STATEMENT OF POLICY REGARDING
CHURCH BONDS
CROSS REFERENCE SHEET

ISSUER NAME: ____________________________________________________________

<table>
<thead>
<tr>
<th>SOP Section or Subsection</th>
<th>OFFERING CIRCULAR Page Number</th>
<th>TRUST INDENTURE Page Number</th>
<th>EXHIBIT or Filing Reference</th>
<th>Footnotes - See General Instruction 3</th>
</tr>
</thead>
</table>
**II. QUALIFICATION, LICENSING AND MARKETING REQUIREMENTS**

**A. Qualification Requirements.**

1. Application forms and fees. __________________________ __________________________

2. Assurances or representations by the
   ISSUER or UNDERWRITER, if applicable. __________________________

3. Documents filed (as applicable):
   a. OFFERING CIRCULAR; __________________________
   b. Articles of Incorporation, Bylaws or other
      similar organizational documents; __________________________
   c. Evidence of authorizations required by III.C.; __________________________
   d. Opinion of legal counsel. __________________________
   e. Specimen or form of CHURCH BONDS; __________________________
   f. TRUST INDENTURE; __________________________
   g. ESCROW AGREEMENT; __________________________
   h. Subscription Agreement or similar document; __________________________
   i. Underwriting Agreement; __________________________
   j. Undertaking to file appraisal report or alternative
      evidence of the value of properties; __________________________
   k. Undertaking to file environmental site
      assessment report, if applicable; __________________________
   l. Undertaking to provide ISSUER’s annual
      financial statements to the TRUSTEE; __________________________
   m. Written consents of professionals; __________________________
   n. Consent to service of process on Form U-2; and __________________________
   o. Other documents required or requested. __________________________

**B. Fees and Commissions.** __________________________

**C. Licensing Requirements.** __________________________

**D. Advertising.** __________________________
III. ORGANIZATION AND STRUCTURAL STANDARDS

A. Organization and Structure.

B. Exemption from Federal Registration.

C. Authorizations.

D. Rank or Priority of CHURCH BONDS.

IV. FINANCIAL STANDARDS

A. Financial Statements of the ISSUER.
   1. AUDITED FINANCIAL STATEMENTS.
   2. Reviewed financial statements, if applicable.
   3. Previous and Interim financial statements.
   4. Compiled financial statements, if applicable.
   5. Annual financial statements in future years.
   6. Departures from GAAP.

B. Feasibility of the Offering – Issuer’s Ability to Repay Debt
   2. ADJUSTED INCREASE IN UNRESTRICTED NET ASSETS and DEBT-SERVICE RATIO
      Based on ISSUER’s last fiscal year.
      Schedule of SINKING FUND payments based on STRAIGHT LINE AMORTIZATION.

   3. Debt-Service Standards.
      a. DEBT-SERVICE RATIO for last fiscal year.
      b. Annualized DEBT-SERVICE RATIO based on ISSUER’s interim financial statements.
      c. SINKING FUND and other long term debt payments as percent of ISSUER’s revenues.
      d. Total long term debt compared to 4 times ISSUER’s revenues for last fiscal year.
      e. Other material information to consider.

C. Construction Costs and Completion.
   Evidence of costs and ability to complete project.

D. Debt to Value Ratio.
IV. **Appraisal and Appraiser Requirements.**

1. Appraisal report on value of property.  
2. Appraiser credentials.  
3. Alternative Valuation Method.

F. **Impoundment of Proceeds in Escrow Account.**

1. Minimum proceeds specified.  
2. ESCROW AGREEMENT and ESCROW AGENT.  
3. Provisions for other financing or sale proceeds.  
5. TRUSTEE as ESCROW AGENT.  
6. Good cause for waiver or modified requirements.

V. **TRUST INDENTURE STANDARDS**

A. **General.** Obligations of ISSUER and provisions to be specified under TRUST INDENTURE.

B. **Duties of TRUSTEE** to be specified under the TRUST INDENTURE.

C. **Responsibility of TRUSTEE** with respect to liability for performance of duties and actions or inaction under the TRUST INDENTURE.

D. **Removal or Termination of TRUSTEE.** Provisions to be specified under the TRUST INDENTURE.

E. **Remedy of DEFAULT.** Remedy provisions to be specified under the TRUST INDENTURE.

F. **PAYING AGENT and SERVICE AGENT.** Provisions for SINKING FUND payments based on STRAIGHT LINE AMORTIZATION or LIMITED GRADUATED PAYMENTS and reporting of any DEFAULTs to TRUSTEE.

G. **Communications Among BONDHOLDERS.** Provision for communications upon written request.

H. **Reports by ISSUER.** Provisions to require:

1. Financial statements as required under IV.A.5.  
2. Certificate or opinion of Appraiser.
<table>
<thead>
<tr>
<th>SOP Section or Subsection</th>
<th>OFFERING CIRCULAR Page Number</th>
<th>TRUST INDENTURE Page Number</th>
<th>EXHIBIT or Filing Reference</th>
<th>Footnotes - See General Instruction 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>V.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I. Reports by TRUSTEE or SERVICE AGENT.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions to require report for specified events.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VI. TRUSTEE QUALIFICATIONS.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. General qualifications of TRUSTEE and co-trustee(s).</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. Experience of TRUSTEE or its officers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C. Conflicts of Interest. Representations or evidence that specified conflicts of TRUSTEE do not exist.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VII. OFFERING CIRCULAR</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. COVER PAGE with specified disclosures and legends.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. SUMMARY with specified summary information.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C. RISK FACTORS in specified format and content.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D. HISTORY AND OPERATIONS as specified.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E. PRIOR BORROWING EXPERIENCE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F. USE OF PROCEEDS with disclosure of:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Specific uses of proceeds in tabular form.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Disclosure of other information if applicable.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Demonstration of sufficient minimum proceeds and disclosure of impoundment of proceeds in escrow.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Disclosure of alternative or additional financing.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G. CAPITALIZATION AND SUMMARY FINANCIAL INFORMATION as specified.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H. DESCRIPTION OF PRINCIPAL PROPERTIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I. ENVIRONMENTAL ASSESSMENT as specified.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>J. DESCRIPTION OF THE TERMS OF THE CHURCH BONDS and TRUST INDENTURE.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>K. PLAN OF DISTRIBUTION as specified.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>L. LITIGATION AND OTHER MATERIAL TRANSACTIONS involving ISSUER and officers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>M. TAX ASPECTS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N. CHURCH LEADERSHIP information as specified.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>O. FINANCIAL STATEMENTS required by IV.A.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>P. INVESTOR REPORTS as specified.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q. REPORTS OR OPINIONS OF PROFESSIONALS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>