



ROMAN CATHOLIC
DIOCESE
of
LAS CRUCES



PARISH INVESTMENT PLAN

POLICY AND PROCEDURES

DIRECTIVE CREATING THE PARISH INVESTMENT PLAN OVERSIGHT COMMITTEE

The Diocese of Las Cruces (Diocese) has an established fund presently called the “Parish Investment Plan” (PIP). To assist the Bishop of the Diocese in the oversight and management of the PIP, I hereby create a committee to oversee and manage the operation of the Parish Investment Plan. The committee shall be referred to as the PIP Oversight Committee.

1. The PIP Oversight Committee (Committee) shall consist of five members appointed by the Bishop of Las Cruces (Bishop) for terms of three years, renewable at the discretion of the Bishop. Three members shall be priests serving in the Diocese, and at least two of them shall be pastors of parishes in the Diocese. The remaining two members shall be lay persons with backgrounds, experience, or training in banking, accounting, fund investment, or other financially related business activities.

2. *Ex officio*, non-voting members of the Committee shall be the Diocesan general counsel; Diocesan finance officer; and, Diocesan disbursements/accounting technician. The *ex officio* members shall: attend Committee meetings; consult with Committee concerning legal and financial matters as requested; and, provide other information and recommendations as needed.

3. The Oversight Committee shall:

a. Review the financial condition of the PIP, including deposits, withdrawals, and loans, on a monthly basis.

b. Prepare policies and procedures for the operation of the PIP for review and approval by the Bishop.

c. Assist parishes and pastors with deposits, withdrawals, and loans in accordance with the policies and procedures of the PIP.

d. Review all applications for loans requested from the PIP in coordination with the Diocesan finance and insurance officers, the Diocesan construction project manager, and Diocesan Finance Council. The Committee shall then make its recommendation to the Bishop for final decision on each loan application.

e. Review and approve all deposits and withdrawals from PIP funds. All disbursements of funds from the PIP shall require the signature of two priest committee members.

f. Report to each parish that has an account with the PIP and any other depositing entity the overall financial status of the PIP, as well as the status of each depositing entity's funds deposited in the PIP's accounts on a quarterly basis.

g. Ensure that every depositing entity's funds are separately accounted for, although all funds deposited into the PIP may be pooled for investment and loan purposes.

h. Advise depositing entities on questions relating to the PIP, investment options, and other matters as requested.

i. Make decisions on how and with what financial institutions PIP funds are invested; review on a monthly basis the PIP's growth or decline based upon its investments and make adjustments as deemed necessary.

j. Keep track of all outstanding loans and work with delinquent borrowers to ensure that delinquencies are brought current as soon as possible. The Committee shall have the authority to negotiate with delinquent borrowers, alternative payment plans or re-scheduling to return the loans to a performing status. The Committee shall then make its recommendation to the Bishop for final decision on each loan modification.

k. Make recommendations to the Bishop and Pastoral Manual Review Committee regarding any changes to the Pastoral Manual the Committee regards necessary concerning the PIP, particularly with respect to the Pastoral Manual Administrative section, pp. A8-12.

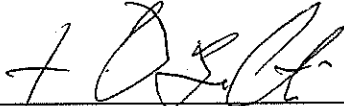
l. Ensure that all monies deposited into the PIP are deposited in a separate bank account or accounts than any other funds deposited by or with the Diocese, which account shall have as part of its name, "Parish Investment Plan". Although the PIP's accounting matters shall be handled by the Diocesan Finance Office, all accounts belonging to the PIP shall have account numbers that distinguish it from all other accounts handled by the Finance Office.

4. To the extent any provision in this Directive conflicts with the Pastoral Manual, particularly the Administrative section, pp. A8-12, the provisions of this Directive shall control pending review of those pages of the Pastoral Manual by the Oversight Committee. In all other respects, the provisions of the Pastoral Manual shall control until changed.

5. All funds deposited in the PIP shall remain the property of the depositing entity (including any funds deposited by the Diocese); shall be held and managed solely for the benefit of the depositing entity; and shall not be used by the Diocese for any of its operations or financial needs, *provided however*, that the Diocese may borrow money from the PIP on the same basis and conditions as any other depositing entity.

6. No funds may be withdrawn from the PIP or loaned by it without prior approval of the Bishop, except as provided in the policies and procedures to be prepared by the Oversight Committee, and approved by the Bishop.

This Directive is effective this 12 day Of ^{Dec.} ~~October~~, 2014.



Oscar Cantú
Bishop of Las Cruces

ROMAN CATHOLIC DIOCESE OF LAS CRUCES
PARISH INVESTMENT PLAN
POLICY AND PROCEDURES

Purpose & Objectives:

The Parish Investment Plan (PIP) serves the Parishes and other institutions of the Roman Catholic Diocese of Las Cruces (1) to accept the deposit of monies not immediately needed for ordinary expenses; (2) to invest funds saved for future building and improvement projects; and, (3) as a source of loans for capital projects and facility improvements. The source of funds for loans extended by the PIP consists of funds deposited with the PIP for investment, as such all funds may not be immediately available at any given time.

PIP Oversight Committee:

1. The PIP Oversight Committee (Committee) shall consist of five members appointed by the Bishop for terms of three years, renewable at the discretion of the Bishop of Las Cruces (Bishop). Three members shall be priests serving in the Diocese, and at least two of them shall be pastors of parishes in the Diocese. The remaining two members shall be lay persons with backgrounds, experience, or training in banking, accounting, fund investment, or other financially related business activities.

2. *Ex officio*, non-voting members of the Committee shall be the Diocesan general counsel; Diocesan finance officer; and, Diocesan disbursements/accounting technician. The *ex officio* members shall: attend Committee meetings; consult with Committee concerning legal and financial matters as requested; and, provide other information and recommendations as needed.

3. The Oversight Committee shall:

- a. Review the financial condition of the PIP, including deposits, withdrawals, and loans, on a monthly basis.
- b. Prepare policies and procedures for the operation of the PIP for review and approval by the Bishop.
- c. Assist parishes and pastors with deposits, withdrawals, and loans in accordance with the policies and procedures of the PIP.

- d. Review all applications for loans requested from the PIP in coordination with the Diocesan finance and insurance officers, the Diocesan construction project manager, and Diocesan Finance Council. The Committee shall then make its recommendation to the Bishop for final decision on each loan application.
- e. Review and approve all deposits and withdrawals from PIP funds. All disbursements of funds from the PIP shall require the signature of two priest committee members.
- f. Report to each parish that has an account with the PIP and any other depositing entity the overall financial status of the PIP, as well as the status of each depositing entity's funds deposited in the PIP's accounts on a quarterly basis.
- g. Ensure that every depositing entity's funds are separately accounted for, although all funds deposited into the PIP may be pooled for investment and loan purposes.
- h. Advise depositing entities on questions relating to the PIP, investment options, and other matters as requested.
- i. Make decisions on how and with what financial institutions PIP funds are invested; review on a monthly basis the PIP's growth or decline based upon its investments and make adjustments as deemed necessary.
- j. Keep track of all outstanding loans and work with delinquent borrowers to ensure that delinquencies are brought current as soon as possible. The Committee shall have the authority to negotiate with delinquent borrowers, alternative payment plans or re-scheduling to return the loans to a performing status. The Committee shall then make its recommendation to the Bishop for final decision on each loan modification.
- k. Make recommendations to the Bishop and Pastoral Manual Review Committee regarding any changes to the Pastoral Manual the Committee regards necessary concerning the PIP.
- l. Ensure that all monies deposited into the PIP are deposited in a separate bank account or accounts than any other funds deposited by or with the Diocese, which account shall have as part of its name, "Parish Investment

Plan”. Although the PIP’s accounting matters shall be handled by the Diocesan Finance Office, all accounts belonging to the PIP shall have account numbers that distinguish it from all other accounts handled by the Finance Office.

General Operating Policies of the PIP:

1. To the extent any provision in the Directive Creating the Parish Investment Plan Oversight Committee executed December 12, 2014 (the Directive), conflicts with the Pastoral Manual, the provisions of the Directive shall control pending review of those pages of the Pastoral Manual by the Oversight Committee. In all other respects, the provisions of the Pastoral Manual shall control until changed.
2. All funds deposited in the PIP shall remain the property of the depositing entity (including any funds deposited by the Diocese); shall be held and managed solely for the benefit of the depositing entity; and shall not be used by the Diocese for any of its operations or financial needs, *provided however*, that the Diocese may borrow money from the PIP on the same basis and conditions as any other depositing entity.
3. No funds may be withdrawn from the PIP or loaned by it without prior approval of the Bishop, except as provided in the policies and procedures to be prepared by the Oversight Committee, and approved by the Bishop.

Specific Operating Policies of the PIP:

Section 1. Funds Accounting and Reporting

1.10 Accounting

- 1.11 Accounting of the PIP shall be maintained separately from all other Diocesan funds.
- 1.12 All loans from the PIP to the Diocese shall be clearly identified as such within the accounting system and reporting process.
- 1.13 Accounting shall conform to appropriate Generally Accepted Accounting Principles procedures for not-for-profit entities.
- 1.14 Statements will be provided to all deposit holders, on not less than a quarterly basis, of all funds deposited or invested with the PIP including a summary of all deposits, withdrawals, and interest or investment returns.
- 1.15 For performing loans, interest shall be accrued as per the terms of the loan agreement and all payments received on loan accounts shall first be applied towards accrued interest and then to the outstanding principal balance. Statements will be provided on all loans not less than on a quarterly basis;
- 1.16 For loans not performing as per the terms of the original loan agreement, no accrual of interest shall be booked until cash payment of interest is received, but an accounting will be maintained of all contractual amounts due on such loans.

1.20 Frequency of Reporting

- 1.21 An internal accounting summary including all deposit/investment accounts and loans will be prepared and provided to the PIP Oversight committee within 60 days of the end of each calendar quarter. Upon review and approval of the PIP Oversight committee the accounting summary shall be delivered to the Office of the Bishop.
- 1.22. Not less than on an annual basis, a GAAP compliant financial statement, including schedules of all deposits and loans, shall be prepared.
- 1.23 The final annual financial statement and results of the audit shall be distributed to all parishes and other depositors upon final acceptance and approval by the Bishop.

1.30 Valuation of Loan Assets

- 1.31 The valuation of loan assets is based upon repayment capacity and performance of the borrowing Parish or institution. The valuation of loan assets that are performing as per the terms and conditions of the loan agreement will be based on outstanding principal plus accrued interest on loans;

- 1.32 The valuation of loan assets that are not performing as per the terms and conditions of the original loan agreement shall be based on:
- 1.32.a For loans which an amended or restructured loan agreement has been entered into and is now performing as per the terms and conditions of the amended or restructured loan agreement, the valuation will be based on the amended or restructured loan balance plus accrued interest that is now performing. Any balance that has been set-aside or deferred shall be reflected on the financial statement as an allowance item against the loan assets for the PIP.
 - 1.32.b For loans which are not performing and/or there has not been an amended or restructured loan agreement agreed to, then the full balance shall be reflected as an allowance item against the loan assets for the PIP. No interest shall be accrued in the income statement. Any payment received shall be entered as a recovery of an allowance item on such loans.
- 1.40 Independent Audit
- 1.41 An independent audit of the PIP, including its policies and procedures shall be contracted by the PIP Oversight Committee. The expense of such an audit shall be an expense of the PIP.
 - 1.42 All findings shall be reported to the PIP Oversight Committee upon receipt from the auditor.
 - 1.42 Any changes or adjustments to the financial statement arising from the independent audit shall be reviewed and approved by the PIP Oversight Committee prior to making such accounting adjustments.
- 1.50 Fees to be paid to Diocese for administrative and accounting services
- 1.51 Accounting services will be provided through the Diocesan Finance Office.
 - 1.52 The administrative and accounting expense charged by the Diocese shall be based on actual cost to administer the PIP. The Diocesan Finance Officer will provide an estimate of the cost to the Committee prior to the next fiscal year and the annual cost shall be approved by the Bishop.
 - 1.53 Accounting fees shall be billed and paid quarterly.
- 1.60 Legal Expenses. The PIP Committee may make recommendation to the Bishop, with the consent of the Diocesan General Counsel, to engage outside legal counsel to protect the assets of the PIP and such legal expenses shall be charged against the earnings of the PIP.

Section 2. Investment of Funds

- 2.10 The PIP shall pool and invest deposited funds in the following investments, including but not limited to the following:
- a. Performing loan assets of PIP loans;
 - b. Cash or near cash accounts;
 - c. High quality government or corporate bond funds;
 - d. Securitized bonds backed by mortgages or other assets – including pooled investments of such financial instruments;
- 2.20 The PIP shall make decisions on how and with what financial institutions PIP funds are invested; review on a quarterly basis the PIP’s growth or decline based upon its investments and make adjustments as deemed necessary.
- 2.30 The PIP shall monitor the accounts to ensure that all monies deposited into the PIP are deposited in a separate bank account or accounts than any other funds deposited by or with the Diocese, which account shall have as part of its name, “Parish Investment Plan”.
- 2.40 It is understood that PIP Deposits are the source of loan funds to eligible borrowers from the PIP to meet the purpose and objectives of the PIP Oversight Committee in the support of the Mission of the Diocese, and as such all funds are not available at all times. The Committee may limit withdrawals in the event that requests for withdrawals exceed immediately available funds.
- 2.50 Other Assets. Due to prior agreements and actions involving assets of the PIP, the PIP may hold interests certain real property or other property. It shall be the intent of the PIP to liquidate such other property by the engagement of real estate professionals or other brokers in a reasonable time frame.
- 2.60 Donations. The PIP may accept donations that are specifically made to benefit the PIP. All such donations shall be used to meet the mission of the Diocese within the operating policies and procedures of the PIP.

Section 3. Savings Deposits

3.10 Custodial Deposit Agreement. Each existing and new depositor shall enter into the then current Custodial Deposit Agreement (Form Section 3.10) included in the addendum of these polices and incorporated by reference;

3.20 Interest paid on Savings Deposits. The PIP Committee, not less than on an annual basis, shall recommend to the Bishop for his approval the interest rate that shall be paid on the savings deposits. The interest rates may be based on a tiered approach based on the size of the deposit, interest market rates, and the earnings projected for the PIP. Interest rates will be communicated to depositors a minimum of ten days prior to the effective date of a change in interest rates to be paid on savings deposits.

The interest rates, with the stated effective date, shall be incorporated into these policies (Form Section 3.20) included in the addendum of these polices and incorporated by reference.

3.30 Withdrawal of savings deposits require the submission of withdrawal request on the approved PIP Withdrawal Form (Form Section 3.30) included in the addendum of these polices and incorporated by reference. Withdrawal of funds for capital improvements or purchases must have all required Diocesan approvals prior to the disbursement of the funds by the PIP.

Withdrawal checks shall be signed by two priest members of the PIP Oversight Committee. In the event that funds are needed for an emergency matter, upon approval by the Bishop, the PIP shall make funds immediately available to a deposit holder.

3.40 Equities Investment Accounts

RESERVED FOR FUTURE USE. NO EQUITIES TYPE INVESTMENTS ARE OFFERED AT THIS TIME.

Section 4. PIP Loans

4.10 Eligible Loan Applicants:

Loans will be made only to institutions of the Roman Catholic Church of the Diocese of Las Cruces. No loans will be made to individuals. Non-parish institutions shall obtain written approval from the Bishop and Presbyteral Council prior to the PIP processing a loan request;

4.20 Eligible Loan Purposes:

Loans are available for renovation projects, capital improvements, major repairs, or new construction.

The Loan Applicant must have already followed the guidelines for approval for renovation projects, capital improvements, major repairs, or new construction currently in place by Roman Catholic Church of the Diocese of Las Cruces and shall provide written proof of said approval to the PIP. Loan Applicants may seek preliminary loan approval subject to final approval of the renovation project, capital improvement, major repair, or new construction by the Diocese.

4.30 New Loan Requests:

4.31 Loan requests will include consideration of the impact of the loan on the overall availability of funds within the PIP, ratio of PIP loans to funds on deposit and the impact on the overall investment of the PIP funds.

4.32 Application Process:

Loan requests for eligible projects are to be submitted to the Finance Office in writing and shall include:

- a) Detailed Summary of the project;
- b) Planned time line of construction date, estimated completion date, timing of loan fund proceeds;
- c) Individuals to be contacted for additional information;
- d) Loan request and preferred terms.

- e) **Financial Data Required:** Complete Balance Sheet and Income Statement for the current and prior three years. Include detail on all funds controlled by the Loan Applicant that will be utilized towards the project. Loan Applicant shall also provide the status of all payments due to the Diocese and all other outstanding liabilities;
- f) **Business Plan:** Required with projected financial statements and cash flow and all assumptions used in developing your projection including all additional operating expenses that may arise from the project. Include how the borrowed funds will be repaid including repayment sources and duration of repayment period requested.

If a Capital Campaign is planned as part of the funding source and the campaign will be outsourced, identify the third party fund raising organization that will be hired to conduct the campaign and attach a copy of their feasibility study.

If the campaign will be done within the parish, attach a narrative explaining how the campaign will be managed; the anticipated time line of goals; identify the key parish workers and their fund raising experience.

4.33 Loan Review Process:

- a. The loan application documents shall be submitted to and initially reviewed by the Director of Financial Services for completeness. The Director of Financial Services will present the loan request to the PIP Oversight Committee.
- b. The following factors will be used in the analysis of all loan requests:
 - i.* Availability of PIP funds;
 - ii.* Ratio of PIP funds currently loaned to deposits;
 - iii.* Existing debt of the Loan Applicant:
 - Are required principal and interest payments timely
 - Are there past due accounts payable (parish taxes, insurance, priest's retirement, etc.)
 - iv.* Written proof that the Loan Applicant meets Diocesan

standard for the percentage of cash on hand for the proposed project.

- v. Ability of the Loan Applicant to service the new debt that would result from the loan being requested and cover additional operating expenses arising from the new project.

4.34 Loan Terms.

- a. **Loan Repayment Schedules:** All payments shall be on a monthly basis with the amortization of principal and interest. During the construction period not to exceed one year, monthly payments of interest only may be scheduled. Once construction is completed, amortized payments of principal and interest shall begin.

Upon a change in interest rates the scheduled principal payments due under the original amortization schedule shall continue with the same final maturity date and the interest portion of the payment adjusted to reflect the new interest rate applied against the then current outstanding principal balance.

- c. **Term of Loans:** Loan shall be structured as to the loan term or period of years that the loan is scheduled based upon the following criteria:
 - i. The request of loan term submitted by the Loan Applicant and the projected financial statements and cash flow included in the Business Plan as required under Section 4.32f
 - ii. It may be prudent for the PIP to break the loan repayment into two or more repayment schedules based upon the purpose of the loan and the source of repayments proposed by the Loan Applicant;
 - iii. **General Guidance for loan terms:**

- Loans for roof repairs, HVAC updates, etc. generally should not exceed five years;
- Loans for new construction of buildings generally should not exceed ten years;
- Loan terms for major renovations to buildings will be based on the scope of the renovation and the cash flow of the Loan Applicant but generally should not exceed ten years;

4.35 Interest Rates on Loans. The following are general guidelines as to interest rates to be charged on PIP loans.

- a. Interest rates on loans will generally be made on an one year adjustable interest rate based approximately upon a spread of 3.00% per annum above the previous twelve month nominal yield for one year US Treasury securities as reported by the Federal Reserve and market conditions at the time of the loan request.
- b. Longer term fixed rates may be offered if the risk of interest rates changes is critical to the loan applicant. Rates up to three years fixed with the repayment terms to be renegotiated at the end of the fixed interest period may be used in certain circumstances.

4.36 Loan Documents:

- a. Loan Authorization Form (Form 4.36.a) signed by (1) the Bishop or his designee on behalf of the Diocese; (2) Director of Financial Services for the Diocese; (3) a member of the PIP Oversight Committee; and, (4) the designated person for the loan applicant, shall be furnished documenting the approval and terms of the loan.
- b. Prior to disbursement of any funds, all loans shall be evidenced by a Promissory Note in the form, amended as may be needed attached as Form 4.36.b. The Promissory Note shall be signed by the Parish Pastor and a designated representative of the Parish Finance Committee, or similar persons for a non-parish borrower. All promissory notes shall contain a schedule showing monthly interest and principal amounts and the resulting remaining loan principal balance.

Section 5. Management of Loans

- 5.10 Loan Statements will be provided annually for each loan including a summary of interest paid, principal paid and the outstanding principal balance;
- 5.20 Upon request by a borrowing Parish that is unable to meet the terms of the loan agreement(s) or if a loan is more than 60 days past due, the PIP committee will meet with the respective Pastor and the Parish Finance Committee. It will be clearly communicated that the non-performance of each loan has an adverse impact on the ability of the Diocese to meet its purpose and mission; however, if a Parish is unable to financially meet the current debt service requirements, the Parish may work with the PIP to develop an alternative repayment plan. For such a plan to be considered, the Parish shall provide:
- a. Financial Data Required: Complete Balance Sheet and Income Statement for the current and prior three years and the status of all payments due to the diocese and all other outstanding liabilities;
 - b. Business Plan: Required with projected financial statements and cash flow and all assumptions utilized in determining the alternative repayment plan.
- 5.30 The PIP and the Director of Financial Services for the Diocese shall work with the Pastor and the Parish Finance Committee to develop a plan to bring the loan back into a performing status.
- 5.40 Any modification of an existing Loan Authorization Agreement must be made in writing and signed by (1) the Bishop or his designee on behalf of the Diocese; (2) Director of Financial Services for the Diocese; (3) a member of the PIP Oversight Committee; and, (4) the Parish Pastor or authorized representative of a non-parish institution.
- 5.50 Additional steps may be made to enforce the performance on a loan by the Bishop or appropriate designee. The PIP shall assist the Bishop in these matters as requested.

PIP FORM ADDENDUM

Form No.	Title or Description
Form 3.10	Custodial Deposit Agreement
Form 3.20	Interest Rates Paid on Deposits
Form 3.30	PIP Withdrawal Form
Form 4.36.a	Loan Authorization Agreement
Form 4.36.b	Promissory Note

ROMAN CATHOLIC DIOCESE OF LAS CRUCES
PARISH INVESTMENT PLAN – CUSTODIAL DEPOSIT AGREEMENT

This CUSTODIAL DEPOSIT AGREEMENT (the “Agreement”) is made and entered into effective _____, by and between:

Beneficiary (depositing entity): _____

Address: _____

Account No(s). _____

hereinafter referred to as “Beneficiary”, and, the Roman Catholic Diocese of Las Cruces Parish Investment Plan as Trustee-Custodian hereinafter referred to as the “PIP”.

1. The PIP serves the Parishes and other institutions of the Roman Catholic Diocese of Las Cruces (1) to accept the deposit of monies not immediately needed for ordinary expenses; (2) to invest funds saved for future building and improvement projects; and, (3) as a source of loans for capital projects and facility improvements.

2. PIP funds are deposited in a separate bank account or accounts than any other funds deposited by or with the Diocese, which account shall have as part of its name, “Parish Investment Plan”. Although the PIP’s accounting matters shall be handled by the Diocesan Finance Office, all accounts belonging to the PIP shall have account numbers that distinguish it from all other accounts handled by the Finance Office. The operations of the PIP are overseen by the PIP Oversight Committee.

3. All funds deposited in the PIP shall remain the property of the Beneficiaries (including any funds deposited by the Diocese); shall be held and managed solely for the benefit of the Beneficiary; and shall not be used by the Diocese for any of its operations or financial needs, *provided however*, that the Diocese may borrow money from the PIP on the same basis and conditions as any other depositing entity.

4. All operations of the PIP are governed by the Parish Investment Plan Policy and Procedures currently adopted by the Roman Catholic Diocese of Las Cruces, which may be amended from time to time by recommendation of the PIP Oversight Committee and approval by the Bishop of the Roman Catholic Diocese of Las Cruces, to support the purpose and objectives of the PIP.

5. The Beneficiary is desirous of participating in the PIP by depositing funds into its account and the parties desire to enter into this Agreement to confirm their mutual covenants and agreements.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties do hereby covenant and agree as follows:

1. The Beneficiary acknowledges receipt of a copy of the Parish Investment Plan Policy and Procedures currently adopted by the Roman Catholic Diocese of Las Cruces.

2. The Beneficiary consents to the assignment, transfer, conveyance and delivery to the PIP all the Beneficiary's current account funds to be held and administered pursuant to the terms of the Parish Investment Plan Policy and Procedures.

3. The Beneficiary may transfer additional funds to, and withdraw funds from, the PIP in accordance with the provisions of the Parish Investment Plan Policy and Procedures.

4. The PIP Oversight Committee as Trustee-Custodian agrees to accept, hold, administer and invest funds of the Beneficiary deposited into the PIP in accordance with the terms of the Parish Investment Plan Policy and Procedures.

5. The Beneficiary understands and agrees that the PIP in meeting its purpose and objectives may hold funds within loan accounts or other investments. As such, all funds are not immediately available for withdrawal. In the case that withdrawals requested exceed immediately available funds, the PIP through the Diocesan Financial Officer shall inform the Beneficiary of the situation and the withdrawal requested may be reduced or delayed until such time as immediately available funds can be withdrawn. The Beneficiary further understands that the funds available to be withdrawn may be dependent on the needs and withdrawal requests of other participants in the Parish Investment Plan.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

BENEFICIARY:

Name of Parish or Institution: _____

By: _____

Name: _____

Title: _____

ROMAN CATHOLIC DIOCESE OF LAS CRUCES PARISH INVESTMENT PLAN

By: PIP Oversight Committee

By: _____

Name: _____

Title: _____

Acknowledgement of Receipt of Custodial Deposit Agreement:

By: _____

Diocesan Financial Officer

ROMAN CATHOLIC DIOCESE OF LAS CRUCES
PARISH INVESTMENT PLAN – INTEREST RATES ON DEPOSITS

The PIP Committee, not less than on an annual basis, shall recommend to the Bishop for his approval the interest rate that shall be paid on the savings deposits. The interest rates may be based on a tiered approach based on the size of the deposit, interest market rates, and the earnings projected for the PIP. Interest rates will be communicated to depositors a minimum of ten days prior to the effective date of a change in interest rates to be paid on savings deposits.

The following interest rates on saving deposits are recommended by a majority vote of the PIP Oversight Committee held on November 25, 2014, with an effective date of January 1, 2015:

Category	Total Parish Deposit	Volume 10/31/14	Interest Rate to be Paid
TIER ONE	\$0-\$49,999	\$ 432,355	0.50%
TIER TWO	\$50,000-\$499,999	\$ 2,924,390	1.50%
TIER THREE	> \$500,000	\$ 4,428,001	2.25%
OVERALL		\$ 7,784,746	1.87%

By: _____
Name: _____
Title: _____

Recommendation approved by:

Most Rev. Oscar Cantú, Bishop of Las Cruces

Date: 01/05/2015

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FINANCE OFFICE USE ONLY

Interest rates shown above have been loaded into the accounting system for the PIP and will be reflected on the next quarterly statements.

Director of Financial Services

Date: _____

ROMAN CATHOLIC DIOCESE OF LAS CRUCES
PARISH INVESTMENT PLAN - PIP WITHDRWAL FORM

Please mail, fax or email a scanned signed copy to:

Attn: Director of Financial Services
Fax: (575) 524-3874
Email: RDuran@dioceseoflascruces.org with copy to
RChavez@dioceseoflascruces.org

DATE: _____

DEPOSITOR: _____

CONTACT: _____ Phone No. _____

We request the withdrawal from the Parish Investment Program savings account for the above named depositor in the following amount:

_____ dollars (\$_____)

The funds are to be payable as follows:

The purpose of the withdrawal is:

The undersigned, Pastor or other authorized person, understands and agrees that the withdrawal of savings deposits funds for capital improvements or purchases must have all required Diocesan approvals prior to the disbursement of the funds by the PIP.

By: _____

Name: _____

Title: _____

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FINANCE OFFICE USE ONLY

Withdrawal checks shall be signed by two priest members of the PIP Oversight Committee. In the event that funds are needed for an emergency matter, upon approval by the Bishop, the PIP shall make funds immediately available to a deposit holder.

Withdrawal request reviewed and approved as per PIP policy:

_____ Date: _____

Director of Financial Services

Date Paid: _____ Check No. _____ Amount: \$ _____

ROMAN CATHOLIC DIOCESE OF LAS CRUCES
PARISH INVESTMENT PLAN – LOAN AUTHORIZATION FORM

The following Parish has applied for a new loan or the modification of an existing loan as follows:

Parish: _____

Contact: _____ Phone: _____

Purpose: _____

Amount: \$ _____

PIP Oversight Committee Review:

4.10 Eligible Loan Applicants:

Loans will be made only to institutions of the Roman Catholic Church of the Diocese of Las Cruces. No loans will be made to individuals. Non-parish institutions shall obtain written approval from the Bishop and Presbyteral Council prior to the PIP processing a loan request;

Is applicant eligible? _____

4.20 Eligible Loan Purposes:

Loans are available for renovation projects, capital improvements, major repairs, or new construction.

Is loan purpose eligible? _____

Has applicant followed the guidelines for approval for renovation projects, capital improvements, major repairs, or new construction currently in place by Roman Catholic Church of the Diocese of Las Cruces and shall provide written proof of said approval to the PIP? _____

If not, should preliminary loan approval subject to final approval of the renovation project, capital improvement, major repair, or new construction by the Diocese, be approved? _____

4.33 Loan Review Process:

The loan application documents shall be submitted to and initially reviewed by the Director of Financial Services for completeness.

The Director of Financial Services will present the loan request to the PIP Oversight Committee. The following factors will be used in the analysis of all loan requests:

1. Availability of PIP funds. Ratio of PIP funds currently loaned to deposits.
_____%

2. Existing debt of the Loan Applicant:
 - a. Are required principal and interest payments timely?

 - b. Are there past due accounts payable (parish taxes, insurance, priest's retirement, etc.)?

 - c. Has written proof that the Loan Applicant meets Diocesan standard for the percentage of cash on hand for the proposed project be provided?

 - d. Analysis/discussion of the ability of the Loan Applicant to service the new debt that would result from the loan being requested and cover additional operating expenses arising from the new project.

4.34 Loan Terms and Interest rate recommended:

Length of amortization period: _____

Interest rate/term: _____

Other circumstances/situations that exist regarding the loan requested:

The PIP Oversight Committee recommends to the Bishop to

- a. ____ Approve the loan as requested under the following terms:

- b. ____ Approved the loan as requested in an amended amount of \$ _____
under the following terms:

- c. ____ Deny the loan requested for the following reasons:

Recommended by:

Director of Financial Services

Date: _____

PIP Oversight Committee

By: _____
_____, Chairman

Date: _____

Recommendation approved by:

Most Rev. Oscar Cantú, Bishop of Las Cruces

Date: _____

Promissory Note

\$ _____, 20_____

For value received, _____, a separate juridic person under the 1983 Code of Canon Law of the Roman Catholic Church and a parish within the Diocese of Las Cruces (the “Borrower”), promises to pay to the order of the Parish Investment Plan of the Diocese of Las Cruces (the “PIP”) the sum of _____ Dollars (\$ _____) as follows:

The Borrower may prepay any amount at any time with all funds first applied to accrued interest and the balance applied against the principal balance. Such prepayments shall not serve to delay or defer any subsequently scheduled installments.

Borrower agrees to abide by the promises and agreements entered into under this Agreement.

1. No additional advances will be made under the terms of this Note;
2. The terms and conditions of this Note are governed by the policies of the Parish Investment Plan of the Diocese of Las Cruces;

Covenants:

Until the Note is paid in full, together with any and all accrued and unpaid interest thereon and all other amounts due hereunder are paid and satisfied in full, and this Promissory Note has been terminated, the Borrower covenants and agrees that it will:

1. Use all loan proceeds solely for _____.
2. Promptly inform the PIP in writing of (i) all adverse changes in the financial condition of the Borrower; and (ii) any and all matters affecting the Borrower that could materially affect the Borrower’s financial condition.
3. The Borrower recognizes its obligations to repay the indebtedness referenced herein and commits that such repayment obligation shall always hold a preeminent position in current and future budgeting and planning. Borrower also recognizes that it may need to reduce its future operating budgets in order to accommodate the debt service of this Note.
4. Borrower must encourage parishioners to remain faithful to their offertory donations during the pledge payment period.

5. Borrower covenants and agrees that it will not incur any additional indebtedness until the Note has been paid in full without the prior written approval of the PIP.
6. Perform and comply with all terms, conditions and provisions set forth under the Note, and promptly notify PIP of the occurrence or imminent occurrence of any event or circumstance that may constitute a Default under this Note and/or the other obligations of Borrower.

Events of Default and Remedies:

1. If any one or more of the following events occur and be continuing, it shall constitute a “Default” by Borrower:
 - a. Non-payment. Borrower shall fail to pay the principal and interest hereunder when due (whether as stated or at maturity, by acceleration or otherwise), within five (5) business days after the principal or interest shall become due and payable;
 - b. Compliance. Borrower shall fail to comply with the Covenants and any other terms and conditions of this Note, or fails to comply with the terms and conditions of any other agreement between Borrower and the PIP; or
 - c. Material adverse change in financial condition. Any material adverse change in Borrower's financial condition, either as disclosed to PIP by Borrower or as determined by the Diocese of Las Cruces in review of Borrower's routine financial reports and other information.
2. Remedies in the Event of Borrower Default.
 - a. Other Action as Warranted. PIP may take such action as may be lawful and, in PIP's sole discretion, is deemed warranted with respect to the outstanding obligations of Borrower to the PIP hereunder, including the acceleration of the indebtedness, and PIP shall be entitled to all such remedies as legal and equitable principles allow.
 - b. The Bishop of the Diocese of Las Cruces may take all and any actions he deems reasonable and prudent under policies of the Diocese of Las Cruces and Canon Law of the Roman Catholic Church in the event of default.

Representations, Warranties and Other

1. The Borrower acknowledges that the amounts provided under this Note are the patrimonies of other parishes and organizations within the territory of the Diocese of Las Cruces that have been generously made available to it in a spirit of unity and mutual assistance. The Borrower also acknowledges its legal and moral responsibility to repay this Note in a timely and responsible manner and pledges to do the same.
2. The Borrower agrees not to assign any of the Borrower's rights or obligations described in this Note without the prior written consent of PIP, which consent may be withheld by

PIP in its sole discretion. The Borrower agrees that PIP is entitled to assign some or all of its rights and remedies described in this Note with appropriate notice to Borrower but in which no consent from the Borrower is required.

3. The Borrower agrees to make payment to PIP at any address designated by PIP and in lawful United States currency. The Borrower waives presentment, demand for payment, notice of dishonor and protest and further waives any right to require PIP to proceed against anyone else before proceeding against the Borrower. This Note shall be binding upon the heirs, successors and assigns of the Borrower and PIP. This Note represents the complete and integrated understanding between the Borrower and PIP regarding the terms hereof and may not be modified, amended or waived except by a written instrument duly executed by both parties.
4. Borrower hereby represents and warrants that this Note constitutes the legal, valid and binding obligation of Borrower enforceable in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency or other similar laws of general application relating to or affecting the enforcement of creditor's rights from time to time in effect.
5. To the extent permitted by law, the Borrower agrees to pay PIP's reasonable attorney's fees and other costs incurred in collecting any amount due or enforcing any right or remedy under this Note, including audit or internal investigation fees incurred should there be a material adverse change in the Borrower's financial condition.
6. This Note shall be governed in all respects by the laws of the State of New Mexico and of the Canon Law of the Roman Catholic Church.

BORROWER:

By: _____,
Pastor

Witnessed and approved by the Parish Finance Council for _____

By: _____,
Chairperson, of the
Parish Finance Council of _____

ATTACH AMORTIZATION SCHEDULE