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Charter for The Zen Studies Society, Inc. "Dharma Legacy Fund,"
a Permanent Endowment Fund to be Established for Long-Term
Financial Stability, Development and Growth

PREAMBLE

The Board of Directors of The Zen Studies Society, Inc. ("Zen Studies") hereby establishes the Zen Studies Society, Inc. Dharma Legacy Fund (the "Dharma Legacy Fund" or "Fund") as a permanent endowment fund of Zen Studies. The Endowment Fund shall be subject to the laws of the State of New York, the Articles of Incorporation and By-Laws of Zen Studies, and the provisions of this Charter.

The Fund is intended to provide long-term financial support for the activities, growth and stability of Zen Studies, and thereby guarantee a continuing legacy in the West of authentic Zen practice in the Rinzai tradition. The Fund shall be supported by contributions, donations, bequests, memberships and such other gifts as may from time to time inure to Zen Studies or the Fund. A committee appointed by the Zen Studies' Board of Directors will serve as the Fund's administrator (the "Endowment Committee"), and shall be responsible for implementing and ensuring adherence to the Fund's provisions and for the investment of its assets. The Endowment Committee is authorized to retain professional investment management to assist in investing the Fund's assets. Set forth herein are the objectives, practices, and guidelines that are to govern the Fund.

MISSION

The Dharma Legacy Fund is an investment fund the principal of which shall not be invaded except as expressly provided for herein under the section entitled "Invasion of Principal," and the annual proceeds of which shall be reinvested or used for specific projects as determined by the Board of Directors. Such reinvested proceeds shall revert to the principal of the Fund consistent with the Fund's long-term objectives. In order to ensure that the Fund accumulate sufficient capital to accomplish its mission, the entirety of the Fund's investment proceeds, income or other gains, shall revert to the Fund's principal until the 10th anniversary of the Fund's inception, that is, July 4, 2011, or such time as the Fund's principal exceeds \$2,000,000, whichever comes first. The Fund's investments may be managed by an independent manager, and shall be supervised by the Endowment Committee.

The Endowment Fund is created and exists solely to support the not-for-profit religious purposes of Zen Studies. The Fund's objective is to assist Zen Studies to generate sufficient financial resources to actualize its mission, "Let True Dharma Continue," by ensuring the continuity of authentic Zen training in the Rinzai tradition. The Fund will seek to achieve long-term financial stability for the organization by addressing five general categories of financial demands:

1. Long-term Financial Self-Sufficiency: In order to ensure the success of the organization's mission, Zen Studies must establish a measure of financial independence. It is intended that over the long-term, the growth of the Fund's investment assets shall provide a primary and consistent source of income for the organization's various capital funding needs;
2. Physical Plant Maintenance and Improvement: The Fund's investment proceeds will be available to ensure that the existing temple buildings, facilities, roads, and landscape will be properly maintained and repaired, and to fund future capital improvements;

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3. Education and Program Development: The Fund's investment proceeds will be available to enhance and expand Zen training programs, including but not limited to the support of monks and nuns establishing new Zendos, translation of Buddhist texts into western languages, and related educational and cross-cultural activities;

4. Essential Benefits: The Fund's investment proceeds will be available to fund health care and benefits programs for monks and nuns ordained at Dai Bosatsu Zendo;

5. Stabilization of Operating Revenue: A specified portion of the Fund's annual net earnings, not to exceed 10% of such earnings, may be directed to stabilize year-to-year fluctuations in annual operating revenue as circumstances indicate, as determined by the Board of Directors.

Subject to the provisions of this Charter, the Fund shall not be used to fund the ordinary operating expenses of Zen Studies.

ORGANIZATION

The Dharma Legacy Fund shall exist under the authority of the Articles of Incorporation and By-Laws of Zen Studies, pursuant to a resolution of the Board of Directors adopted on July 20, 2000. The initial capital contribution to the Fund shall be not less than \$250,000. Zen Studies shall commit to contribute to the Fund an additional \$250,000 from ordinary operating income, within ten years from the Fund's inception, that is, before July 4, 2011.

The Endowment Committee shall administer and supervise the Fund, and shall consist of not more than five (5) nor less than three (3) Endowment Committee members, who shall be elected by the Board of Directors. At least three of these Endowment Committee members shall be a member of Zen Studies' Board of Directors. The Fund Trustees shall be elected for three (3) year terms, not more than two (2) terms expiring in any given year, and may be re-elected.

The Endowment Committee members shall be the fiscal agents for the Fund and shall have full authority to administer the Fund and its investments, including but not limited to authority to: (i) retain professional investment advisors and/or managers for the Fund; (ii) accept and acknowledge unrestricted, undesignated gifts to the Fund, or such other gifts as the Committee may approve; (iii) review gifts with restrictions or designations that are proposed to be placed in the Fund with regard to their ease of administration or liquidation.

It shall be the responsibility of the Endowment Committee to (i) develop an investment policy and strategy which the Board of Directors may review periodically; (ii) consult with the Fund's investment advisors and/or managers as circumstances indicate; (iii) develop, promote and administer, a regular and consistent fundraising program for the Fund, the cost for which may be charged to the Fund and paid out of current income; (iv) maintain a record of all gifts to the Fund; (v) maintain a complete accounting of all investments, including investment vehicles used from time to time, the principal of the fund, capital gains, earned income and dividends, distributions and expenses; (vi) report to the Board of Directors, the current state of the Fund.

OPERATING PRINCIPLES

In order to realize the Board of Directors' objectives in establishing the Dharma Legacy Fund, the following operating principles are adopted:

The Fund shall include unrestricted and restricted gifts received directly or through Zen Studies, by contribution, donation, bequest or other means. The principal of the Fund shall be comprised of all such gifts. In addition, unless authorized for specific, approved Fund purposes, all investment interest, income

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and realized and unrealized capital gains, shall, within 90 days after the close of the calendar year, revert to the principal of the Fund, unless otherwise specified pursuant to this Charter.

The Endowment Committee, in consultation with the Board of Directors, may recommend the projects/purposes for which the Fund's investment proceeds are to be distributed, and these recommendations shall require approval by the Board of Directors. As determined by a 2/3 majority vote of the Board of Directors, a portion of the Fund's net earnings available for distribution ("Net Income") may be used for specific, approved Fund purposes. Net Income shall be comprised of investment interest, income and realized and unrealized capital gains, net of all expenses.

A distribution from the Fund shall be reported clearly as a specific line item, and treated as a specific grant for a specific program or project.

Fund assets or income will be used to support neither propaganda nor other attempts to influence legislation, nor political campaigns on behalf of any candidate for public office.

INVESTMENT OBJECTIVES

The long-term investment objective for the assets that comprise the Fund is to earn an investment return that exceeds the inflation rate, as measured by the Consumer Price Index, by 7% per year. Investment return means total compound return, calculated to recognize all cash income plus realized and unrealized capital gains and losses, net of all investment related expenses. Since there are no immediate liquidity demands on the Fund, there is no preference for cash income as opposed to realized capital gains.

INVESTMENT GUIDELINES

It shall be the practice of the Endowment Committee, and such investment managers/advisors as the Committee may employ, to exercise appropriate caution and judgement in the investment and the administration of the Fund. The assets of the Fund shall be invested in a manner that is consistent with generally accepted standards of fiduciary responsibility. The safeguards that would guide a prudent expert shall be observed. The wise investment and management of all endowment funds shall be intended to generate substantial ongoing funds for the support of Zen Studies activities and to enhance the growth of the Fund principal. All transactions that utilize assets of the Fund will be undertaken for the sole benefit of Zen Studies. Any laws or regulations specific to the investment of assets of non-profit organizations in the State of New York shall be observed.

Fund assets may be invested in publicly traded common and preferred stocks, U.S. Government, asset-backed Government agency and corporate, bonds and money market instruments, subject to any restrictions set forth herein. No other securities shall be considered a permissible investment without the specific approval of the Endowment Committee.

The long-term financial requirements of Zen Studies and the reasoned preferences of the Board of Directors indicate an overall long-term capital appreciation approach. Market conditions may, however, necessitate a change in the overall asset allocation in the interest of capital preservation. The Endowment Committee members may seek consultation outside of its investment advisors who are directly managing the Fund's investments.

The target allowable range for asset allocation is as follows: equity securities shall constitute at least 65% of the Fund's total assets but shall not exceed 75% of the Fund's total assets; Fixed income securities are not to exceed 35% of the Fund's total assets; and cash and cash equivalents shall be at the discretion of the investment manager(s). These percentages will be based on the market value of investments. Investment outside the target allowable range for an asset category for a period exceeding one year requires the specific approval of the Endowment Committee.

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The overall management of the Fund's equity securities ought to be characterized by all of the following: During market declines, the portfolio should decline less than the S&P 500 Index; diversification should be sufficient to moderate risk but not so excessive as to preclude attainment of optimal results; no more than 10% of the market value of the total managed portfolio may be invested in any one issuer or more than 20% in the same industry grouping.

The portion of the Fund committed to fixed income securities, if any, should adhere to the following criteria: The effective maturity of any individual fixed income security, including government-backed mortgage securities, should not exceed 15 years; the weighted average maturity of the fixed income securities should be less than 10 years; all individual securities should be rated "investment grade", i.e., rated better than BBB by Standard & Poors or equivalent rating agency. The average fixed income portfolio quality should be rated "A" or better.

Unless specifically sanctioned by the Endowment Committee, investment in any securities whose issuer is a foreign corporation or that is organized and existing under the laws of a foreign nation, may include only those securities traded on principal United States exchanges.

PROHIBITED INVESTMENTS AND TRANSACTIONS

The following investments are prohibited, unless approved by the Endowment Committee: short sales of any type; buying or selling on margin; precious metals; shares, units or other securities issued by private corporations, limited liability companies or partnerships; lettered or restricted securities or other securities for which there is no public market.

The following investments are prohibited, unless approved by the Endowment Committee: tax-exempt bonds; bonds, notes or other indebtedness for which there is no public market (private placements of debt); corporate obligations not rated at least 'BBB' by Standard and Poor's or an equivalent, recognized rating agency (including unrated corporate bonds); commercial paper; master notes, unless the public debt of the issuer is rated at least 'BBB' or the equivalent; direct placement of mortgages on real property; letters of credit guaranteed by the Fund. Transactions in options or futures contracts of any kind are prohibited.

Securities owned by the Fund, but held in custody by another party, such as a bank custodian, will not be loaned to any other party for any purpose, unless such securities lending is pursuant to a separate written agreement which the Endowment Committee has approved.

OTHER INVESTMENT POLICIES

Any investment manager retained by the Fund is to have full discretionary investment authority over the assets under management, subject to the guidelines and policies set forth in this Charter. There shall be no investment of Fund assets in commingled funds without the specific approval of the Endowment Committee.

INVASION OF PRINCIPAL

The Board of Directors, by a two-thirds majority vote, in an exceptional and rare case, has the power to spend principal from the Fund in the event of a bona fide extreme emergency. When the Board spends principal, a reimbursement plan must immediately be established with the Endowment Committee for repayment of the principal, plus interest at a rate equal to the net earnings of the Fund as reported to Zen Studies from the Fund manager or custodian of the Fund's assets. Repayment will begin during the fiscal year following the withdrawal at a rate that will achieve total repayment of the principal and interest within

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five years. No expenditure of principal in a fiscal year will exceed 10% of the market value of the Fund assets.

It shall be the practice of the Endowment Committee to present to the Board of Directors of Zen Studies at its annual meeting a report on the status of the Fund. A written report will be submitted to the Board at least once annually.

All gifts and donations to the Fund will be acknowledged in writing by either the Abbot or Vice Abbot of Zen Studies, and may be acknowledged by other appropriate parties.

REVIEW PROCEDURES

Investment policy should be reviewed by the Board of Directors once annually, or more often as necessary. The investment manager(s) shall meet at least annually with the Board of Directors to review portfolio and investment results. The Endowment Committee shall review periodically, but at least annually, the performance of the Fund relative to the objectives and guidelines described herein.

MODIFICATION/AMENDMENT

The provisions of this Fund Charter may be modified or amended only by a Board of Directors' resolution upon a three-fourths (3/4) majority vote of the full Board of Directors.

ADOPTED AND IN EFFECT AS OF THIS 4th day of July, 2001

Secretary, Zen Studies Society, Inc.