

TERMS AND CONDITIONS
(governing Statement Savings Certificates, One Year Savings Certificates,
Investment Certificates, and Retirement/IRA Certificates)

WELS CHURCH EXTENSION FUND, INC.

WELS CHURCH EXTENSION FUND, INC., a Wisconsin nonstock, not-for-profit corporation (“WELS CEF”), located at N16W23377 Stone Ridge Drive, Waukesha, WI 53188-1108, promises, subject to these terms and conditions, to pay to the person(s) or entity(ies) named on a WELS CEF investment confirmation (“Investment Confirmation”) the balance of the WELS CEF investment described on the Investment Confirmation, at maturity or upon demand as applicable to such investment. Such balance shall consist of the sum of the original investment amount and any subsequent investments, plus all subsequent interest added to and not previously paid, and decreased by whole or partial redemptions. These terms and conditions will be construed under and governed by Wisconsin law.

BOOK-ENTRY FORM; PERIODIC STATEMENTS

The investments offered and issued by WELS CEF are issued as uncertificated securities (*i.e.*, in book-entry form), and the right of investor(s) in such investments will be reflected upon the books and records of WELS CEF. The investor will receive a periodic statement indicating the balance of a particular investment including any additions, redemptions and any interest credited, withdrawn or accumulated. For Statement Savings Certificates, One Year Saving Certificates and Retirement/IRA Certificates, statements are also sent upon each addition or redemption.

STATEMENT SAVINGS CERTIFICATES; ONE YEAR SAVINGS CERTIFICATES

A minimum investment level of \$100 is required to purchase and maintain a Statement Savings Certificate or One Year Savings Certificate. Additional investments and redemptions, in whole or in part, may be made to a Statement Savings Certificate or One Year Savings Certificate in any amount and at any time, provided that WELS CEF reserves the right to limit the amount of investment or refuse to accept further investments to the Certificate. Any additional investments and redemptions must be made in accordance with the then current procedures prescribed by WELS CEF. WELS CEF reserves the right, without further notice, to charge against the balance of a Statement Savings Certificate or One Year Savings Certificate a service fee in accordance with its then applicable fee schedule for each month that the outstanding principal balance on the Statement Savings Certificate or One Year Savings Certificate falls below \$100.

The interest rate on a Statement Savings Certificate varies periodically and may change as often as every day. The interest rate on a One Year Savings Certificate is variable annually on each anniversary date. Interest rates are determined by WELS CEF after consideration of interest rates on comparable instruments, market conditions, market indices and other applicable indicators. Interest accrues daily and is added to the principal amount of a Statement Savings Certificate on each monthly anniversary. On One Year Savings Certificates, interest accrues daily and is payable on each annual anniversary, with payment of interest being made by check, by ACH transfer, or by adding to the principal amount of the One Year Savings Certificate, as the One Year Savings Certificate owner may elect from time to time in accordance with the then current procedures prescribed by WELS CEF.

South Carolina Residents: Statement Savings Certificates are not available for purchase. One Year Savings Certificates will not be payable on demand and may be redeemed by the investor before maturity only if approved by WELS CEF in its sole discretion based upon hardship or other conditions affecting the investor.

INVESTMENT CERTIFICATES

A minimum investment level of \$500 is required to purchase and maintain an Investment Certificate, but higher minimums may be required for certain term and interest rate offerings. An Investment Certificate accrues interest at a fixed rate for the initial term, and any renewal terms, of the Investment Certificate. An Investment Certificate shall be automatically renewed for successive terms of the same duration as the initial term, or for the next lesser term then offered if the prior term is not then offered, and at the interest rate in effect at the time of renewal for newly issued Investment Certificates with the same term, unless it is presented for payment on a maturity date or within 15 days thereafter.

Interest is payable on each quarterly anniversary date of an Investment Certificate. Payment of interest shall be made by check, by ACH transfer, or by adding to the principal amount of the Investment Certificate, as the Investment Certificate owner may elect from time to time in accordance with the then current procedures prescribed by WELS CEF.

Generally, an Investment Certificate may not be redeemed except upon the initial maturity or any subsequent maturity. A request for early redemption may be made and must be in writing in accordance with the then current procedures prescribed by WELS CEF. In the event an early redemption of principal by the Investment Certificate owner is allowed by WELS CEF in its sole discretion, a penalty shall apply, based upon the then current term of the Investment Certificate, as

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follows: (a) Six-month term Investment Certificate: Interest earned up to three months' interest; (b) One-year to Three-year term Investment Certificates: Interest earned up to six months' interest; (c) All other Investment Certificates: Interest earned up to one year's interest.

RETIREMENT/IRA CERTIFICATES

A Retirement/IRA Certificate is a Savings Certificate or an Investment Certificate that must be owned by an IRA account that is established with a third-party custodian. WELS CEF presently has an arrangement with a specified third-party custodian to act as the custodian for new IRAs opened specifically to hold Retirement/IRA Certificates, although WELS CEF reserves the right to change this arrangement in the future. The rights and responsibilities with respect to an IRA account will be determined by the direct agreement with the custodian.

A minimum investment level of \$5,000 is required to purchase and maintain an Investment Certificate as a Retirement/IRA Certificate, but higher minimums may be required for certain term and interest rate offerings. A Savings Certificate held as a Retirement/IRA Certificate has a \$100 minimum investment required. Additional investments may be made to a Retirement/IRA Certificate once per month, provided such additions are at least \$100 and are permitted by applicable Internal Revenue Code (IRC) provisions and regulations thereunder. A Retirement/IRA Certificate accrues interest at a tiered rate based upon the outstanding principal balance during the initial term, and any renewal terms, of the Retirement/IRA Certificate. A Retirement/IRA Certificate with a set term shall be automatically renewed for successive terms of the same duration as the initial term, or for the next lesser term then offered if the prior term is not then offered, and at the interest rate in effect at the time of renewal for newly issued Retirement/IRA Certificates with the same term, unless it is presented for payment on a maturity date or within 15 days thereafter. WELS CEF reserves the right, without further notice, to redeem a Retirement/IRA Certificate on which the outstanding principal balance falls below the required minimum investment amount.

Interest accrues daily and is added to the principal amount of a Retirement/IRA Certificate on each quarterly anniversary date of the Retirement/IRA Certificate.

A Retirement/IRA Certificate that has a set term may not be redeemed except upon the initial maturity or any subsequent maturity, or as part of a required minimum distribution (RMD) under applicable IRC provisions and regulations thereunder. Redemptions from a Retirement/IRA Certificate must be requested through the IRA custodian in accordance with the then current procedures prescribed by WELS CEF and the IRA custodian. In the event an early redemption from a Retirement/IRA Certificate is allowed by WELS CEF in its sole discretion, a penalty shall apply with respect to principal (but not interest) redeemed in the amount of interest earned up to one year's interest.

California, Oregon and Washington Residents: Automatic renewal upon maturity of an Investment Certificate or a Retirement/IRA Certificate is not available. Investors in those states will receive a maturity notice and a current Offering Circular within thirty days of the maturity date of each of such Certificates, and such investors will have the opportunity to notify WELS CEF if they intend to renew their investments. In California and Oregon: If WELS CEF does not receive notice of intention to redeem or renew, the funds from a matured Certificate will be treated and earn interest as if they are invested upon the Certificate's maturity in a Statement Savings Certificate, which is redeemable on demand without penalty. In Washington: If WELS CEF does not receive notice of intention to redeem or renew, the funds from a matured Certificate will be returned to you.

LIMITED TRANSFERABILITY

The investments offered and issued by WELS CEF are not negotiable and may not be assigned or transferred except upon the prior written consent of WELS CEF.

WELS CEF'S CALL RIGHT

WELS CEF reserves the right to redeem any Certificate after giving thirty (30) day notice to the Certificate owner by mail of its intent to redeem the Certificate. In such event, (i) interest shall accrue on the Certificate until the date of redemption stated in such notice, and (ii) the principal amount, plus accrued and unpaid interest, shall be paid to the Certificate owner on such redemption date.

THE OFFERING CIRCULAR

These terms and conditions govern Certificates offered and issued by WELS CEF. The investor should consult the WELS CEF Offering Circular whose offering period includes the date the particular investment detailed in the Investment Confirmation was issued concerning any other information specific to the investment.