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Catholic Community Investment & Loan (CCIL)

General Information

Catholic Community Investment and Loan, the Deposit and Loan Fund, is the central part of the cash management system. CCIL maintains its cash management system at First Horizon Bank in Nashville. In essence, all excess (to current operations) diocesan, parish, and institution money is pooled in this cash management system. CCIL tracks all of the individual account transactions within its accounting system. As far as First Horizon Bank is concerned, there is only one balance at any point in time. Since CCIL does the individual account tracking, we are able to minimize the bank service charges and maximize earnings for everyone participating in the cash management system.

Purposes Of CCIL

The basic purposes of CCIL are to: (1) Provide a pool of funds that can be loaned to diocesan parishes and institutions for improvements and expansion at rates that are less expensive than can be obtained through commercial lending sources, and (2) Pool excess funds so as to maximize interest income. So that CCIL continues to function as intended all parishes and institutions are expected to adhere to the following guidelines:

1. All surplus operating funds must be deposited in CCIL. Surplus operating funds are defined as those funds in excess of six weeks with of budgeted operating expenditures.
2. All restricted funds (e.g., building funds, endowment funds, memorials, bequests) must be deposited in CCIL.

Interest Paid On Deposits

All accounts in CCIL are paid the same rate of interest in any given month. The rate of interest paid will vary from month to month as it is dependent on the amount of interest earned from parish and institution loans (which varies with the prime rate) and the amount of interest earned on CCIL money in the cash management system that is not loaned out to parishes and institutions and which is invested (which varies with the prevailing bank interest rates). Exact interest rates and interest rate spreads are communicated to depositors quarterly.

All accounts in CCIL will earn interest based on the daily account balance. Interest will be credited to each account at the end of each month and an account statement will be available to each parish and institution monthly.

INTEREST CHARGED ON LOANS

The interest rate used to compute the monthly payment for an approved loan from CCIL is indexed, based on loan type. Loan payments will be amortized over a period specified at the time of approval and the minimum payment will remain constant, with the exception of an interest only line of credit.

All loans from CCIL will be charged interest based on the daily loan balance. This interest rate is established at the time the loan is opened.

Loan payments, including principal and interest, should be made on a regular and timely basis. Early amortization, i.e., repayment of the loan in less than 20 years, is encouraged. This will provide funds for use by other parishes and institutions in the diocese that have need of them

ZERO-BALANCE CHECKING (ZBA) ACCOUNTS

Zero Balance Checking (ZBA) Accounts are an integral part of the CCIL cash management system and any parish or diocesan institution may open a ZBA account. For the individual parish and institution, there are three primary advantages to having a ZBA account:

1. These checking accounts earn a small amount of interest, which is generally higher than could be obtained from commercial banks,
2. There are no service charges associated with these accounts.

An advantage that ZBA accounts provide for the diocese as a whole is these accounts can add significantly to the pool of funds available for loans to parishes and institutions in need of them.

At the end of each month parishes and institutions with a ZBA account will receive from First Horizon Bank a monthly statement. The statement, however, will show a "zero'' balance, thus the name Zero Balance Checking Account. In order to reconcile the checking account, the statement of account activity for the month from CCIL, is also needed. This statement will show the beginning balance, the net of activity in the account each day, if any, the interest earned (at the end of the quarter), and the ending balance. CCIL will generally provide this statement by the 5th of each month.

Because ZBA accounts are a part of the CCIL cash management system, no parish or institution check will be returned because of "insufficient" funds as long as there is money in the system. This is another advantage of ZBA accounts, but of course parishes and institutions should always strive to have sufficient funds in their accounts to cover all checks that are issued. To help ensure the safety of funds in the diocesan cash management system, parishes and institutions with ZBA accounts should obtain checks that require two signatures for any check issued that is over $5,000.

Although the CCIL cash management system is located in a bank in Nashville, it is possible for parishes and institutions outside the Nashville area to open ZBA accounts and the

procedures are relatively simple. If a parish or institution wishes to open a ZBA account, it should contact the diocesan Controller for assistance.