

CASH RESERVE ACCOUNTS FOR MINISTRY

as offered by the

CHURCH OF GOD BENEFITS BOARD, INC.

Submitted for Adoption: August 2006

Adopted: August 14, 2006

Cash Reserve Accounts for Ministry

The Church of God Benefits Board, Inc. (“Benefits Board” or “Board”), has elected to make available cash reserve accounts to churches and church-related entities within the Church of God, Cleveland, Tennessee, denomination. Pursuant to this document, cash reserve accounts will be made available to any local church, church denominational department, or church-related institution that is affiliated with the Church of God, Cleveland, Tennessee. The following is a summary of the rules, which will be used to administer the Cash Reserve Accounts for Ministry (“Accounts”).

Summary of Cash Reserve Accounts for Ministry

An eligible participant may place funds in the Cash Reserve Accounts for Ministry in increments of at least \$1,000. The funds will be placed in a cash portfolio with the objectives of safety of the principal, an appropriate level of liquidity, and returning a competitive cash yield. Funds in the Accounts will be placed in professionally-managed institutional money market funds/accounts. While not managing the funds, the Benefits Board will provide record-keeping and administrative functions and will serve as an intermediary between the eligible participants and the fund manager or managers, and in addition, the Board will provide regular statements to the participants. The funds in the Cash Reserve Accounts for Ministry will not be guaranteed or secured by the Benefits Board or by other assets under management by the Benefits Board, specifically assets held in the Ministers’ Retirement Plan.

Eligible Participant

Any local church, church denominational department, or church-related institution that is affiliated with the Church of God, Cleveland, Tennessee may place reserve funds into an Account. Different “units” of the same church, department, or institution may be subject to the single entity limits discussed later.

Individuals are not allowed to participate in Accounts.

The Board’s decision on whether a person, unit, functionary, or entity is eligible to participate in the program shall be determinative. The Board may determine what an entity is for purposes of this program.

Limits

The minimum to open an Account is one thousand dollars (\$1,000). Once an Account is opened, additional contributions may be made in increments of at least one thousand dollars (\$1,000) each.

The minimum contribution limits are set higher so as to reduce the costs of management of the funds. The Board reserves the right to increase the minimums if necessary to hold down the costs of the fund.

All funds from any single entity will be placed in the same Account and the entity will receive one statement from the Board concerning earnings on such Account. Once a single entity has at least one hundred thousand dollars (\$100,000) in an Account, that entity will be allowed to open separate Accounts in increments of twenty-five thousand dollars (\$25,000) or more.

There is no maximum amount that an eligible participant can place in an Account.

Availability

It is expected that the Cash Reserve Accounts for Ministry will be available on or before September 1, 2006 and afterwards. Such Accounts will remain available as long as a need for such exists or until such time as the Benefits Board determines that the Accounts are no longer a part of the mission of the Board.

Definitions

All references to earnings, interest, yield, or dividends in the rules and procedures, documents, and application concerning Cash Reserve Accounts for Ministry, shall technically mean "dividends." Dividends are ordinary income and capital gains paid to shareholders. Dividends may be reinvested in additional Fund shares as they are paid.

Tax Reporting

By placing funds into a Cash Reserve Account for Ministry, the eligible participant certifies to the Benefits Board that such funds are from tax-exempt activities of the non-profit entity. No funds subject to, or potentially subject to, "unrelated business income tax" are allowed to be placed in an Account. While the eligible participant will receive a year-end statement showing the earnings on the Account, no tax reporting information will be provided to the participant.

PROCEDURES FOR CASH RESERVE ACCOUNTS FOR MINISTRY

The procedures contained herein, as well as any interpretations or clarifications issued by the Board in the future, shall comprise the operational rules and procedures for the Cash Reserve Accounts for Ministry program. Each participant shall receive a copy of these rules and procedures upon request.

Application

A participating institution requesting to make a deposit into an Account must complete an application on a form provided by the Benefits Board. Partially completed applications will not be considered.

In applying for an Account, the participating institution must provide contact information, a representation concerning those who are agents entitled to information on the Account and those who may make transactions regarding the Account, and an employer tax identification number. If the application is from an eligible participant and if the requested deposit meets the minimum requirements, the Board will open an Account in the name of the church, department or institution.

After submitting a completed application and making an initial deposit, the participating entity will receive acknowledgement of the deposit from the Board in writing.

Processing Fees

There is no application fee to open a Cash Reserve Account for Ministry.

A fee of \$35 will be assessed on all checks that are returned for non-sufficient funds or for any other reason.

A maintenance fee of \$25 per year will be assessed against any Account that drops below the minimum account balance of one thousand dollars (\$1,000).

A set-up fee of \$10 will be assessed against any Account that is closed within 30 days of opening.

It is anticipated that outgoing wire transfers from an Account can be accomplished for a minimal charge of \$15 per occurrence. In addition, the participating entity's local financial institution may charge to receive the wire transfer. There will be no charge for incoming wire transfers to an Account.

Management Fees

The Cash Reserve Accounts for Ministry will be placed in institutional money market accounts, managed by professional managers. A prospectus from the money market fund manager will be available upon request. The Benefits Board will provide recordkeeping services for the Accounts.

The yield (i.e. interest earned) on the Accounts will be stated net of fees. For example, if the net annualized yield earned is 2.0%, the Account will be credited with an annualized return of 2%. All fees, whether to the money market manager or to the Benefits Board for recordkeeping, will have been paid before the annualized percentage yield is set. In other words, the stated rate is actually the amount earned by the Account after all expenses have been paid.

Although the average net annualized yield stated will be net of fees, for disclosure purposes it is anticipated that the fees assessed by the money market manager will range from .15% to .25% annually, while the fees charged by the Board for recordkeeping will range from .10% to .15%. The Board may adjust its fees and modify the Accounts program from time to time.

Fund Objective

The fund or funds managing the Cash Reserve Accounts for Ministry will have objectives to seek maximum current income consistent with liquidity, preservation of principle, and the maintenance of a portfolio of high quality short-term money market securities.

The fund or funds will try to achieve its objectives by investing in a diversified portfolio of short-term U.S. dollar denominated money market securities. These instruments are dollar-denominated fixed-income securities. Other than U.S. Government and U.S. Government agency securities, each fund only invests in money market instruments of issuers with one of the two highest short-term ratings from a nationally recognized credit rating organization or unrated instruments which, in the opinion of fund management, are of similar credit quality.

Fund management will vary the types of money market instruments in each fund's portfolio, as well as the Fund's average maturity, in response to its assessment of the relative value of different securities and future short-term interest rates. Each fund's dollar-weighted average portfolio maturity will not exceed 90 days.

Risks of Fund

The Cash Reserve Accounts for Ministry cannot guarantee a particular return. The yield of the fund will be strictly based upon market conditions and a particular long-term or average rate is not guaranteed by the Benefits Board, the Ministers' Retirement Plan, or any fund manager.

An investment in an Account is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency.

Although the fund seeks to preserve the value of your investment at \$1.00 per share and the fund has maintained a constant share price since inception, it is possible to lose money by investing in a money market-type account.

Participating institutions should be aware that the fund's yield will fluctuate as market conditions and interest rates change and as short-term securities in its portfolio mature and the proceeds are reinvested in securities with different interest rates.

Purpose of Accounts

The Cash Reserve Accounts for Ministry are offered by the Benefits Board to allow all participating entities access to institutional money market type accounts. While institutional money market accounts generally provide a superior yield, they are primarily

available only to participants that have a minimum of at least \$100,000 and some funds require minimums in excess of \$10 million.

By combining the accounts of many different entities, the Board can offer the same type account and yield to small entities (those with at least \$1,000) as a large entity with millions of dollars on deposit. Pooling of assets benefits all as the expense ratios are driven down.

Best Use of Funds

The Cash Reserve Accounts for Ministry were created to deal with short-term cash needs where liquidity is a primary concern. The Accounts are most likely not the best vehicle for long-term funds where a stock market-like return is expected or needed. Instead, the Accounts are projected to be most suitable for the placement of short-term reserve assets, designated funds that will be needed within 12 to 24 months, and excess, or “rainy day,” cash funds that may be needed on short notice.

Instead of placing such “excess” funds in a non-interest bearing checking account, the Accounts offer an alternative with an institutional money market type yield. In addition, Accounts are an alternative to placing such “excess” funds in certificates of deposits that may restrict the use of the funds unless substantial penalties are paid.

Accounts are not for weekly operating cash since there are no check writing privileges.

Calculation of Daily Interest

Although the yield on the Accounts will be stated as a net annualized yield earned, interest will be calculable on a daily basis. The first day of interest will be earned at 5:00 pm EST on the business day following the day the funds were received in the corporate offices of the Benefits Board or at a place so designated by the Board. Accounts withdrawn prior to such will not be credited with any earned interest.

Any funds received either by mail or wire transfer after 3:00 pm EST will be treated as received at 8:00 am EST the next business day.

Rate

The interest rate on Accounts will be stated as a Net Annualized Yield. The interest rate, or the net annualized yield, for the Accounts will depend upon the applicable rates in money market type funds, and may change frequently. The rate on such Accounts is variable and may be changed at any time by the Board.

The daily yield, stated in a net annualized yield format, will be available from the Board upon request.

No fixed interest rates will be offered for Accounts.

There are no limitations on how high the net annualized yield on an Account can go or alternatively, how low that the rate can go.

Computation and Crediting of Rate

The Board will use a daily balance method to calculate the interest on your Account. This method applies a daily periodic rate to the principal in the Account each day, using a 365-day year for calculation purposes. For example, if the average net annualized percentage yield for a particular month is 2%, an Account of \$1,000 would earn approximately 5.48 cents per day interest for each day of the month, or a total of \$1.65 for the month ($1000 \times .02 = 20.00 / 365 = .0548 \times 30 = \1.65).

Interest/dividends will be declared daily and credited/reinvested monthly to the Accounts. Because of such, interest will be compounded monthly.

If a participant closes an Account before interest is credited, the participant will receive the accrued interest. However, at the discretion of the Board, the Board will have up to fifteen (15) days to calculate and pay any accrued interest not yet credited to an Account.

Reinvestment

All interest/dividends earned on a Cash Reserve Account for Ministry will be reinvested in the Account and not paid out to the participant until such time as the participant makes a withdrawal from the Account.

Withdrawals

A withdrawal from an Account may be accomplished in any amount in excess of one thousand dollars (\$1,000).

All requests for withdrawals must be accomplished on a form designated by the Benefits Board.

All requests for withdrawals must be signed by at least two (2) authorized agent representatives of the participating entity. The entity may designate as many authorized agent representatives as they like when the Account is opened. Such must be accomplished on a resolution or a participation agreement provided by the Board.

If a withdrawal reduces the remaining Account balance below one thousand dollars (\$1,000), the account will be subject to a maintenance fee as discussed elsewhere.

Fees for wire transfers may apply. See previous section entitled "Processing Fees."

Recordkeeping and Statements

The Benefits Board will provide regular statements to entities with Cash Reserve Accounts for Ministry. An agent representative of the participating entity with an Account must examine the statement of account with “reasonable promptness.” If the agent representative discovers or reasonably should have discovered any missing or incorrect entries on the statement, such person must promptly notify the Board of the relevant facts. If there is no notification, the agent representative on behalf of the entity assumes responsibility for any loss that might result from the error.

By entering into an Account agreement, the participating entity agrees that the time they have to examine the statement and report to the Board any errors will depend on the circumstances, but will not, in any circumstances, exceed a total of 30 days from when the statement was first mailed or made available to the participating entity.

Any claim for correction of error in regards to an Account must be asserted within 30 days or the claim is forever waived.

Facsimile Signatures

The Board recognizes that time is often of the essence when dealing with money market-type accounts. Therefore, unless the participating entity expressly prohibits such in writing to the Board, a facsimile transmission containing signatures that reasonable resemble those on the original resolution will be sufficient for the Board’s reliance to allow for a withdrawal from an Account.

While a facsimile transmission of an application may be used to open an Account, no transactions concerning that Account can be accomplished until the original of the application and resolution, if required, are on file in the corporate offices of the Benefits Board.

Electronic Fund Transfers

Deposits into an Account may be made by electronic fund transfers, such as the Automated Clearinghouse (ACH) system. Wiring instructions can be provided upon request to the Board.

For withdrawals from an Account, all withdrawals in excess of \$25,000 must be made by electronic fund transfer, while withdrawals in lesser amounts can be made by such method upon request. Electronic fund transfers are quick, convenient, and safe. Most importantly, electronic fund transfers provide the participating entity with their funds almost immediately and eliminate the possibility of a lost or delayed check.

Fees for wire transfers may apply. See previous section entitled “Processing Fees.”

Withdrawals from an Account processed by electronic fund transfer will only be made directly back to a bank account that is in the name of the participating entity. In addition, withdrawals from an Account made by check will only be written back to the participating

entity. Withdrawals from an Account, whether by check or electronic fund transfer, will only be made to the participating entity. No withdrawal can be directed to a third party.

Confidentiality

The Benefits Board will only disclose information to a third party about a participating entity's Account if the entity, acting through its' authorized agent representatives, gives the Board written permission to release such information.

The Board will also release information on Accounts as required by law and in compliance with a legally obtained court order.

Controlling Law

The Benefits Board is incorporated in, and governed by, the laws of Texas. The Board has its' principal place of business in Cleveland, Tennessee.

By creating Cash Reserve Accounts for Ministry, the Board does not assume any liabilities or obligations of a bank, credit union, or other financial institution. The Accounts are created simply by the Board to allow for pooling of assets to provide an enhanced money market-type return to the participating entities.

The Cash Reserve Accounts for Ministry shall be construed in accordance with and be governed by the laws of the State of Texas (without regard to any principles or conflicts of law) except to the extent pre-empted by federal law. Any controversy arising out of or relating to the Accounts or to the breach thereof, shall be settled by the Board in its sole and absolute discretion. Appeal is available under arbitration rules in accordance with the Code of Commercial Arbitration of the American Arbitration Association and shall be held in Dallas, Dallas County, Texas. Any arbitration hereunder shall be final and binding, and judgment upon the award rendered may be entered in any court, state or federal, having jurisdiction. This arbitration provision shall survive the expiration or termination of this agreement.

Advice Notification

If the participating entity is seeking investment advice, the entity should seek the advice of an investment professional who can advise the entity based on the facts of the individual situation. (NOTE: *The Board of Trustees and the staff of the Benefits Board are not engaged in rendering financial advice, legal advice, or other financial planning services. If such advice is desired or required, the services of a competent professional should be sought.*)

Termination of Cash Reserve Accounts for Ministry

The Board may, in its sole discretion, determine that Cash Reserve Accounts for Ministry will be terminated subsequent to a date determined by the Board. However, it is

anticipated that such Accounts will remain available as long as a need for such exists or until such time as the Benefits Board determines that the Accounts are no longer a part of the mission of the Board.

Pledging Collateral

Participating entities are strictly prohibited from pledging assets held within an Account as collateral. If an effort is made to lien, pledge, or collateralize the assets in an Account, the assets will be returned immediately to the participating entity.

Administrator of the Loan Program

The administrator of the Cash Reserve Accounts for Ministry program is the Benefits Board. Mrs. Gayla Iles of the Benefits Board staff is assigned the primary responsibilities of coordinating the Cash Reserve Accounts for Ministry program. To request information on an Account, the participant should call Mrs. Iles at 1-877-478-7190.

Any additional questions, comments, or clarifications needed after reviewing these rules should be directed to the President and Chief Executive Officer of the Benefits Board at the following address:

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