

§200 PASTORAL CENTER BANKING GUIDELINES

§201 NAME OF PARISH BANK ACCOUNTS

201.1. Policy The name on a parish bank account shall be the same as the name on file with the Internal Revenue Service that matches the Federal Employer Identification Number (FEIN). “Catholic Bishop of Chicago, a Corporation Sole” shall appear in the name as secondary to the name on file with the Internal Revenue Service.

Procedures

If the name on file with the Internal Revenue Service is the name of the parish, such as St. Paul Parish, then the name of the bank account should be: “St. Paul Parish, Catholic Bishop of Chicago, a Corporation Sole.”

§202 DEPOSITS IN SAVINGS ACCOUNTS

The Archdiocesan Bank holds funds for Parishes, Schools and Agencies in Regular and Special Savings Accounts. (Agency accounts are allowed only in exceptional circumstances as defined in §400.) A Special Savings Account is the equivalent of a certificate of deposit.

§202.1. General Banking Guidelines

202.1.1. Policy Interest rates on savings accounts shall be published quarterly.

Procedures

Interest rates and other relevant banking information will be mailed to account holders in monthly and quarterly statements.

202.1.2. Policy Deposits made with the Pastoral Center Bank shall be available for withdrawal at any time upon request of the Pastor, Principal or Administrator of the Parish, School or Agency.

202.1.3. Policy Funds on deposit shall earn interest on a daily basis. Interest earned shall be posted to the deposit account on a monthly basis. This policy shall apply to all savings accounts.

202.1.4. Policy Interest shall be available for withdrawal at any time upon the request of the Pastor, Principal or Administrator of the Parish, School or Agency.

§202.2. Regular Savings Accounts

202.2.1. Policy A Regular Savings Account may be established regardless of whether a Parish, School or Agency has an outstanding loan with the Pastoral Center Bank. Excess or operating funds deposited in a Regular Savings Account shall not be offset against any outstanding loan.

202.2.2. Policy Deposit of new funds may provide the option of upgrading a savings account from one type to another. Interest for the upgraded account shall be earned at the higher rate from the date of notification and the receipt of additional funds.

§202.3. Special Savings Accounts

202.3. Policy A 90 day or 1 year Special Savings Account (certificate of deposit) may be established with a minimum deposit of \$100,000 or \$250,000, respectively. Early withdrawal of principal shall result in a penalty. Interest on a premature withdrawal shall be calculated on the regular savings rate and not the certificate of deposit rate.

§202.4. Investment Restrictions

202.4. Policy Parishes and schools shall not deposit excess funds at financial institutions other than the Archdiocesan bank.

§203 LOANS

§203.1. General Loan Guidelines

203.1.1. Policy Interest rates on loans shall be published quarterly.

Procedures

Interest rates and other relevant banking information will be mailed to account holders in monthly and quarterly statements.

203.1.2. Policy Interest on loans shall be incurred daily and posted monthly to the Parish, School or Agency loan account.

203.1.3. Policy Principal and interest shall be paid monthly or in accordance with the loan agreement.

203.1.4. Policy If a Parish, School or Agency has an outstanding loan with the Pastoral Center Bank that does not provide for a fixed repayment schedule, it shall not have a higher than regular interest-bearing savings account.

203.1.5. Policy If a Parish, School or Agency has an outstanding loan with the Pastoral Center Bank with a fixed repayment schedule, it may also have a high interest rate savings account, provided it is current with its debt service schedule and the billings from the Pastoral Center.

Procedures

The term “current” is defined as within 30 days of the due date.

§203.2. Parish Operating Loans

203.2. Policy Parishes in need of an operating loan shall be considered on a case-by-case basis.

Procedures

- a) Factors which will be taken into consideration for an operating loan will include, but not be limited to:
 - 1) parish size (both past and projected)
 - 2) educational requirements
 - 3) staff size
 - 4) location
 - 5) economy of the local community
 - 6) ability to service the debt
 - 7) other financial and census-type information

- b) A Promissory Note will be signed by the Pastor indicating the purpose for which the loan is made, the amount, the interest rate and the repayment schedule.

§203.3. Capital Improvement and New Construction Loans

203.3. Policy For a parish to qualify for a capital improvement or new construction loan, the following procedures shall be followed.

Procedures

- a) The capital improvement or construction project must be first approved as per the process in §601.
- b) The current loan balance, if any, must be less than 25% of the ordinary operating income level for the most recently completed fiscal year.
- c) The loan repayment rate for any current outstanding loan must be at least equal to 10% per year of the ordinary operating income for each of the prior three years.
- d) The funding requirements in §602 must be met.
- d) The repayment schedule for a major capital improvement loan must not exceed a five-year period commencing with the completion of the improvement project.
- e) The repayment schedule for a capital construction loan must not exceed a seven-year period commencing with the completion of the construction project.
- f) A promissory note will be signed by the Pastor indicating the purpose for which the loan is made, the amount, the interest rate and the repayment schedule.
- g) Loans necessary for emergency repairs will be handled in the most expeditious manner possible based on the circumstances. (See §701.3 and 702 regarding funding for “life and threatening” issues.)

§204 PARISH CHECKING ACCOUNTS

204.1. Policy Parishes are authorized to open checking accounts at their local banks in order to operate their day to day activities. However, excess funds (over 90 days operating needs) shall be deposited with the Pastoral Center Bank.

204.2. Policy Only the pastor, administrator, associate pastor, or an appropriate delegate of the pastor or administrator shall be authorized to sign on checking accounts.

Procedures

It is recommended that there be two signatures required if neither of them is the pastor.