the "Fund."

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LOANS

Upon approval of St. Ambrose Financial Services, Inc., loans will be made to parishes and institutions at a floating interest rate of $\frac{3}{4}$ of 1% over the 90-day U.S. Treasury Bill as published in the Wall Street Journal on the first day of each quarter (Jan. 1, April 1, July 1, Oct. 1) rate in effect at the time of the loan. The interest rate will be adjusted quarterly on the first day of each calendar quarter to reflect changes in the 90-day U.S. Treasury Bill rate in effect on the first day of such calendar quarter. Loans will not be made to parishes or institutions if they have funds on deposit with other lending agencies or other investments at the time of the loan request. All loans will be evidenced by a signed loan agreement, a copy of which is attached as Exhibit A. Interest will be billed monthly and is due within ten days of receipt of billing. All payments made on loans receivable will be applied to interest first, and then to principal after interest has been paid.

SURPLUS FUNDS

All surplus funds will be invested by the president of St. Ambrose Financial Services, Inc. according to the published "Investment Policy of St. Ambrose Financial Services, Inc." Earnings from investments will be used to offset interest rate spreads that may occur between loans and deposits, and to cover operating expenses of St. Ambrose Financial Services, Inc.