

PERIODIC ADJUSTMENT OF DEPOSIT AND LOAN INTEREST RATES

January 14, 2002

Dear Pastors and Administrators:

Following its December 19, 2001 meeting, the Bishop's Finance Council presented me a recommendation for the modification of the Deposit and Loan rates.

After reviewing the Deposit and Loan rates which have been in place since January 11, 1996, the Bishop's Finance Committee recommended to me by a unanimous vote that the savings rate be reduced from 4.0% to 3.0% effective January 1, 2002. Their discussion centered on the continual decline in interest rates in the marketplace and the reality of lower return received from our investment portfolio. They recommended that the rate on loans be reduced from 7.0% to 6.0%. Council members judged the 3.0% - 6.0% rates for deposits and loans to be higher than market on demand deposits and equal to or lower on loans. I am approving this recommendation and I will ask them to continue to review these rates annually in July per policy for adjustment to movements in the markets. From time to time, as market conditions dictate, these rates may be reviewed periodically to be compatible with external market rates.

Again, I am grateful to the Bishop's Finance Council and to all on the council and staff who monitor this important function within our Diocese.

Sincerely yours in Christ,
William S. Skylstad
Bishop of Spokane

(Memorandum from Michael Miller, Secretary for Diocesan Business Affairs, July 25, 2003)

The Bishop has accepted the recommendation of the Bishop's Finance Council to lower the deposit rate from 2% to 1.5% and to lower the loan rate from 6% to 5.5%. These rates will be effective as of July 1, 2003 and will remain in effect until further notice. Please note that interest on all deposits and loans as of 6/30/2003 will be calculated using 6% for loans and 2% for deposits. Interest is calculated semiannually on June 30 and Dec 31.