

Part I, Question 8

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Mr. Cosby has worked on drafting and filing the Corporation's Articles of Incorporation and By-Laws, and given advice about the structure of the Organization. A payment amount has not been determined, but his time will be billed at his customary billing rate of \$250 per hour. We estimate that 20 hours work will be needed.

Part IV, Narrative Description of Activities

In the following narrative, focus is given to the problem of men and women with past education loans and vocations to vowed religious life. A similar issue exists for men with vocations to the diocesan priesthood. To simplify the narrative, we will discuss only the differences between these two issues later in the narrative.

The Mater Ecclesiae Fund for Vocations is being formed to assist with a specific problem encountered by Catholic men and women who wish to enter vowed religious life. Catholic vowed religious life is lived out in a community known as a **religious institute**. The community may also be known as a **religious order**. The vows of religious life are to poverty, chastity, and obedience. By making a vow of poverty, an individual renounces the ownership of material goods. Thus, in addition to giving up possessions, an individual entering religious life must be debt-free since he will have no assets to use to retire a debt. Accordingly, a person with an outstanding student loan cannot enter vowed religious life.

A person with educational loans who has been accepted for entry to a religious institute must delay entry until the debt is retired or someone has committed to retire the debt for him. The difficulty of retiring educational loans is a common problem for people seeking to enter religious life. A true understanding of one's Catholic Faith often comes with the maturation process that accompanies studying for an undergraduate or graduate degree. As a person matures, he often becomes more open to a call to consecrate his life to the service of God. Thus, just as his indebtedness for his education may be reaching a peak, he becomes aware that God is calling him to a life of sacrifice and penance to help build the Kingdom of God.

The average indebtedness incurred by students studying to receive a four-year undergraduate degree at a public university in the United States is \$19,000. For private universities, the figure is higher. And these are just the averages for all students attending college, including those who do not need to use loans to pay for their education. In our experience, the indebtedness of individuals wishing to enter religious life can run to as much as \$80,000. It can be very difficult to retire this level of indebtedness in a short period of time. Many years may be required, during which the events of a

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working life may ensnare an individual and prevent him from reaching his goal of entering religious life. The delay or failure of a vocation is a great loss to the Catholic Church and to society at large.

Men and women in religious life in the United States, do much to improve and aid society through their many works of charity. Religious institutes provide many services to and support for the less fortunate of our society. For example, the Franciscan Friars of the Renewal operate a free medical clinic, single room occupancy apartment building for men who would otherwise be homeless, a food pantry, and a homeless shelter, all in New York City.

Many religious institutes, particularly Dominican women, staff elementary, secondary, and post-secondary schools. For example, the St. Cecilia Congregation of Dominican Sisters in Nashville, Tennessee are currently operating 25 elementary schools and 4 high schools throughout the United States. Additionally, they operate a K-12 school and college complex in Nashville.

For these types of programs to continue, religious institutes need to continue to recruit new members. A sizable student loan can keep an otherwise qualified and willing person from being able to embark on a life of service.

A common solution to this difficulty is that a generous individual or group of individuals retires the education loans of a candidate for religious life in a single lump sum payment. Unfortunately, this generous act may have deleterious side-effects. Even though the recipient of such a largess may not actually have a vocation to religious life, he may feel obligated to continue rather than disappoint his benefactors. In this way, the act of assistance may interfere with the proper discernment of his vocation.

All of the above also applies to men desiring to enter seminary formation for diocesan priesthood. The difference is that an ordained priest will receive a small stipend in addition to his room and board. Thus, he will be able to make some payments to retire his debt once he is working within a parish. However, because the stipend is small, a diocese may have a policy that prevents accepting a man for priestly formation if his education loans are large. For example, men who have studied to receive medical or law degrees or other advanced degrees may be excluded by these policies because of the amounts of their loans. The Mater Ecclesiae Fund for Vocations will operate a separate grant program for men entering the diocesan priesthood. This grant program will retire only that portion of a man's debt that is in excess of what is allowed by his diocese.

The founders of the Mater Ecclesiae Fund for Vocations have, through the auspices of the Fraser Family Foundation, administered a grant program which provides for the gradual retirement of the educational loans of grant recipients so that they may immediately enter religious life and begin their formation. (The advance ruling letter for that program is attached to this narrative as **Exhibit 1**.) Even though there has been no active promotion of the grant program, in three years of operation there have been 54 inquiries resulting in 36 applications. Twenty-nine grants have been issued to men and women representing 18 religious institutes. Twenty-three of the grants are still in force. All the available assets of the Fraser Family Foundation have now been committed and that grant program is now closed to new applicants. The Mater Ecclesiae Fund for Vocations will continue

this work as a public charity allowing other members of the Catholic laity to assist with this practical approach to helping increase the number of people who can embark on their vocation to religious life.

The Mater Ecclesiae Fund for Vocations will operate two grant programs aimed at allowing men and women to begin their formation immediately in spite of any indebtedness due to educational loans. One, known as the St. Joseph Grant Program, is for those desiring to enter religious life. The other, known as the St. John Vianney Grant Program, is for men seeking to enter the diocesan priesthood. Both of these grant programs are more fully described in Schedule H of this filing. The funds necessary to operate these programs will be solicited from the public.

A dependable cash flow is critical to the operation of both grant programs due to the resulting commitment to make loan payments for several years. The average grant will be in force for thirteen years and will require an average monthly payment of \$250 for the entire period of the grant. (See Schedule H for the specific structure of the grants and grant payments.) Because of the cash flow requirements to operate these grant programs, the Mater Ecclesiae Fund for Vocations will hire a Director of Development as a full-time employee to supervise the solicitation of funds from the general public.

To further the twin goals of publicizing the grant programs and soliciting funds for their operations, the employees and volunteer staff of the Mater Ecclesiae Fund for Vocations may attend and/or speak at various events such as conferences on topics related to religious life, gatherings of the leaders of religious institutes, and events at Catholic parishes. Occasionally the Mater Ecclesiae Fund for Vocations may sponsor such events.

From time to time, the Mater Ecclesiae Fund for Vocations may engage in other activities that promote its goal of assisting men and women to eliminate their student loan indebtedness so that they may enter formation for religious life. For example, the Mater Ecclesiae Fund for Vocations may manage a clearinghouse for families willing to provide room and board to a person working to retire his debt. Such families, by reducing the person's living expenses, can help a person to accelerate the retirement of their debt.

Part V, Question 2a

Two of the Organization's officers – Corey and Katherine Huber – are married to one another.

Part V, Question 3a

Corey F. Huber, President

Qualifications: Founder, President, and Executive Director of the Fraser Family Foundation, which has been successfully operating an identical grant program for three years.

Hours worked: Approximately 40 hours per week.

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Duties: Oversee all aspects of the Organization, including supervision of the paid and volunteer staff, design and operation of the Organization's web-site, communications with Board of Directors and Application Review Board, meeting with potential donors and others interested in the grant program, initial screening of candidates.

Katherine L. Huber, Secretary and Treasurer

Qualifications: CPA and co-founder of the Fraser Family Foundation.

Hours worked: Approximately 20 hours per week.

Duties: Manage the day-to-day operation of the grant programs. Issue grant payment checks to lenders, send acknowledgement letters to donors.

Frank W. Creel, Director

Qualifications: Ph.D. in social sciences. Retired from U.S. Department of Commerce.

Hours worked: Less than 1 hour per week.

Duties: Attend Board of Directors meetings. Offer advice and assist in decision-making on the Organization policies and operations.

Louise Desilets, Director

Qualifications: Founder and director of Mariamante Academy, a Catholic high school in Fredericksburg, Virginia.

Hours worked: Less than 1 hour per week.

Duties: Attend Board of Directors meetings. Offer advice and assist in decision-making on the Organization policies and operations.

Laura Pennefather, Director

Qualifications: Director of Religious Education at St. John the Beloved Catholic Church in McLean, Virginia.

Hours worked: Less than 1 hour per week.

Duties: Attend Board of Directors meetings. Offer advice and assist in decision-making on the Organization policies and operations.

Part V, Question 5a

The Organization's conflict of interest policy is attached as **Exhibit 2**. The policy was adopted by resolution of the Board of Directors as constituted on December 19, 2006.

Part V, Question 9

It is possible that, early in its operation, the Organization will receive a loan from the Fraser Family Foundation to support its grant programs. The loan will be for a fixed term and require regular (monthly or quarterly) payments. Interest rates will be commensurate with the rates the Foundation receives on its commercial bonds. Three members of the Board of Directors for the Mater Ecclesiae

Fund for Vocations also serve on the Board of Directors of the Fraser Family Foundation. No loan has been made at the present, and there are no agreements currently in existence. A sample agreement for future loans is attached as **Exhibit 3**.

Part VI, Question 1a

The Organization is being formed to provide funds to re-pay individuals' past educational debt in order to allow them to enter into formation as vowed religious men and women or diocesan priests. Please see Part IV and Schedule H for additional information.

Part VI, Question 2

The Organization's grant programs are limited to individuals entering religious institutes or formation for the diocesan priesthood and who are in full communion with the Roman Catholic Church. Recipients are selected through an application and review process. Please see Part IV and Schedule H for additional information.

Part VIII, Question 4a

All fundraising activities will be developed and implemented by the Organization's Director of Development. The position of Director of Development is not currently filled, and no programs exist at the present time. We anticipate that direct mail and e-mail solicitations will be carried out through the use of purchased, targeted donor lists. We will also identify and solicit major donors and foundations. The Organization's website will include a page for making contributions, either through an operation such as PayPal or by credit card. Also, we hope to establish links with the operators of like-minded organizations' websites.

Part VIII, Question 4d

No fundraising efforts have been undertaken by the Organization, which intends to launch broad-based fundraising efforts, but has not yet determined what means to use or in which states to conduct such fundraising efforts. When these determinations have been made, state charitable solicitation registrations will be made as needed. The Organization will raise funds only for itself. It is conceivable, though not presently planned, that local parishes or dioceses could raise funds for the Organization.

Part VIII, Question 15

Three members of the Organization's Board of Directors – Corey Huber, Katherine Huber, and Frank Creel – are also members of Board of Directors of the Fraser Family Foundation.

Part IX, Statement of Revenues and Expenses, Line 15

Beginning in 2007, the Organization expects to issue three grants per year, with an average monthly payment of \$250, or \$3,000 annually per grant. No candidates for grants have yet been identified.

	11/17/06 to 12/31/06	01/01/07 to 12/31/07	01/01/08 to 12/31/08
Grant 1	-	3,000	3,000
Grant 2	-	3,000	3,000
Grant 3	-	3,000	3,000
Grant 4	-	-	3,000
Grant 5	-	-	3,000
Grant 6	-	-	3,000
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Total	-	9,000	18,000
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Part IX, Statement of Revenues and Expenses, Line 23

	11/17/06 to 12/31/06	01/01/07 to 12/31/07	01/01/08 to 12/31/08
Filing fee	750	-	-
Consulting	-	3,500	-
Web site	-	6,000	4,000
	<hr/>	<hr/>	<hr/>
	750	9,500	4,000
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Financial data are prepared on a modified cash receipts and disbursements basis of accounting, with furniture and equipment recognized as assets and loans received by the Organization recognized as liabilities on the balance sheet.

Schedule H, Section I, Question 1a

The Mater Ecclesiae Fund for Vocations (MEFV) will operate two grant programs in support of Catholic vocations. 1) The St. Joseph Debt Relief Grant program will provide grants to men and women who are eligible to enter vowed religious life for the purpose of the gradual retirement of all their past education debt. 2) The St. John Vianney Debt Relief Grant program will provide grants to men entering a Catholic seminary to prepare for diocesan priesthood to assist with the gradual retirement of their past education debt.

Section H, Section I, Question 1b

The purpose of the St. Joseph and St. John Vianney grant programs is to accelerate and to prevent the abandonment of vocations to 1) Catholic vowed religious life or 2) the Catholic diocesan priesthood by guaranteeing the eventual retirement of the past education debt of individuals who have generously answered their vocational call.

For St. Joseph grants given to men and women religious, the grant covers the full amount of their outstanding loans. For St. John Vianney grants given to men studying for the priesthood, the grant covers that portion of their loans not allowed by their diocese.

The payment schedule for both grant programs is the same:

Student loans covered by a grant remain in the name of the grant recipient. The MEFV will make a legally enforceable commitment with the grantee and the diocese or religious institute to make the loan payments, but will not become financially responsible for the loan from the perspective of the institution that issued the loan.

At the beginning of the grant recipient's formation, the MEFV will begin to make the normal payments for their loans to the entity servicing the loan. Alternatively, if their formation permits the use of a deferral, we may defer payments for one or more years.

Upon final vows (in the case of a St. Joseph grant) or ordination (in the case of a St. John Vianney grant), the MEFV will accelerate payment of the loans in order that the loans will be fully paid on the 5th anniversary of the grantee's final vows or ordination.

If at any time the grant recipient leaves formation, the MEFV will immediately cease to make loan payments. At that point, the now ex-grant recipient becomes responsible for all future loan payments. There is no obligation for the grantee, the religious institute, or the diocese to repay the MEFV for any loan payments made while in formation.

Schedule H, Section I, Question 1c

No loans of any kind are awarded.

Schedule H, Section I, Question 1d

The MEFV will publicize its grant programs through a variety of mechanisms. Primary of these will be a website. We may issue brochures that explain our programs and make those brochures available to Catholic dioceses and parish churches. We may also inform the vocation directors of various religious institutes and U.S. dioceses and certain seminaries that form diocesan priests.

Schedule H, Section I, Question 1e

No promotional materials are available at this time.

Schedule H, Section I, Question 1f

The application for a St. Joseph grant is attached as **Exhibit 4**. The application for a St. John Vianney grant has not been prepared to date, but it is expected to be similar to that for a St. Joseph grant.

Schedule H, Section I, Question 3

Individuals who are relatives of any of the Organization's Board of Directors, Application Review Board, or employees are not eligible to apply for grants from the MEFV.

Individuals eligible to apply for a St. Joseph grant are men and women who have received a letter of acceptance to an approved religious institute. A religious institute is approved as follows:

A religious institute must be in union with the See of Peter. This includes all Roman Catholic religious institutes and those of the Byzantine rite, the Melkite rite, etc. The religious institute must be willing to be a party to the grant agreement, which includes some reporting requirements.

Additionally, a religious institute must be either an affiliate of the Institute on Religious Life (IRL) or a member of the Council of Major Superiors of Women Religious (CMSWR). In lieu of either of these associations, the vocations director of an approved religious institute may vouch for another religious institute.

Individuals eligible to apply for a St. John Vianney grant are men who have been accepted to an approved seminary and who will be eventually ordained to the priesthood within a Catholic rite in union with the See of Peter. The criteria for approval of seminaries are still under formation.

Schedule H, Section I, Question 4a

Recipients of both grant programs are selected on basis of financial need. Applications will be reviewed by the Application Review Board, the membership of which is separate from the Board of Directors of the MEFV. The review board prefers to award grants to applicants who are able to show evidence of personal progress in reducing their past education debt. Secondarily, the review board prefers to award grants to applicants who will be prevented from entering their vocation for several years if they do not receive assistance. As the MEFV will most likely be financially able to

approve only a portion of the applications received, the review board must exercise considerable discretion in their work.

Schedule H, Section I, Question 4b

The number of grants made annually will be determined by the MEFV's ability to make the grant payments. Because the grants will continue for a long period of time (12 - 13 years), the MEFV must be careful to properly gauge the amount of income from its assets and the likely cash flow available from contributions. Each year the Board of Directors will meet to determine the monetary value of grants that may be issued in the following year.

Schedule H, Section I, Question 4c

St. Joseph grants will be issued for the full amount of past education debt carried by the applicant at the time of their entry into religious life.

St. John Vianney grants will be issued for the amount of past education debt carried by the applicant that is in excess of that allowed by the diocese in which he will serve as a priest.

Schedule H, Section I, Question 4d

To become eligible for payments from a St. Joseph grant, the grantee and his religious institute must execute the grant agreement with the MEFV. To remain eligible for payments made through a St. Joseph grant, the grantee must remain in formation with his religious institute. A sample grant agreement for the St. Joseph grants is attached as **Exhibit 5**.

To become eligible for payments from a St. John Vianney grant, the grantee and his diocese must execute the grant agreement with the MEFV. To remain eligible for payments made through a St. Joseph grant, the grantee must remain in formation for the priesthood. No grant agreement has yet been developed for the St. John Vianney Grant Program, but the agreement is expected to be similar to that for the St. Joseph Grant Program.

Schedule H, Section I, Question 5

The eligibility requirement for a St. Joseph grant will be monitored by quarterly reports made by a person of authority within the grantee's religious institute that the grantee continues to be a member in good standing of the religious institute and remains in formation. The MEFV will maintain a record of the original grant award and the quarterly reports for each grantee. By becoming a party to the grant agreement, the grantee's religious institute promises to inform the MEFV if the grantee leaves the religious institute or otherwise ceases formation.

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The eligibility requirement for a St. John Vianney grant will be monitored by quarterly reports made by the vocations director of the grantee's diocese that the grantee is still in formation and is in good standing with the diocese. The MEFV will maintain a record of the original grant award and the quarterly reports for each grantee. By becoming a party to the grant agreement, the grantee's diocese promises to inform the Organization if the grantee leaves the seminary or otherwise ceases formation.

For both programs: If the grantee ceases formation, grant payments immediately cease and the grant administrator will inform the now ex-grantee that his loan payments are his own responsibility. The MEFV does not require repayment of any payments made while the grantee was in formation.

Schedule H, Section I, Question 6

The operation of the selection committee, known as the Application Review Board, for the grant programs is controlled by the Board of Directors of the MEFV. The rules currently in place are:

There is one Application Review Board for both grant programs. The members of the Application Review Board serve for one-year terms that may be renewed at the discretion of the Board of Directors. Members of the Application Review Board are chosen for their fidelity to the Catholic faith, familiarity with Catholic religious life, and to represent a spectrum of the Catholic clergy and laity.

The current members of the Application Review Board are:

Elizabeth Crnkovich
Robert Crnkovich
Corey Huber
Katherine Huber
Rev. Franklyn McAfee