



**Complete the application that matches your intended ownership type:**

**Page 1) Universal – For Individual, Joint Owner or Minor with Custodian Ownership**

- Please note: All minor with custodian certificates are opened under the Illinois Transfer to Minor Act where the age of majority is twenty-one (21)
- **Note: The application is not valid unless signed on the back**

**Page 2) Trust – To open a certificate in the name of your trust**

*Please send the following pages of your trust document with your application*

- a) Title page showing the full, legal name of the trust
- b) Page naming trustees
- c) Page naming successor trustees, if applicable
- d) Page(s) listing the trustee powers
- e) Signature page(s) including notary seal
- If you have a certification of trust, that would fulfill the requirement
- **Note: The application is not valid unless signed on the back**

**Page 3) Church/Organizations - To open a certificate for your church or organization**

- Please be sure to include the full EIN
- *Organizations* must include Articles of Incorporation
- **Note: The application is not valid unless signed on back.**

**When making the initial investment via ACH:**

*Be sure to check the box to make your initial deposit via ACH*

- 1) **Fax:** 773.784.4897
- 2) **Email:** ncp@covchurch.org
- 3) **Regular Mail:** National Covenant Properties  
8303 West Higgins Road  
Chicago, IL 60631

**When making the initial investment with a check:**

- 1) **Make your check payable to National Covenant Properties** (we are unable to accept third party checks regardless of the endorsement)
- 2) **Mail the check with your application to:**  
National Covenant Properties  
8303 West Higgins Road  
Chicago, IL 60631

This page intentionally left blank.



# UNIVERSAL CERTIFICATE APPLICATION

**OFFICE USE ONLY**

Cert #: \_\_\_\_\_

Check #: \_\_\_\_\_

## **TYPE OF OWNERSHIP** – select one and complete the corresponding lines

☐ **Individual** (Line A)                      ☐ **Joint\*** (Lines A, B and C)                      ☐ **Minor With Custodian\*\*** (Lines A, B and C)

A. \_\_\_\_\_  
Owner/Minor Name                      Social Security Number                      Date of Birth

B. \_\_\_\_\_  
Joint Owner/Custodian Name                      Social Security Number                      Date of Birth

C. \_\_\_\_\_  
Joint Owner/Custodian Name                      Social Security Number                      Date of Birth

## **CONTACT INFORMATION**

\_\_\_\_\_  
Street                      City                      State                      Zip

\_\_\_\_\_  
Telephone                      Email Address

☐ Check if you are subject to backup withholding (see reverse).

\* **Joint Owners:** used for two or more persons when it is desired that any one of them may make redemptions or other changes to the investment. Upon the death of one or more of the joint owner(s), ownership passes to the surviving owner(s). List on Line A the person to whom the earnings are reported to the IRS. List the other owner(s) on Line B and Line C.

\*\* **Minor With Custodian:** Opened under IL Transfer to Minor Act which deems a minor an adult at the age of 21.

## **INVESTMENT OPTIONS** – All certificate investments have a **\$500 minimum**. Demand Investment Accounts (DIA) have a **\$50 minimum**. Interest Rate as stated in Appendix B of the current Offering Circular.

**Investment Amount**

☐ **Five-Year Fixed Rate Renewable Certificate** \_\_\_\_\_  
☐ **30-Month Fixed Rate Renewable Certificate** \_\_\_\_\_  
☐ **Variable Rate Certificate** \_\_\_\_\_  
☐ **Demand Investment Account (DIA)** \_\_\_\_\_

☐ I choose to receive my statements via email (recommended for all; **requirement for DIA**)

☐ I wish to make my initial deposit via ACH

☐ Use bank information on file

☐ Use new bank information per attached check

**Make check payable to: National Covenant Properties** (we are unable to accept third party checks)

You can add to, or withdraw from, your Variable Rate Certificate or DIA with 30 days written notice.

☐ Use \$\_\_\_\_\_ of proceeds from my certificate \_\_\_\_\_ to open the new investment(s) indicated above and \_\_\_\_\_.

## UNIVERSAL CERTIFICATE APPLICATION

### INTEREST PAYMENT (select one)

- ☐ Add interest to principal\*
- ☐ **Monthly** electronic transfer to my bank account\* (please attach a voided check to provide us with your bank information)
- ☐ **Semi-Annual** interest payment\* (please attach a voided check to provide us with your bank information for payment via ACH)

\*Accrued interest can be withdrawn at will by written request

### CHURCH AFFILIATION

What Covenant Church are you a member of, or participant in?

Church Name

City

State

Zip

### INVESTOR CERTIFICATION

Certification: I hereby acknowledge receipt of the Offering Circular dated **March 1, 2016**, of National Covenant Properties. I represent that I am 18 years of age or older. I further represent that prior to receipt of the Offering Circular, I was a member of, contributor or participant in The Evangelical Covenant Church, or was an ancestor, descendant or successor in interest to such person. I understand that the principal and payment of interest is dependent in large part upon the future generosity of members of churches receiving loans, and that this income stream cannot be predicted with any certainty.

Under the penalties of perjury, I certify that the Social Security Number and the information regarding backup withholding on this form are true, correct and complete.

Signature of Primary Certificate Owner or Custodian

Date

Signature of Joint Owner

Date

Signature of Joint Owner

Date

**If ownership is joint, signatures of all owners are required.**

### INSTRUCTIONS FOR SUBSTITUTE FORM W-9 PAYER'S REQUEST FOR TAXPAYER IDENTIFICATION NUMBER CERTIFICATION

National Covenant Properties (as well as all other payers of interest or dividends) must withhold 28% of interest or dividends if:

- 1) You fail to provide National Covenant Properties with your Social Security Number, **or**
- 2) The Internal Revenue Service notifies National Covenant Properties that you furnished an incorrect Social Security Number, **or**
- 3) You are notified by the Internal Revenue Service that you are subject to backup withholding, **or**
- 4) You fail to certify by signing this form that you are not subject to backup withholding under (3) above, or fail to certify your Social Security Number.

To prevent backup withholding or interest paid, you must certify that you have provided your correct Social Security Number to National Covenant Properties for all certificates owned by you; and, you must certify that you are not subject to backup withholding.

### PENALTIES

Certain civil and criminal penalties may be imposed if you:

- 1) Fail to furnish your Social Security Number, **or**
- 2) Fail to report properly any portion of an includible payment of interest or dividends on your tax return, **or**
- 3) Provide false information with respect to backup withholding, **or**
- 4) Falsify certifications or affirmations

### INVESTORS EXEMPT FROM BACKUP WITHHOLDING

Investors specifically exempted from backup withholding on all payments include organizations exempt from tax under Section 501(a) of the Internal Revenue Code as an organization listed in section 501(c)(3) of the Code, such as a member congregation of The Evangelical Covenant Church. However, such investors are still required by National Covenant Properties to complete and sign the application in order to avoid erroneous backup withholding.



# TRUST CERTIFICATE APPLICATION

OFFICE USE ONLY

Cert #: \_\_\_\_\_

Check #: \_\_\_\_\_

## **TRUST OWNERSHIP** – Please include a copy of your trust documents with this application.

A. \_\_\_\_\_  
Trust Name \_\_\_\_\_ Trust Tax ID \_\_\_\_\_

B. \_\_\_\_\_  
Trustee Name \_\_\_\_\_ Social Security Number \_\_\_\_\_ Date of Birth \_\_\_\_\_

C. \_\_\_\_\_  
Trustee Name \_\_\_\_\_ Social Security Number \_\_\_\_\_ Date of Birth \_\_\_\_\_

## **CONTACT INFORMATION**

\_\_\_\_\_  
Street \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

\_\_\_\_\_  
Telephone \_\_\_\_\_ Email Address \_\_\_\_\_

☐ Check if you are subject to backup withholding (see reverse).

## **INVESTMENT OPTIONS** – All certificate investments have a **\$500 minimum**. Demand Investment Accounts (DIA) have a **\$50 minimum**. Interest Rate as stated in Appendix B of the current Offering Circular.

	Investment Amount
<input type="checkbox"/> Five-Year Fixed Rate Renewable Certificate _____	_____
<input type="checkbox"/> 30-Month Fixed Rate Renewable Certificate _____	_____
<input type="checkbox"/> Variable Rate Certificate _____	_____
<input type="checkbox"/> Demand Investment Account (DIA) _____	_____

☐ I choose to receive my statements via email (recommended for all; **requirement for DIA**)

☐ I wish to make my initial deposit via ACH

☐ Use bank information on file

☐ Use new bank information per attached check

**Make check payable to: National Covenant Properties** (we are unable to accept third party checks)

You can add to, or withdraw from, your Variable Rate Certificate or DIA with 30 days written notice.

☐ Use \$ \_\_\_\_\_ of proceeds from my certificate \_\_\_\_\_ to open the new investment(s) indicated above and \_\_\_\_\_.

# TRUST CERTIFICATE APPLICATION

## INTEREST PAYMENT (select one)

- ☐ Add interest to principal\*
- ☐ **Monthly** electronic transfer to my bank account\* (please attach a voided check to provide us with your bank information)
- ☐ **Semi-Annual** interest payment\* (please attach a voided check to provide us with your bank information for payment via ACH)

\*Accrued interest can be withdrawn at will by written request

## CHURCH AFFILIATION

What Covenant Church are you a member of, or participant in?

Church Name

City

State

Zip

## INVESTOR CERTIFICATION

Certification: I hereby acknowledge receipt of the Offering Circular dated **March 1, 2016**, of National Covenant Properties. I represent that I am 18 years of age or older. I further represent that prior to receipt of the Offering Circular, I was a member of, contributor or participant in The Evangelical Covenant Church, or was an ancestor, descendant or successor in interest to such person. I understand that the principal and payment of interest is dependent in large part upon the future generosity of members of churches receiving loans, and that this income stream cannot be predicted with any certainty.

Under the penalties of perjury, I certify that the Social Security Number and the information regarding backup withholding on this form are true, correct and complete.

Signature of Trustee

Date

Signature of Trustee

Date

Signature of Trustee

Date

## INSTRUCTIONS FOR SUBSTITUTE FORM W-9 PAYER'S REQUEST FOR TAXPAYER IDENTIFICATION NUMBER CERTIFICATION

National Covenant Properties (as well as all other payers of interest or dividends) must withhold 28% of interest or dividends if:

- 1) You fail to provide National Covenant Properties with your Social Security Number, **or**
- 2) The Internal Revenue Service notifies National Covenant Properties that you furnished an incorrect Social Security Number, **or**
- 3) You are notified by the Internal Revenue Service that you are subject to backup withholding, **or**
- 4) You fail to certify by signing this form that you are not subject to backup withholding under (3) above, or fail to certify your Social Security Number.

To prevent backup withholding or interest paid, you must certify that you have provided your correct Social Security Number to National Covenant Properties for all certificates owned by you; and, you must certify that you are not subject to backup withholding.

## PENALTIES

Certain civil and criminal penalties may be imposed if you:

- 1) Fail to furnish your Social Security Number, **or**
- 2) Fail to report properly any portion of an includible payment of interest or dividends on your tax return, **or**
- 3) Provide false information with respect to backup withholding, **or**
- 4) Falsify certifications or affirmations

## INVESTORS EXEMPT FROM BACKUP WITHHOLDING

Investors specifically exempted from backup withholding on all payments include organizations exempt from tax under Section 501(a) of the Internal Revenue Code as an organization listed in section 501(c)(3) of the Code, such as a member congregation of The Evangelical Covenant Church. However, such investors are still required by National Covenant Properties to complete and sign the application in order to avoid erroneous backup withholding.



# ORGANIZATION/CHURCH CERTIFICATE APPLICATION

OFFICE USE ONLY

Cert #: \_\_\_\_\_

Check #: \_\_\_\_\_

## **OWNERSHIP BY A CHURCH/ORGANIZATION** – Organizations only, please include a copy of your Articles of Incorporation

A. \_\_\_\_\_  
Name of Church/Organization EIN

B. \_\_\_\_\_  
Name of Contact Person Title

## **CONTACT INFORMATION**

\_\_\_\_\_  
Street City State Zip

\_\_\_\_\_  
Telephone Email Address

\_\_\_\_\_  
Email Address Email Address

## **INVESTMENT OPTIONS** – All certificate investments have a **\$500 minimum**. Demand Investment Accounts (DIA) have a **\$50 minimum**. Interest Rate as stated in Appendix B of the current Offering Circular.

**Investment Amount**

- |  |       |
|--|-------|
| <input type="checkbox"/> <b>Five-Year Fixed Rate Renewable Certificate</b> _____ | _____ |
| <input type="checkbox"/> <b>30-Month Fixed Rate Renewable Certificate</b> _____  | _____ |
| <input type="checkbox"/> <b>Variable Rate Certificate</b> _____                  | _____ |
| <input type="checkbox"/> <b>Demand Investment Account (DIA)</b> _____            | _____ |

☐ **I choose to receive my statements via email** (recommended for all; **requirement for DIA**)

☐ **I wish to make my initial deposit via ACH**

☐ Use bank information on file

☐ Use new bank information per attached check

**Make check payable to: National Covenant Properties** (we are unable to accept third party checks)

You can add to, or withdraw from, your Variable Rate Certificate or DIA with 30 days written notice.

☐ Use \$ \_\_\_\_\_ of proceeds from my certificate \_\_\_\_\_ to open the new investment(s) indicated above and \_\_\_\_\_.

# ORGANIZATION/CHURCH CERTIFICATE APPLICATION

## INTEREST PAYMENT (select one)

- ☐ Add interest to principal\*
- ☐ **Monthly** electronic transfer to my bank account\* (please attach a voided check to provide us with your bank information)
- ☐ **Semi-Annual** interest payment\* (please attach a voided check to provide us with your bank information for payment via ACH)

\*Accrued interest can be withdrawn at will by written request

## CHURCH AFFILIATION – Organizations only

What Covenant Church are you a member of, or participant in?

Church Name

City

State

Zip

## INVESTOR CERTIFICATION

Certification: I hereby acknowledge receipt of the Offering Circular dated **March 1, 2016**, of National Covenant Properties. I represent that I am 18 years of age or older. I further represent that prior to receipt of the Offering Circular, I was a member of, contributor or participant in The Evangelical Covenant Church, or was an ancestor, descendant or successor in interest to such person. I understand that the principal and payment of interest is dependent in large part upon the future generosity of members of churches receiving loans, and that this income stream cannot be predicted with any certainty.

Under the penalties of perjury, I certify that the Social Security Number and the information regarding backup withholding on this form are true, correct and complete.

Signature

Title

Date

Signature

Title

Date

## INSTRUCTIONS FOR SUBSTITUTE FORM W-9 PAYER'S REQUEST FOR TAXPAYER IDENTIFICATION NUMBER CERTIFICATION

National Covenant Properties (as well as all other payers of interest or dividends) must withhold 28% of interest or dividends if:

- 1) You fail to provide National Covenant Properties with your Social Security Number, **or**
- 2) The Internal Revenue Service notifies National Covenant Properties that you furnished an incorrect Social Security Number, **or**
- 3) You are notified by the Internal Revenue Service that you are subject to backup withholding, **or**
- 4) You fail to certify by signing this form that you are not subject to backup withholding under (3) above, or fail to certify your Social Security Number.

To prevent backup withholding or interest paid, you must certify that you have provided your correct Social Security Number to National Covenant Properties for all certificates owned by you; and, you must certify that you are not subject to backup withholding.

## PENALTIES

Certain civil and criminal penalties may be imposed if you:

- 1) Fail to furnish your Social Security Number, **or**
- 2) Fail to report properly any portion of an includible payment of interest or dividends on your tax return, **or**
- 3) Provide false information with respect to backup withholding, **or**
- 4) Falsify certifications or affirmations.

## INVESTORS EXEMPT FROM BACKUP WITHHOLDING

Investors specifically exempted from backup withholding on all payments include organizations exempt from tax under Section 501(a) of the Internal Revenue Code as an organization listed in section 501(c)(3) of the Code, such as a member congregation of The Evangelical Covenant Church. However, such investors are still required by National Covenant Properties to complete and sign the application in order to avoid erroneous backup withholding.



**OFFERING CIRCULAR**

**5-Year Fixed Rate Renewable Certificates**  
**30-Month Fixed Rate Renewable Certificates**  
**Variable Rate Certificates**  
**Demand Investment Accounts**  
**Individual Retirement Account ("IRA") Certificates**  
**Health Savings Account ("HSA") Certificates**  
**403(b) Certificates**

**National Covenant Properties**  
**8303 West Higgins Road**  
**Chicago, IL 60631**  
**Telephone: (800) 366-6273**  
**E-Mail: ncp@covchurch.org**

**NATIONAL COVENANT PROPERTIES**  
**Up to \$125,000,000**

National Covenant Properties ("NCP") was established in 1970 by The Evangelical Covenant Church (also referred to herein as the "Church") as an Illinois not for profit corporation for the purpose of making loans to member churches and other affiliated entities of the Church Denomination. The principal source of funds to make these loans is the sale of debt securities by NCP to members of, contributors to, participants in and affiliates of the Church and its member churches. The debt securities offered pursuant to this Offering Circular are the 5-Year Fixed Rate Renewable Certificates, the 30-Month Fixed Rate Renewable Certificates, the Variable Rate Certificates, the Demand Investment Accounts, the Individual Retirement Account ("IRA") Certificates, the Health Savings Account ("HSA") Certificates and the 403(b) Certificates, and are more fully described herein under the heading "DESCRIPTION OF THE CERTIFICATES."

<u>Certificate</u>	<u>Minimum Investment*</u>	<u>Term; Interest Rate</u>
5-Year Fixed Rate Renewable Certificates	\$500	5 years from the date of issuance; Interest rate fixed for term
30-Month Fixed Rate Renewable Certificates	\$500	30 months from the date of issuance; Interest rate fixed for term
Variable Rate Certificates	\$500	No stated term (Demand + 30 days written notice); Interest rate adjustable each June 30 <sup>th</sup> and December 31 <sup>st</sup>
Demand Investment Accounts	\$ 50	No stated term (Demand + 30 days written notice); Interest rate adjustable each June 30 <sup>th</sup> and December 31 <sup>st</sup>
Individual Retirement Account ("IRA") Certificates	\$ 10	No stated term; Interest rate adjustable each June 30 <sup>th</sup> and December 31 <sup>st</sup>
Health Savings Account ("HSA") Certificates	\$ 10	No stated term; Interest rate adjustable each June 30 <sup>th</sup> and December 31 <sup>st</sup>
403(b) Certificates	\$ 10	No stated term; Interest rate adjustable each June 30 <sup>th</sup> and December 31 <sup>st</sup>

\*NCP reserves the right to accept smaller investments.

**CURRENT INTEREST RATES ON ALL CERTIFICATES ARE AS INDICATED IN THE ATTACHED APPENDIX "B" OR MAY BE OBTAINED BY CALLING 800-366-6273.**

All of the foregoing are hereinafter collectively referred to as the "Certificates" and may be singularly referred to as a "Certificate." The Certificates are issued on a parity basis, and are not secured by a pledge of collateral. As such, NCP has a general obligation to repay the Certificates.

This Offering Circular does not constitute an offering in any jurisdiction where such would be deemed illegal. No person has been authorized to give any information or make any representation, other than those contained herein, in connection with the offering of the Certificates, and if given or made, such information or representation must not be relied on. Neither the delivery nor the sale of any Certificate implies that there has been no change in the matters described herein since the date hereof.

This offering is not underwritten and no commissions or discounts will be paid. NCP will receive 100% of the proceeds from the sale of the Certificates, and will bear all of the expenses incurred in making this offering. It is estimated that such offering expenses shall not exceed 1% of the offering. The aggregate amount of the Certificates being offered may be sold in any one or more of the offered categories and represents the amount to be sold nationwide. The amount currently anticipated is not a limitation on Certificates which may be offered.

There is no quoted market for the Certificates, and NCP does not intend to effectuate a secondary market for the Certificates.

**THIS OFFERING INVOLVES CERTAIN RISKS WHICH ARE MORE FULLY DISCLOSED AT PAGE 8 ET SEQ. OF THIS OFFERING CIRCULAR.**

**THE CERTIFICATES MAY BE EITHER REGISTERED OR EXEMPT FROM REGISTRATION IN THE VARIOUS JURISDICTIONS IN WHICH THEY ARE OFFERED OR SOLD BY NCP. THIS OFFERING CIRCULAR HAS BEEN FILED WITH THE STATE SECURITIES ADMINISTRATORS IN SUCH STATES OR JURISDICTIONS THAT REQUIRE IT FOR REGISTRATION OR EXEMPTION.**

**THE CERTIFICATES ARE ISSUED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SECTION 3(a)(4) OF THE FEDERAL SECURITIES ACT OF 1933. A REGISTRATION STATEMENT RELATING TO THE CERTIFICATES HAS NOT BEEN FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION. THE CERTIFICATES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT DETERMINED THE ACCURACY, ADEQUACY, TRUTHFULNESS, OR COMPLETENESS OF THIS DOCUMENT AND HAVE NOT PASSED UPON THE MERIT OR VALUE OF THE CERTIFICATES OR APPROVED, DISAPPROVED, OR ENDORSED THE OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF NCP AND THE TERMS OF THE OFFERING, INCLUDING THE DISCLOSURE, MERITS AND RISKS INVOLVED.**

**THE CERTIFICATES ARE NOT SAVINGS OR DEPOSIT ACCOUNTS OR OTHER OBLIGATIONS OF A BANK AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, ANY STATE BANK, INSURANCE FUND OR ANY OTHER GOVERNMENTAL AGENCY. THE PAYMENT OF PRINCIPAL AND INTEREST TO AN INVESTOR IN THE CERTIFICATES IS DEPENDENT UPON NCP'S FINANCIAL CONDITION. ANY PROSPECTIVE INVESTOR IS ENTITLED TO REVIEW NCP'S AUDITED FINANCIAL STATEMENTS, WHICH SHALL BE FURNISHED AT ANY TIME DURING BUSINESS HOURS UPON REQUEST. THE CERTIFICATES ARE NOT OBLIGATIONS OF, NOR GUARANTEED BY, THE CHURCH, OR BY ANY MEMBER CHURCH, CONFERENCE, INSTITUTION OR AGENCY AFFILIATED WITH THE CHURCH.**

**NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THIS OFFERING OTHER THAN THOSE CONTAINED IN THIS OFFERING CIRCULAR, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED ON AS HAVING BEEN MADE BY NCP.**

**THE OFFER AND SALE OF CERTIFICATES IS LIMITED TO PERSONS OR ENTITIES WHO ARE, PRIOR TO RECEIPT OF THIS OFFERING CIRCULAR, (A) MEMBERS OF, CONTRIBUTORS TO, OR PARTICIPANTS IN THE EVANGELICAL COVENANT CHURCH, INCLUDING ANY PROGRAM, ACTIVITY OR ORGANIZATION WHICH CONSTITUTES A PART OF THE EVANGELICAL COVENANT CHURCH, ITS CONFERENCES OR ITS MEMBER CHURCHES; (B) AFFILIATES OF THE EVANGELICAL COVENANT CHURCH, INCLUDING ANY PROGRAM, ACTIVITY OR ORGANIZATION WHICH CONSTITUTES A PART OF THE EVANGELICAL COVENANT CHURCH, ITS CONFERENCES OR ITS MEMBER CHURCHES; (C) BENEFICIARIES OR SUCCESSORS IN INTEREST TO THOSE LISTED IN (A) OR (B) ABOVE; (D) RELATIVES OF INDIVIDUALS LISTED IN (A) ABOVE; (E) TRUSTS OR ACCOUNTS CONTROLLED BY OR FOR THE BENEFIT OF INDIVIDUALS LISTED IN (A) ABOVE; AND (F) OTHER PERSONS PURCHASING CERTIFICATES FOR THE BENEFIT OR ON BEHALF OF INDIVIDUALS LISTED IN (A) ABOVE (COLLECTIVELY, "INVESTORS").**

**INVESTORS ARE ENCOURAGED TO CONSIDER THE CONCEPT OF INVESTMENT DIVERSIFICATION WHEN DETERMINING THE AMOUNT OF CERTIFICATES THAT WOULD BE APPROPRIATE FOR THEM IN RELATION TO THEIR OVERALL INVESTMENT PORTFOLIO AND PERSONAL FINANCIAL NEEDS.**

**THE DATE OF THIS OFFERING CIRCULAR IS MARCH 1, 2016**

#### **ALABAMA RESIDENTS**

THESE CERTIFICATES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SECTION 37(h) (SEE SECTION 8-6-10, CODE OF ALABAMA 1975) OF THE ALABAMA SECURITIES ACT AND SECTION 3(a)(4) OF THE SECURITIES ACT OF 1933. A REGISTRATION STATEMENT RELATING TO THESE CERTIFICATES HAS NOT BEEN FILED WITH THE ALABAMA SECURITIES COMMISSION OR WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION. NEITHER THE ALABAMA SECURITIES COMMISSION NOR THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION HAS PASSED UPON THE VALUE OF THESE CERTIFICATES, MADE ANY RECOMMENDATIONS AS TO THEIR PURCHASE, APPROVED OR DISAPPROVED THE OFFERING, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

#### **ARKANSAS RESIDENTS**

THE SECURITIES REPRESENTED BY THESE CERTIFICATES HAVE BEEN EXECUTED PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933 AND THE ARKANSAS SECURITIES ACT IN RELIANCE UPON THE REPRESENTATION OF THE HOLDER THEREOF THAT THE SAME ARE ACQUIRED FOR INVESTMENT PURPOSES. THESE CERTIFICATES MAY ACCORDINGLY NOT BE RESOLD OR OTHERWISE TRANSFERRED OR CONVEYED IN THE ABSENCE OF REGISTRATION OF THE SAME PURSUANT TO THE APPLICABLE SECURITIES LAWS OR UNLESS AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER IS FIRST OBTAINED THAT SUCH IS NOT THEN NECESSARY. ANY TRANSFER CONTRARY HERETO IS VOID.

#### **CALIFORNIA RESIDENTS**

CALIFORNIA RESIDENTS WILL ONLY BE ABLE TO RENEW THE 5-YEAR FIXED RATE RENEWABLE CERTIFICATES, THE 30-MONTH FIXED RATE RENEWABLE CERTIFICATES, OR REINVEST IN OTHER NCP CERTIFICATES IF NCP HOLDS A CURRENT REGISTRATION PERMIT IN CALIFORNIA. THERE CAN BE NO ASSURANCE THAT SUCH PERMIT WILL BE ISSUED IN THE FUTURE. IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THESE CERTIFICATES, OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFORE, WITHOUT THE PRIOR WRITTEN CONSENT OF THE DEPARTMENT OF BUSINESS OVERSIGHT OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE DEPARTMENT'S RULES. IN ADDITION, IN THE EVENT THE CALIFORNIA HOLDER OF A 5-YEAR FIXED RATE RENEWABLE CERTIFICATE OR A 30-MONTH FIXED RATE RENEWABLE CERTIFICATE INADVERTENTLY ALLOWS A CERTIFICATE TO AUTOMATICALLY RENEW AT MATURITY, NCP WILL HONOR REQUESTS FROM THAT HOLDER TO REDEEM THE CERTIFICATE AT ANY TIME AFTER AUTOMATIC RENEWAL. THE TRANSFERABILITY OF THE CERTIFICATES IS LIMITED BY SECTION 25130 OF THE CALIFORNIA CORPORATIONS CODE. HOWEVER, EXEMPTIONS TO SUCH LIMITATIONS ON TRANSFERABILITY MAY BE AVAILABLE.

#### **FLORIDA RESIDENTS**

THE CERTIFICATES HAVE NOT BEEN REGISTERED WITH THE FLORIDA DEPARTMENT OF BANKING AND FINANCE, DIVISION OF SECURITIES, BEING EXEMPT SECURITIES PURSUANT TO SECTION 517-051(9) OF THE FLORIDA SECURITIES AND INVESTOR PROTECTION ACT.

#### **GEORGIA RESIDENTS**

EACH GEORGIA HOLDER OF A 5-YEAR FIXED RATE RENEWABLE CERTIFICATE OR A 30-MONTH FIXED RATE RENEWABLE CERTIFICATE (HEREIN A "FIXED RATE CERTIFICATE") WILL BE PROVIDED WITH WRITTEN NOTIFICATION OF THE FIXED RATE CERTIFICATE'S MATURITY AT LEAST THIRTY (30) DAYS PRIOR TO THE DATE OF MATURITY, ALONG WITH NCP'S MOST RECENT OFFERING CIRCULAR AND THE PROPOSED INTEREST RATE FOR ANY RENEWAL TERM. IF A GEORGIA HOLDER OF A MATURING FIXED RATE CERTIFICATE DOES NOT INDICATE HIS OR HER INTENT TO RENEW BY WRITTEN NOTICE, THE FIXED RATE CERTIFICATE WILL BE REDEEMED AND THE PRINCIPAL AND INTEREST THEREON WILL BE PAID TO THE HOLDER THEREOF.

#### **INDIANA RESIDENTS**

RESIDENTS OF INDIANA WHO PURCHASE A 5-YEAR FIXED RATE RENEWABLE CERTIFICATE OR A 30-MONTH FIXED RATE RENEWABLE CERTIFICATE SHALL HAVE NINETY (90) DAYS FROM THE EFFECTIVE DATE OF ANY AUTOMATIC RENEWAL TERM TO REDEEM SUCH CERTIFICATE, WITH NO ASSESSMENT OF FINES OR PENALTIES.

#### **KENTUCKY RESIDENTS**

THESE SECURITIES ARE ISSUED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SECTION KRS 292.400(9) OF THE KENTUCKY SECURITIES ACT.

#### **LOUISIANA**

NCP DOES NOT OFFER OR SELL VARIABLE RATE CERTIFICATES OR DEMAND INVESTMENT ACCOUNTS IN THE STATE OF LOUISIANA.

#### **NEW HAMPSHIRE RESIDENTS**

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED, NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED CONSTITUTES A FINDING BY THE DIRECTOR THAT ANY DOCUMENT FILED UNDER CHAPTER 421 NHRSA IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE DIRECTOR HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS SECTION.

#### **NORTH CAROLINA**

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUE AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

#### **OHIO**

IN THE EVENT THE OHIO HOLDER OF A 5-YEAR FIXED RATE RENEWABLE CERTIFICATE OR A 30-MONTH FIXED RATE RENEWABLE CERTIFICATE (HEREIN A "FIXED RATE CERTIFICATE") INADVERTENTLY ALLOWS SUCH CERTIFICATE TO AUTOMATICALLY RENEW AT MATURITY, NCP WILL HONOR REQUESTS FROM THAT HOLDER TO REDEEM THE FIXED RATE CERTIFICATE AFTER AUTOMATIC RENEWAL.

#### **OREGON**

IN THE EVENT THE OREGON HOLDER OF A 5-YEAR FIXED RATE RENEWABLE CERTIFICATE OR A 30-MONTH FIXED RATE RENEWABLE CERTIFICATE (HEREIN A "FIXED RATE CERTIFICATE") INADVERTENTLY ALLOWS SUCH FIXED RATE CERTIFICATE TO RENEW AT MATURITY, NCP WILL HONOR REQUESTS FROM THAT HOLDER TO REDEEM THE FIXED RATE CERTIFICATE AFTER AUTOMATIC RENEWAL.

#### **SOUTH CAROLINA**

NCP DOES NOT OFFER OR SELL VARIABLE RATE CERTIFICATES, DEMAND INVESTMENT ACCOUNTS, INDIVIDUAL RETIREMENT ACCOUNT ("IRA") CERTIFICATES, HEALTH SAVINGS ACCOUNT ("HSA") CERTIFICATES, OR 403(b) CERTIFICATES IN THE STATE OF SOUTH CAROLINA.

THE FAILURE OF NCP TO PAY EITHER PRINCIPAL OR INTEREST ON A CERTIFICATE WHEN DUE SHALL CONSTITUTE AN EVENT OF DEFAULT. THE DEFAULT IN PAYMENT OF PRINCIPAL OR INTEREST ON ANY ONE CERTIFICATE OF AN ISSUE SOLD TO AN INVESTOR IN SOUTH CAROLINA SHALL CONSTITUTE A DEFAULT OF THE ENTIRE ISSUE SOLD TO INVESTORS IN SOUTH CAROLINA.

SOUTH CAROLINA HOLDERS OF CERTIFICATES IN DEFAULT SHALL HAVE THE RIGHT TO A LIST OF NAMES AND ADDRESSES OF ALL SOUTH CAROLINA HOLDERS OF THAT ISSUE OF CERTIFICATES IN DEFAULT. SOUTH CAROLINA HOLDERS OF CERTIFICATES IN DEFAULT OF NOT LESS THAN TWENTY-FIVE PERCENT (25%) IN PRINCIPAL AMOUNT OF THE OUTSTANDING ISSUE IN DEFAULT SHALL HAVE THE RIGHT TO DECLARE SUCH ENTIRE ISSUE DUE AND PAYABLE.

#### **TENNESSEE**

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISK OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

#### **WASHINGTON RESIDENTS**

RECEIPT OF NOTICE OF EXEMPTION BY THE WASHINGTON ADMINISTRATOR OF SECURITIES DOES NOT SIGNIFY THAT THE ADMINISTRATOR HAS APPROVED OR RECOMMENDED THESE CERTIFICATES, NOR HAS THE ADMINISTRATOR PASSED UPON THE OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

## FORWARD-LOOKING STATEMENTS

This Offering Circular includes “forward-looking statements” within the meaning of the federal and state securities laws. Statements about NCP and its expected financial position, business and financing plans are forward-looking statements. Forward-looking statements can be identified by, among other things, the use of forward-looking terminology such as “believes,” “expects,” “may,” “will,” “should,” “seeks,” “pro forma,” “anticipates,” “intends,” “projects,” or other variations or comparable terminology, or by discussions of strategy or intentions. Although NCP believes that the expectations reflected in its forward-looking statements are reasonable, NCP cannot assure any Investor that NCP’s expectations will prove to be correct. Forward-looking statements are necessarily dependent upon assumptions, estimates and data that may be incorrect or imprecise and involve known and unknown risks, uncertainties and other factors. Accordingly, prospective Investors should not consider NCP’s forward-looking statements as predictions of future events or circumstances. A number of factors could cause NCP’s actual results, performance, achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by NCP’s forward-looking statements. These factors include, but are not limited to: changes in economic conditions in general and in NCP’s business; changes in prevailing interest rates and the availability and terms of financing to fund NCP’s business; changes in NCP’s capital expenditure plans; and other factors discussed in this Offering Circular. Given these uncertainties, prospective Investors should not rely on NCP’s forward-looking statements in making an investment decision. NCP disclaims any obligation to update Investors on any factors that may affect the likelihood of realization of NCP’s expectations. All written and oral forward-looking statements attributable to NCP, including statements before and after the date of this Offering Circular, are deemed to be supplements to this Offering Circular and are incorporated herein and are expressly qualified by these cautionary statements.

Although NCP believes that the forward-looking statements are reasonable, prospective Investors should not place undue reliance on any forward-looking statements, which speak only as of the date made. Prospective Investors should understand that the factors discussed under “**RISK FACTORS**” could affect NCP’s future results and performance. This could cause those results to differ materially from those expressed in the forward-looking statements.

*(The balance of this page is intentionally left blank.)*

## **TABLE OF CONTENTS**

SUMMARY OF THE OFFERING .....	7
RISK FACTORS .....	8
HISTORY AND OPERATIONS .....	12
The Church .....	12
USE OF PROCEEDS .....	13
FINANCING AND OPERATING ACTIVITIES .....	13
Outstanding Certificates .....	14
Senior Secured Indebtedness .....	15
Sales and Redemptions of Certificates in Fiscal 2015.....	15
Outstanding Loans.....	16
DESCRIPTION OF NCP’S LENDING ACTIVITIES .....	16
Loan Processing.....	16
Congregational Investment Generation Requirement.....	17
Loan Policies .....	17
Terms and Conditions of Loans – Long-Term Loans and Short-Term Loans .....	18
SWAPS.....	18
Covenant Development Corporation .....	18
Loan Delinquencies .....	19
Loan Loss Reserve.....	19
Lines of Credit.....	19
Church Fees .....	20
Compensation for Real Estate Services .....	21
INVESTING ACTIVITIES .....	21
Investments.....	21
Investment Policies.....	22
Investment Management.....	23
SELECTED FINANCIAL DATA.....	23
Summary of Operations and Selected Balances .....	23
Management Discussion of Financial Operations .....	24
Management Discussion of Financial Benchmarks.....	25
DESCRIPTION OF THE CERTIFICATES.....	27
Description of 5-Year Fixed Rate Renewable Certificates.....	27
Description of 30-Month Fixed Rate Renewable Certificates.....	28
Description of Variable Rate Certificates.....	29
Description of Demand Investment Accounts .....	30
Description of Individual Retirement Account (“IRA”) Certificates .....	30
Description of Health Savings Account (“HSA”) Certificates .....	31
Description of 403(b) Certificates .....	31
METHOD OF SALE.....	32
UNDERWRITING .....	32

TAX MATTERS .....	33
LITIGATION .....	33
MANAGEMENT AND GOVERNANCE .....	33
Officers of NCP .....	33
Directors of NCP .....	34
Remuneration.....	36
Conflicts of Interest .....	36
EVENTS OF DEFAULT.....	36
REDEMPTION DUE TO A PERSONAL EMERGENCY .....	37
INDEPENDENT AUDITORS .....	37
LEGAL OPINIONS .....	37
INVESTOR REPORTS.....	37
AUDITED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT.....	38
DEFINITIONS .....	Appendix A
CURRENT INTEREST RATES AND INTEREST PAYMENT DATES.....	Appendix B

## SUMMARY OF THE OFFERING

This summary is provided for the convenience of potential Investors. It must be read in conjunction with, and is qualified in its entirety by, the more complete statements made in this Offering Circular, including the Audited Financial Statements. In particular, potential Investors are urged to review the discussion under the heading “RISK FACTORS”. Certain capitalized terms referred to herein are defined elsewhere in this Offering Circular and in Appendix “A” entitled “Definitions”.

1. **Issuer.** NCP, the issuer of the Certificates, is an Illinois not for profit corporation affiliated with The Evangelical Covenant Church (the “Church”). NCP’s principal offices are located in Chicago, Illinois. See “HISTORY AND OPERATIONS” herein.
2. **Description of the Certificates.** NCP is offering unsecured debt securities in the form of Certificates at various interest rates, which are not secured by particular loans to specific borrowers. The Certificates offered are: the 5-Year Fixed Rate Renewable Certificates, which mature five (5) years from the date of issuance and earn a fixed rate of interest; the 30-Month Fixed Rate Renewable Certificates, which mature thirty (30) months from the date of issuance and earn a fixed rate of interest; the Variable Rate Certificates, which may be redeemed by the holder upon thirty (30) days demand and earn a variable rate of interest; the Demand Investment Accounts, which may be redeemed by the holder upon thirty (30) days demand and earn a variable rate of interest; the Individual Retirement Account (“IRA”) Certificates, which are available for investment in the holder’s NCP Individual Retirement Account and earn a variable rate of interest; the Health Savings Account (“HSA”) Certificates, which are available for investment in the holder’s NCP Health Savings Account and earn a variable rate of interest; and the 403(b) Certificates, which are available for investment in the holder’s NCP 403(b) retirement account and earn a variable rate of interest. As of December 31, 2015, NCP’s total Certificates payable equaled \$325.7 million. See “DESCRIPTION OF THE CERTIFICATES” herein.
3. **Risk Factors.** The purchase of the Certificates is subject to certain described risks. See “RISK FACTORS” herein, which Investors are urged to read carefully.
4. **Use of Proceeds.** The proceeds of the offering will be added to NCP’s general funds and primarily used to make loans to member churches to be used for the construction, renovation and acquisition of church facilities and real estate and other mission related activities of Church-affiliated entities. Loans are also made to other entities affiliated with the Church. See “USE OF PROCEEDS” herein.
5. **Loans.** NCP makes both short-term (demand) loans and long-term loans to member churches, conferences and other Denominational entities. NCP also has fourteen(14) lines of credit with member churches, conferences and other Denominational entities. As of December 31, 2015, NCP’s total loans outstanding equaled \$286.0 million (net of allowance for doubtful accounts). See “DESCRIPTION OF NCP’S LENDING ACTIVITIES” herein.
6. **Management.** The affairs of NCP are managed by its Board of Directors that meets at least on a quarterly basis. The day-to-day operations of NCP are the responsibility of its executive officers. The voting members of the Executive Board of the Church are the corporate members of NCP who elect the directors of NCP. See “MANAGEMENT AND GOVERNANCE” herein.

7. **Summary of Financial Information.** The following is a summary of selected financial information for NCP for each of the last five (5) most recent fiscal years (dollars in thousands):

	2015	2014	2013	2012	2011
Cash, cash equivalents and readily marketable securities:	\$ 91,866	\$ 103,167	\$ 97,171	\$ 102,061	\$ 82,017
Total loans receivable (net of allowance):	286,037	270,691	267,823	268,877	264,456
Amount of unsecured loans receivable*:	-0-	2,250	2,997	4,250	3,500
Percent of unsecured loans receivable:	-0-	0.83%	1.12%	1.58%	1.32%
Loan Delinquencies as a percentage of loans receivable:	0.26%	-0-	-0-	1.00%	1.02%
Total Assets:	386,345	383,566	376,539	380,786	356,206
Total Certificates payable:	325,692	325,283	321,900	326,941	306,393
Amount of Certificates redeemed:	58,913	56,979	62,659	36,878	35,750
Unrestricted Net Assets:	60,473	58,128	54,474	53,601	49,688
Change in Unrestricted Net Assets:	2,346	3,654	873	3,913	3,272
Source of balances: Derived from the Audited Financial Statements of the fiscal year indicated.					
Source of percentages: general accounting records of NCP as of the fiscal year indicated.					
*Source of Amount of unsecured loans receivable: general accounting records of NCP as of the fiscal year indicated.					

## RISK FACTORS

The purchase of the Certificates offered herein involves a number of risks. In addition to the factors set forth elsewhere in this Offering Circular, prospective Investors should carefully consider the following risk factors.

1. *Unsecured Obligations.* The Certificates are unsecured obligations of NCP. Interest and principal repayments on the Certificates, therefore, are dependent solely upon the financial condition of NCP.
2. *No Sinking Fund or Trust Indenture.* No sinking fund or trust indenture has been nor will be established by NCP to provide for the repayment of the Certificates. There is no assurance that funds will be available at the time of a Certificate's maturity.
3. *Maturing Certificates.* A portion of NCP's previously issued 5-Year Fixed Rate Renewable Certificates have a remaining maturity of less than one year. The aggregate annual principal maturities of the 5-Year Fixed Rate Renewable Certificates outstanding as of December 31, 2015, and maturing in calendar year 2016 equal \$26.6 million. It has been NCP's historical experience that more than 50% of its maturing 5-Year Fixed Rate Renewable Certificates have been reinvested at maturity. If demands for payment of NCP's Certificates upon maturity exceed prior experience or the availability of funds from other sources are not as anticipated, an adverse effect on NCP's financial condition could result. The holder of a Certificate may find that at the maturity of that Certificate NCP does not have sufficient funds to pay the Certificate. There is no assurance that purchasers of additional securities will be available at the time of a Certificate's maturity. Prior to March 1, 2015, NCP did not offer or sell the 30-Month Fixed Rate Renewable Certificates. Thus, information regarding reinvestment of the 30-Month Fixed Rate Renewable Certificates is unavailable at this time. In calendar year 2015, NCP sold \$5.3 million in 30-Month Fixed Rate Renewable Certificates, \$1.2 million of which mature in calendar year 2017, and \$4.1 million of which mature in calendar year 2018.
4. *Certificate Repayment Dependent upon Loan Repayments.* NCP is dependent upon timely repayment of its loans to member churches, conferences and other Denominational entities in order to assure repayment of a Certificate and payment of interest thereon. Thus, the ability of NCP to meet its interest and principal payments on the



Certificates is dependent upon the future operations of the member churches, conferences and other Denominational entities to which NCP has made loans.

5. *Certificate Repayment Dependent upon Contributions to Borrowers.* A loan by NCP to a member church is not personally guaranteed by any individual constituents of that church. The timely repayment of such a loan is dependent upon the ongoing success of that member church. In most instances, the ability of member churches to repay loans will be dependent upon contributions they receive from their constituents. Due to the recent national economic downturn, member churches may experience a reduction in these contributions, which may negatively impact member churches' ability to repay their loans in accordance with the current loan terms.
6. *Accommodation of Loan Defaults.* NCP originated loans are made exclusively to member churches, conferences and other Denominational entities, some of which may not be qualified to secure commercial financing from an institutional lender. In view of the relationship of NCP with its borrowers, NCP may be willing in certain instances to accommodate late payments, extend the term of a loan, or otherwise modify the loan terms. Significant increases in Loan Delinquencies or accommodations made by NCP with certain borrowers could impair the ability of NCP to pay its Certificates when due.
7. *Marketability of Loan Collateral.* The church property and improvements given as collateral for loans may be a single purpose building and in the event of a default on a loan made by NCP, the marketability of a specific church property and improvements thereon may be limited. In addition, fluctuations in property values may result in a loan loss to NCP in the event of a foreclosure action. NCP has no current policy which requires an appraisal on the church's real property as part of the lending criteria.
8. *Loan Delinquencies.* As of December 31, 2015, of the 312 loans outstanding, NCP had one loan that was delinquent as to payment of principal and/or interest. See "DESCRIPTION OF NCP'S LENDING ACTIVITIES – Loan Delinquencies" herein.
9. *Loan Marketability.* There is no quoted market for NCP's loans to member churches, conferences, and other Denominational entities, and there is no intent by NCP to create such a market. Therefore, NCP may not have the ability to sell such loans to third parties, which could affect NCP's liquidity.
10. *Limited Class of Investors.* The offer and sale of Certificates is limited to persons or entities who are, prior to receipt of this Offering Circular, (a) members of, contributors to, or participants in The Evangelical Covenant Church, including any program, activity or organization which constitutes a part of The Evangelical Covenant Church, its conferences or its member churches; (b) affiliates of The Evangelical Covenant Church, including any program, activity or organization which constitutes a part of The Evangelical Covenant Church, its conferences or its member churches; (c) beneficiaries or successors in interest to those listed in (a) or (b) above; (d) relatives of individuals listed in (a) above; (e) trusts or accounts controlled by or for the benefit of individuals listed in (a) above; and (f) other persons purchasing Certificates for the benefit or on behalf of individuals listed in (a) above (collectively, "Investors").
11. *NCP's Certificate Redemption Rights.* A Certificate may be redeemed by NCP at any time prior to its maturity upon sixty (60) days written notice to the holder thereof, and payment of principal and accrued interest to the date of redemption.
12. *Larger Loans to Newer Churches.* Loans from NCP to member churches in recent years have tended to be larger in dollar amounts per church than in previous years and a number have been made to churches that are relatively new in their corporate existence. Thus, these larger loans to newer churches carry an additional risk factor as to the church's ability to service the debt obligation. A significant change in economic conditions, such as the recent national economic downturn, could negatively impact the income of a member church since its principal

source of revenue is from contributions of its constituency. Additionally larger loans with greater cash outlay could impede NCP's future ability to diversify its loan portfolio.

13. *Loans to Denominational Entities.* Loans from NCP to Denominational entities (which are defined herein as those entities affiliated with the Church which are not member churches or conferences) are likely to be larger in dollar amounts, and are not always secured by a pledge of real or personal property. Moreover, many of the Denominational entities borrowing from NCP have other obligations that encumber the real or personal property owned by those entities. These larger loans with greater cash outlay could impede NCP's future ability to diversify its loan portfolio.
14. *Senior Secured Indebtedness.* NCP has the authority to create and issue new debt securities from time to time at such rates and on such terms as its Board of Directors deems advisable, including debt securities which may have priority as to repayment senior to the Certificates. If such debt securities are secured by assets of NCP in such manner as to have a priority claim against any of the assets of NCP over and above the Certificates, the amount of such debt securities shall not exceed ten percent (10%) of the tangible assets of NCP. See "FINANCING AND OPERATING ACTIVITIES – Senior Secured Indebtedness" herein.
15. *Change in NCP's Operations.* NCP is not obligated to continue offering debt securities, or to continue its current operations or its existence as a not for profit entity. Any such change in operations could have a negative impact on its ability to pay the Certificates.
16. *Interest on Certificates Taxed as Ordinary Income; Imputed Interest.* The purchase of Certificates is not a donation to a religious organization and is not eligible for any tax deduction as a charitable contribution. Interest paid or accrued on the Certificates, other than investments held in an Individual Retirement Account, a Health Savings Account, or a 403(b) Certificate will be taxable as ordinary income to an Investor. If interest paid on a Certificate is below market interest, the Internal Revenue Service may impute interest income up to the market interest level. See "TAX MATTERS" herein.
17. *NCP's Liability for Church-Related Claims.* NCP is a separate not for profit corporation, and therefore not generally liable for claims against the Church and its other affiliated entities. However, it is possible that claims may be made against NCP in relation to matters associated with the Church or its other affiliates.
18. *Securities Registration.* Although securities issued by charitable organizations are exempt from the registration requirements of the Securities Act of 1933, as amended, and from the registration provisions of some state securities laws, in other states securities such as the Certificates issued by NCP must be registered prior to their offer or sale. In certain states in which the securities are exempt, an issuer is required to file certain documentation with the state securities authority in order to obtain such exemption. Additionally, in certain states the agents engaged in sales activities and/or the issuer itself must be registered pursuant to agent/salesperson and broker/dealer regulations. NCP has taken the necessary steps to file the required documentation in accordance with such securities laws in the states in which it offers and sells securities. However, changes in the various state securities laws in which NCP does business may impose costly and overly burdensome restraints upon the activities of NCP, such that NCP would be unable to continue its current operations.
19. *Certificates Are NOT Insured.* NCP's Certificates are not insured by any governmental agency or private insurance company, including the FDIC, or any state bank, insurance fund, or any other governmental agency.
20. *Church Not Obligated.* NCP is solely responsible with respect to its obligations under the Certificates, and neither the Church nor any member churches, conferences, or Denominational entities, other than NCP, are responsible for any obligations under the Certificates, including without limitation payment of interest and repayment of principal for Certificates at maturity.

21. *Redemption Due to Personal Emergency.* NCP cannot assure that it will honor requests for early redemption of a Certificate due to personal or financial emergency of the holder, and it is not obligated to do so. See “REDEMPTION DUE TO A PERSONAL EMERGENCY” herein.
22. *Market Risk.* NCP’s liquid assets invested in readily marketable securities are subject to various market risks which may result in losses if market values of investments decline.
23. *Geographic Concentration of Loans.* There are risks related to geographic concentration of loans to member churches and other Church-affiliated entities within a limited region, such that changes in economic conditions of that region could affect the ability of the member churches and other Church-affiliated entities, as a group, to repay the loans. As of December 31, 2015, NCP’s total loans outstanding equals \$288.1 million. Although NCP has no geographic restrictions on where loans are made other than where member churches or other Church-affiliated entities are located, aggregate loans equal to or in excess of 6.87% of total balances of loans outstanding are located in the following states:

State	Loans Outstanding	% of Total	# of Loans
California	\$ 55,648,345	19.32%	49
Illinois	\$ 54,561,218	18.94%	56
Washington	\$ 30,709,242	10.66%	28
Colorado	\$ 22,763,503	7.90%	15
Minnesota	\$ 19,806,266	6.87%	23
Total	\$ 183,488,574	63.69%	171
Total Loans	\$ 288,101,722	100.00%	312

24. *Environmental Matters.* There is potential environmental liability associated with the loans made by NCP. With respect to loans involving the acquisition of property, NCP requires environmental surveys. However, if environmental contamination is found on or near the property securing a loan at any time after NCP makes such loan, NCP’s security for the loan could be impaired. In addition, changes in environmental regulations could require the borrower to incur substantial unexpected expenses to comply with such regulations, and this could impair both the value of the collateral and the borrower’s ability to repay the loan.
25. *Construction Loan Risks.* In such cases where a loan is used for construction, the borrower may be subject to risks associated with such construction, which could have an adverse effect on a borrower’s ability to repay its loan. Construction risks may include, without limitation, cost overruns, completion delays, errors and omissions in construction documents, lack of payment and performance bonds or completion bonds, all of which may have a significant impact on the cost of the new construction, or the borrower’s ability to complete the project in accordance with the construction documents.
26. *Liquidity.* NCP’s 5-Year Fixed Rate Renewable Certificates mature five (5) years from the date of issuance. NCP utilizes Certificate proceeds, in part, to fund loans that typically mature in twenty (20) years. NCP is dependent in part upon its loan repayments to fund redemption of its renewable Certificates. In addition, new Certificate sales are necessary to fund repayment of maturing Certificates. For the years ending December 2011 through December 2015, 82%, 89%, 77%, 62%, and 83%, respectively, of NCP’s 5-Year Fixed Rate Certificates were renewed at maturity for an additional term. However, there are no assurances that this level or any other level of renewal will continue. In the event that NCP experiences unusually adverse fluctuations in (i) loan repayments; (ii) new Certificate sales; and/or (iii) Certificate renewals, such fluctuations could have an adverse impact on NCP’s ability to repay maturing Certificates. NCP’s 30-Month Fixed Rate Renewable Certificates

mature thirty (30) months from the date of issuance, but have not been offered or sold prior to March 1, 2015. Thus, information regarding renewal of 30-Month Fixed Rate Renewable Certificates is unavailable at this time.

27. *Non-transferability of Certificates.* No public market exists for the Certificates and none will develop. Therefore, the transferability of the Certificates is limited and restricted.

## **HISTORY AND OPERATIONS**

National Covenant Properties (also referred to herein as “NCP”) was incorporated as an Illinois not for profit corporation in 1970 for the purpose of making loans to member churches, conferences and other Denominational entities of The Evangelical Covenant Church (also referred to herein as the “Church”). Loans to a member church are typically secured by a mortgage or deed of trust and assignment of leases and rents on that church’s real property and a security agreement on that church’s personal property. Loans to other Denominational entities of the Church may or may not be secured by a pledge of collateral. The principal source of funds utilized to make these loans is the sale of debt securities by NCP to members of, contributors to, participants in and affiliates of the Church. The Certificates are not secured by particular loans to specific borrowers.

During 2007 and thereafter, NCP expanded its operations to provide a broader range of real estate services to the Church, Denominational entities, conferences and member churches. These services had previously been provided by staff employed by the Church.

NCP currently has \$325.7 million in Certificates outstanding to Investors residing in fifty (50) states and the District of Columbia. The principal place of business of NCP is located at 8303 West Higgins Road, Chicago, Illinois 60631. Its telephone number is (800) 366-6273.

NCP is recognized as exempt from Federal income taxation pursuant to Section 501(a) of the Internal Revenue Code of 1986, as amended, (the “Code”) as an organization described in Section 501(c)(3) of the Code as part of the group exemption ruling issued by the Internal Revenue Service to The Evangelical Covenant Church.

### **The Church**

The Church was founded in 1885 for the purpose of promulgating evangelistic Christianity. The Church is an Illinois not for profit corporation, which has been issued a group exemption from Federal income taxation pursuant to Section 501(a) of the Code, as amended, as an organization described in Section 501(c)(3) of the Code. The corporate membership of the Church is comprised of approximately 788 member churches located throughout the United States and Canada, with approximately 132,800 individual members. The member churches are separate not for profit corporations or religious associations of the state or province in which they are located whose membership is composed of the individual members of the church congregation. The member churches are represented at the Church’s Annual Meeting by delegates from each member church. These churches are administratively organized into regional conferences, the number and boundaries of which conferences are determined by the Church.

Each regional conference is incorporated as a not for profit corporation whose membership is composed of the member churches belonging to that specific conference. Conferences own various organizations therein located, such as conference centers and Bible camps.

The Executive Board of the Church coordinates and implements the common mission of the Church as developed and articulated by the Annual Meeting of the Church, the Church’s Constitution and Bylaws and the Strategic Planning Process of the Church. Denominational ministries of the Church are more fully described at the Church’s website, which can be found at [www.covchurch.org](http://www.covchurch.org).

NCP's Audited Financial Statements contained herein indicate the dollar amounts outstanding in loans receivable attributable to regional conferences and member churches, and also to other Denominational entities (as set forth in the Audited Financial Statements under the caption "Loans Receivable").

**THE CHURCH, AND ITS RELATED BOARDS AND MINISTRIES, MEMBER CHURCHES, CONFERENCES AND THE DENOMINATIONAL ENTITIES (EXCLUSIVE OF NCP) DO NOT GUARANTEE NCP'S OBLIGATION TO REPAY THE CERTIFICATES ISSUED PURSUANT TO THIS OFFERING CIRCULAR.**

### **USE OF PROCEEDS**

Proceeds received from the sale of the Certificates will be added to NCP's general funds. The general funds are used to make loans to member churches, conferences and other Denominational entities, primarily for the purpose of financing capital improvement projects, including the purchase of facilities, the construction of new church facilities, and the remodeling of existing churches, and financing other mission related activities of Denominational entities. See "HISTORY AND OPERATIONS" herein. The proceeds may, however, be invested in certain marketable securities or investment accounts pending their utilization for NCP's activities. See "INVESTING ACTIVITIES – Investments" herein. As of the date of this Offering Circular, NCP has not committed all of the proceeds to be derived from this offering for any specific projects. In the normal course of its operations however, NCP is continuously making loan commitments based upon the availability of funds. The proceeds of this offering may be utilized to fund some portion of these loan commitments.

No underwriters are participating in this offering, and no underwriting discounts or commissions will be paid in connection with the sale of the Certificates. Sales of the Certificates will be effected solely through certain executive officers of NCP. All expenses of this offering, including printing, mailing, attorneys' fees, accountants' fees, and securities registration fees, will be borne by NCP, and are not expected to exceed one percent (1%) of the offering.

NCP's sale of its Certificates is primarily related to its need for loan funds and its desire to maintain reasonable liquidity. NCP does not presently require, nor does it anticipate that it will require, any proceeds of this offering to meet the interest payments on its outstanding Certificates. However, it is anticipated that NCP may be required to utilize a portion of the proceeds of this offering along with its existing general funds to meet principal repayments on its outstanding Certificates. See "FINANCING AND OPERATING ACTIVITIES" herein.

### **FINANCING AND OPERATING ACTIVITIES**

The repayment of principal and the payment of interest on the Certificates are dependent upon NCP's financial condition. The primary source of funds available to NCP includes receipts from the sale of new Certificates and from cash flow generated from NCP's outstanding loans and other investments. In prior years, NCP has been able to meet principal and interest requirements on its outstanding Certificates from its available funds, and there has never been a default in NCP's payment of principal or interest to an Investor. NCP has a fiduciary obligation to repay the Certificates, and NCP will not intentionally take any action that jeopardizes its ability to repay the Certificates. The following information describes NCP's sources of funds and financial condition.

## Outstanding Certificates

NCP's primary means of obtaining the funds necessary to conduct its operations is through the receipt of proceeds from the sale of its Certificates. The following is a description of NCP's outstanding Certificates as of December 31, 2015, 2014, and 2013 (all interest rates stated are as of December 31, 2015):

	2015	2014	2013
IRA Certificates (3.00%)	\$ 116,081,352	\$ 115,926,056	\$ 114,671,899
HSA Certificates (3.00%)	\$ 1,702,086	\$ 1,564,900	\$ 1,368,360
Variable Rate Certificates (1.50%)	\$ 30,579,304	\$ 33,714,896	\$ 37,825,913
Demand Investment Accounts (1.50%)	\$ 54,931,752	\$ 50,108,070	\$ 43,844,726
5-Year Fixed Rate Renewable Certificates (3.00%-4.5%):			
4.50% (due 2013, 2014)			\$ 19,509,335
4.25% (due 2013-2015)		\$ 19,744,982	\$ 20,872,261
4.00% (due 2015)		\$ 8,047,319	\$ 8,006,361
3.75% (due 2016)	\$ 18,124,601	\$ 22,230,957	\$ 22,059,070
3.50% (due 2016, 2017)	\$ 21,304,295	\$ 21,217,160	\$ 21,800,202
3.00% (due 2017, 2018, 2019, 2020)	\$ 77,666,529	\$ 52,728,894	\$ 31,941,854
*30-Month Fixed Rate Renewable Certificates			
2.25% (due 2017, 2018)	\$ 5,301,938		
TOTAL	\$ 325,691,857	\$ 325,283,234	\$ 321,899,981
Source: Derived from the general accounting records of NCP as of the fiscal year indicated.			
*30-Month Fixed Rate Renewable Certificates were not offered prior to March 1, 2015.			

IRA Certificates, HSA Certificates, and 403(b) Certificates (which were not sold prior to March 1, 2016) are carried in the accounts at original issue price plus accrued interest. Interest on all other Certificates is either accrued or paid currently at the holder's option.

Aggregate annual principal maturities of the 5-Year and 30-Month Fixed Rate Renewable Certificates outstanding as of December 31, 2015, are as follows:

Year	Principal Maturities	
	5-Year Fixed Rate	30-Month Fixed Rate
2016	\$ 26,586,656	
2017	\$ 22,566,350	\$ 1,242,679
2018	\$ 21,105,024	\$ 4,059,259
2019	\$ 20,778,640	
2020	\$ 26,058,755	
Total	\$ 117,095,425	\$ 5,301,938
Total Fixed Rate Maturities: \$122,397,363		

Source: Derived from the Audited Financial Statements included in this Offering Circular.  
Note: 30-Month Fixed Rate Renewable Certificates were not offered prior to March 1, 2015.

## Senior Secured Indebtedness

The Certificates are issued on a parity basis with one another and with respect to all other NCP debt securities previously issued and outstanding, and are a general obligation of NCP. Senior Secured Indebtedness is any debt or debt securities incurred or issued by NCP and secured by assets of NCP in such manner as to have a priority claim against any of the assets of NCP over and above the Certificates. To date, NCP has not incurred or issued any Senior Secured Indebtedness, and has a Board policy that it will not incur or issue Senior Secured Indebtedness in an amount which exceeds ten percent (10%) of the tangible assets of NCP.

## Sales and Redemptions of Certificates in Fiscal 2015

In the year ended December 31, 2015, NCP sold \$85.6 million of its Certificates, which is comprised of the following:

	Amount
New Sales:	
5-Year Fixed Rate Renewable Certificates	\$ 5,060,337
*30-Month Fixed Rate Renewable Certificates	\$ 2,263,813
Variable Rate Certificates	\$ 3,025,158
Demand Investment Accounts	\$ 41,231,792
IRA Certificates	\$ 7,399,133
HSA Certificates	\$ 340,951
Reinvestment:	
5-Year Fixed Rate Renewable Certificates	\$ 26,292,174
Total Sales	\$ 85,613,358
Source: general accounting records of NCP.	
*30-Month Fixed Rate Renewable Certificates were not offered prior to March 1, 2015.	

In the year ended December 31, 2015, outstanding Certificates in the total amount of \$58.9 million were redeemed by the holders thereof as follows:

	Amount
Redemptions:	
5-Year Fixed Rate Renewable Certificates	\$ 9,549,221
*30-Month Fixed Rate Renewable Certificates	\$ 32,545
Variable Rate Certificates	\$ 5,249,263
Demand Investment Accounts	\$ 36,471,556
IRA Certificates	\$ 7,406,210
HSA Certificates	\$ 203,765
Total Redemptions	\$ 58,912,560
Source: general accounting records of NCP.	
*30-Month Fixed Rate Renewable Certificates were not offered prior to March 1, 2015.	

## Outstanding Loans

At December 31, 2015, and 2014, NCP's outstanding loans (net of allowance for doubtful accounts) are as follows:

	Years Ended December 31	
	2015	2014
Regional conferences, member churches and their affiliated subsidiaries:		
Demand Loans	\$ 43,144,291	\$ 32,864,668
Long-Term Loans	\$ 216,331,605	\$ 210,873,657
Other Denominational entities:		
Demand Loans	\$ 21,468,733	\$ 21,236,769
Long-Term Loans	\$ 7,157,093	\$ 7,524,995
<b>TOTAL ALL LOANS</b>	<b>\$ 288,101,722</b>	<b>\$ 272,500,089</b>
Allowance for Doubtful Accounts	\$ (2,065,050)	\$ (1,809,500)
<b>NET TOTAL ALL LOANS</b>	<b>\$ 286,036,672</b>	<b>\$ 270,690,589</b>
Source: Derived from the Audited Financial Statements included in this Offering Circular.		

As of December 31, 2015, the allowance for doubtful accounts against outstanding loans is \$2.1 million. NCP's loans are generally secured by a mortgage or deed of trust on the borrower's real property, assignment of rents and a security agreement on the borrower's personal property, and are often also guaranteed by conferences, affiliates of the Church, the Church or third party churches, with the exception of the lines of credit as more fully described at "DESCRIPTION OF NCP'S LENDING ACTIVITIES – Lines of Credit" herein. The total loan principal due or scheduled for rate adjustment in the next five (5) years is set forth in Note 3 of the Audited Financial Statements herein.

## DESCRIPTION OF NCP'S LENDING ACTIVITIES

### Loan Processing

The general lending activities of NCP include the making of secured and unsecured loans to member churches, conferences and Denominational entities for the primary purpose of providing financing for (i) the acquisition and construction of new church facilities, (ii) renovations to existing church facilities, and (iii) other mission related activities of Denominational entities. Typically, a prospective borrower furnishes a loan application to NCP. The application is reviewed by NCP's staff, and the loan is then presented to and considered by NCP's Board of Directors (the "Board") for action. Factors to be considered by the Board with respect to a particular loan include the value and nature of the specific collateral (if any) to be pledged, the previous financial record of the borrower, potential for growth, the borrower's ability to service the debt, and the existence or non-existence of a Church and/or conference guarantee, if applicable. NCP has 312 loans outstanding as of December 31, 2015, 294 of which are to member churches and regional conferences outstanding in the gross amount of \$259.5 million, and 18 of which are to other Denominational entities outstanding in the gross amount of \$28.6 million.



## **Congregational Investment Generation Requirement**

In a typical loan to a member church, the member church is required to generate investments in NCP's 5-Year Fixed Rate Renewable Certificates, 30-Month Fixed Rate Renewable Certificates, IRA Certificates or HSA Certificates through members and other eligible participants of that particular church congregation in an amount that is no less than fifteen percent (15%) of the principal amount of the loan (the "Congregational Investment Generation Requirement"). Since the inception of NCP, the Congregational Investment Generation Requirement has been reduced from two-thirds (2/3rds) of the loan amount to the current fifteen (15%) percent. NCP reserves the right to modify the Congregational Investment Generation Requirement, in its sole discretion, from time to time. In particular, NCP has been willing to accept less than fifteen percent (15%) of the principal amount of the loan as the Congregational Investment Generation Requirement, but the interest rate of the loan is then adjusted upward according to a formula which determines the amount of the interest rate adjustment based upon actual NCP investments generated by the borrowing church.

## **Loan Policies**

A typical loan is evidenced by a loan agreement with applicable note obligation and, in the case of a loan to a member church, generally secured by a mortgage or deed of trust and assignment of rents on the church's real property and a security agreement on the church's personal property. As of December 31, 2015, 100% of NCP's outstanding loans were secured by real or personal property or a guaranty by a third party. (NCP has issued a line of credit to the Church which is unsecured and further described in this section under "Lines of Credit" and, as of December 31, 2015, there are no amounts drawn under such line.) In the case of such a mortgage or deed of trust, a mortgagee's title insurance policy is issued to NCP by a recognized commercial title insurance company. In the case of new construction, the policy of NCP is to require loan proceeds to be funded through a construction money lender's escrow where such is feasible. A payment reserve escrow equal to three (3) months of the principal and interest payment is generally required for loans which are guaranteed by the Church and/or a conference. NCP has no current policy which requires an appraisal on the church's real property as part of the lending criteria. An acceptable environmental site assessment is required for all loans involving the acquisition of property.

The President of NCP can approve loans in principal amounts of \$50,000 or less, provided there is the security of a first mortgage or deed of trust and the borrower is a member church. The President can also approve unsecured loans to member churches in principal amounts of \$20,000 or less. In addition, the President of NCP is authorized to approve loans secured by NCP Certificates in an amount of \$250,000 or less, provided the borrower is affiliated with the Church (which includes member churches, regional conferences, camps, colleges, and other Denominational entities).

The policy of NCP is to limit the principal amount of loans to a single borrower to not more than 25.0% of NCP's Net Assets (fund balance) as of January 1 of each year for borrowers owning and operating a single site. If the borrower has multiple sites that are not contiguous, the lending limit will not exceed 40.0% of NCP's Net Assets (fund balance) as of January 1 of each year. There are no borrowers with loans having a balance outstanding as of December 31, 2015, in excess of these amounts.

*(The balance of this page is intentionally left blank.)*

## Terms and Conditions of Loans – Long-Term Loans and Short-Term Loans

The material terms and conditions under which typical long-term loans to member churches, conferences and Denominational entities are made are as follows (note that exceptions thereto can be made at the discretion of the Board):

Term:	20 years
Amortization:	20 years
Rate Adjustment:	Every 3 years
Interest Rate:	Set by the Board (Rates on outstanding loans range from 3.50% to 7.50% and the weighted average interest rate was 4.40% at December 31, 2015.)

A typical short-term loan from NCP to member churches, conferences and Denominational entities is due on fifteen (15) days demand from NCP and is at an interest rate equal to the prime interest rate as published from time to time in the *Wall Street Journal* “Money Rates” section, and for all new demand loans, the prime interest rate, but not less than four percent (4%). Older short-term loans may not have the interest rate floor of four percent (4%).

Other conditions to the granting of a loan by NCP may include the existence of adequate collateral and a negative pledge (prohibition) with respect to future borrowing. Loans to churches which receive financial support from the church’s regional conference require the guarantee of that conference and of the Church. Generally, the loan to value ratio required by NCP is eighty percent (80%). However, in consideration of NCP’s acceptance of a higher loan to value ratio, NCP may require a conference and/or the Church acting as a guarantor of a loan to execute a collateral pledge of that guarantor’s NCP 5-Year Fixed Rate Renewable Certificate(s) as additional collateral; or that the loan be secured by an Equity Pledge Fund according to the terms thereof.

In general, NCP’s long-term and short-term loans are secured by a first mortgage or deed of trust and assignment of rents on the borrower’s real property and a security agreement on borrower’s personal property. However, NCP may grant a loan under limited circumstances that is not secured, or that is subordinate to a prior loan.

## SWAPS

Over the last few years, several borrowers have requested that NCP offer longer interest rate locks than what NCP has historically offered. To facilitate these requests, NCP has entered into several interest rate SWAP options with third parties to hedge the added interest rate risk. Borrowers that receive the longer fixed interest rate terms pay for the fees related to the SWAP options, or pay a premium interest rate to offset such fees. To date, NCP has entered into four of these interest rate SWAP option transactions with expiration dates ranging from 2016-2019. For more information regarding SWAPS, see Note 7 of the Audited Financial Statements under the heading “Investment in SWAP Options”.

## Covenant Development Corporation

Covenant Development Corporation (“CDC”), an affiliate of the Church, was established for the purposes of assisting member churches with the acquisition of church related property. In furtherance of this purposes, CDC typically purchased real estate with the intent to sell to a member church the portion of the acquired real estate parcel required by the member church for its facility and the balance of the real estate parcel to one or more third parties. Funding for CDC’s purchase, development and subdivision of such properties was largely made possible through loans with NCP. As a result of the national economic downturn from 2007 through 2010, which negatively impacted

the value and liquidity of real estate as a whole, CDC was unable to sell its properties as anticipated. In December 2010, CDC transferred all of its assets to National Covenant Properties Land Company, LLC ("NCP Land Company"), an Illinois limited liability company wholly owned by NCP, in return for NCP's release of all CDC obligations owed to NCP. These assets were booked by NCP at the then current appraised values less anticipated costs of sale. The properties transferred to NCP Land Company were located in Buffalo, Minnesota; Castle Rock, Colorado; Poway, California; Renton, Washington; Sacramento, California; and Westminster, Colorado.

Portions of the property located in Castle Rock, Colorado, Westminster, Colorado and Buffalo, Minnesota have been sold. NCP continues to actively market the remaining properties for sale, and as of December 31, 2015 has accepted purchase contracts, subject to various contingencies, for the Sacramento, California property and a portion of the Buffalo, Minnesota property.

From the year 2010 through December 31, 2015, NCP has reduced the net asset carried value on remaining properties from \$9,010,991 to \$6,610,712, and expected sales proceeds from the sale of properties currently under contract and scheduled to close in 2016 is \$3,568,845. NCP has budgeted \$275,000 in 2016 for development and marketing costs associated with the remaining properties.

### **Loan Delinquencies**

NCP characterizes loans as delinquent when payment of principal or interest thereon are delinquent ninety (90) days or more. As of December 31, 2015, of the 312 loans outstanding, there was one (1) loan, whose aggregate principal balance represented 0.2% of total assets and 0.3% of loans receivable of NCP, which was delinquent in the amount of \$741,697 for a period of ninety (90) days or more. The principal and interest outstanding on that loan, in the aggregate, was \$741,697 as of December 31, 2015. As of December 31, 2015, a loan loss reserve of \$2.1 million was established.

As of December 31, 2014, of the 307 loans outstanding, there were zero loans which were delinquent.

As of December 31, 2013, of the 300 loans outstanding, there were zero loans which were delinquent.

NCP reserves all rights of discretion in deciding whether or not to pursue legal remedies in connection with a default on a loan by any of its borrowing member churches, conferences or other Denominational entities.

### **Loan Loss Reserve**

As of December 31, 2015, NCP has established a loan loss reserve of \$2,065,050. (See Note 3 of the Audited Financial Statements.)

### **Lines of Credit**

NCP also issues lines of credit in certain circumstances to member churches, conferences and to certain Denominational entities in order to meet defined cash flow needs of the borrower. A line of credit is a commitment by NCP to lend money to a particular borrower up to the maximum amount allowed on the line. Such lines of credit may be unsecured or secured with collateral owned by the borrower as noted below. Lines of credit are reviewed annually by NCP's Board, which determines the applicable rates and terms for each line. As of December 31, 2015, all such lines of credit bear interest at the prime rate as published from time to time in the *Wall Street Journal* "Money Rates" section (many with a floor of 4.0%), and are typically due on demand.

As of December 31, 2015, NCP had outstanding balances on lines of credit to a member church, conferences, the Church and Denominational entities in the following amounts:

		Amount	Amount Drawn
	Borrower	Approved	12/31/2015
***	Adelbrook, Cromwell, CT	500,000	500,000
***	Adelbrook, Cromwell, CT	500,000	500,000
***	Bayside, Granite Bay, CA (Campus Expansion)	1,500,000	-0-
***	Bayside, Granite Bay, CA (Mission Expansion)	1,500,000	-0-
***	Covenant Enabling Residences of IL, Chicago, IL	100,000	36,740
***	Covenant Heights Conf. Center	100,000	-0-
***	CRC Holdings One, LLC	4,000,000	4,000,000
***	Missions Springs Camps and Conference Center	1,000,000	-0-
***	Alaska Christian College	175,000	-0-
*	The Evangelical Covenant Church	3,500,000	-0-
**	Central Conference	200,000	-0-
**	CHET, Bell Gardens, CA	100,000	24,560
***	Alpine Camp and Conference Center	500,000	200,000
***	Arctic Broadcasting	125,000	110,906
*Unsecured			
**Secured by borrower's NCP Certificates			
***Secured by real estate			
Source: general accounting records of NCP.			

## Church Fees

The Church assesses fees to certain of its affiliates, including NCP, in order that these entities share such Church expenses as are associated with the organization and management of the Church, consulting services and other services which help provide the “customer” base which the affiliated entities serve. NCP has been advised by the Church that the fee for 2016 will be \$463,615.

*(The balance of this page is intentionally left blank.)*

The total fees NCP has paid to the Church over the last five years are as follows:

Year	Church Fees
2015	\$ 452,272
2014	\$ 454,479
2013	\$ 423,078
2012	\$ 388,221
2011	\$ 341,616
Total	\$ 2,059,666

Source: Derived from the Audited Financial Statements for the fiscal year indicated.

NCP also reimburses an affiliate of the Church for expenses incurred by the Church resulting from NCP's tenancy in the Church's headquarters, such as rent and payment of a prorata portion of utilities and other operating expenses of the Church headquarters building. In calendar year 2015, NCP paid an affiliate of the Church \$55,557 for rent at its current location of 8303 West Higgins Road, Chicago, Illinois.

### **Compensation for Real Estate Services**

During 2007, and thereafter, NCP expanded its operations to provide a broader range of real estate services to the Church, Denominational entities, conferences and member churches. These services had previously been provided by staff employed by the Church. In 2015, NCP received \$150,000 in compensation from the Church and entities affiliated with the Church for the provision of these services.

## **INVESTING ACTIVITIES**

### **Investments**

In accordance with its policy of maintaining reasonable liquidity, NCP maintains a portion of its assets pending utilization in other investments which consist of governmental agencies' securities, investment grade corporate bonds and institutional bond funds. At December 31, 2015, these investments had a market value of \$85.3 million. The following sets forth the market value, investment type and amount held in such investments as of the periods ending December 31, 2015, December 31, 2014, and December 31, 2013:

*(See Chart on following page.)*

Year	Market Value	Type of Investment	Amount	Total Investments
2015	\$ 85,283,895	Government Agencies' Securities	\$ 18,115,863	21.2%
		Investment Grade Corporate Bonds	\$ 50,338,714	59.0%
		Institutional and Convertible Bond Funds	\$ 15,179,063	17.8%
		Equity Funds	\$ 1,535,927	1.8%
		Swap Option	\$ 114,328	0.1%
2014	\$ 101,165,353	Government Agencies' Securities	\$ 46,355,049	45.8%
		Investment Grade Corporate Bonds	\$ 40,414,955	39.9%
		Institutional and Convertible Bond Funds	\$ 14,259,653	14.1%
		Swap Option	\$ 135,696	0.1%
2013	\$ 88,129,579	Government Agencies' Securities	\$ 29,512,286	33.5%
		Investment Grade Corporate Bonds	\$ 48,503,030	55.0%
		Institutional Bond Funds	\$ 10,021,443	11.4%
		Swap Option	\$ 92,820	0.1%
Source: Derived from the Audited Financial Statements for the fiscal year indicated.				

None of these investments have been collateralized as of the date hereof. For more information concerning NCP's investments, see the Audited Statements of Cash Flows in the Audited Financial Statements herein.

### Investment Policies

NCP is authorized to establish investment accounts, to purchase and sell investment grade corporate bonds, to purchase and sell investments in agencies of the U.S. government which have maturities of ten (10) years or less, to purchase and sell investments in money market funds and mutual funds listed on a weekly basis in the *Wall Street Journal*, and to establish checking accounts. Investments in the U.S. government agencies and investment grade corporate bonds shall be purchased with the intention of holding them until maturity; however, earlier redemptions will be permitted in order to meet NCP's cash flow requirements, or to rebalance the portfolio. NCP's investments generally have an average maturity of between thirty (30) and sixty (60) months, and investments maturing beyond the (10) years are prohibited. NCP's Investment Committee may authorize longer maturities based upon NCP's projected cash flow requirements.

It is NCP's policy to maintain liquid reserve funds in an amount not less than eight percent (8%) of the aggregate principal balance of NCP's outstanding Certificates at any given time. As of December 31, 2015, liquid reserve funds in the amount of \$91.9 million, representing 28.2% of the aggregate principal balance of outstanding Certificates as of the same date, were maintained in compliance with this policy. These reserve funds are not placed in a third-party escrow or otherwise restricted.

Investment in equities cannot exceed fifteen percent (15%) of NCP's prior year fiscal year end Net Assets, and of this fifteen percent (15%), the President or Chief Financial Officer of NCP are authorized to invest up to (i) fifty percent (50%) in Large-Cap, (ii) fifty percent (50%) in Mid-Cap/Small-Cap and (iii) fifteen percent (15%) in International Equity Funds. Any equity investments in Sector or Alternative Funds require the approval of NCP's Investment Committee as to the nature of the fund and the amount thereof. Investments in either index funds or managed funds are permitted.

## Investment Management

All funds and investments of NCP are kept separate and apart from all other funds and investments of the Church and its affiliates. Management of NCP's investments is provided by NCP's Board of Directors. NCP does not currently retain an investment advisor.

### SELECTED FINANCIAL DATA

#### Summary of Operations and Selected Balances

The following Summary of Operations and Selected Balances for the five years ended December 31, 2015, have been derived from the Audited Financial Statements for the fiscal year indicated. THIS SUMMARY SHOULD BE READ IN CONJUNCTION WITH THE AUDITED FINANCIAL STATEMENTS AND NOTES THERETO FOR THE THREE YEARS ENDED DECEMBER 31, 2015, INCLUDED ELSEWHERE IN THIS OFFERING CIRCULAR.

Summary of Operations and Selected Balances					
(Dollars in Thousands)					
Years Ended December 31					
	2015	2014	2013	2012	2011
Total Revenue	\$ 15,468	\$ 15,236	\$ 14,041	\$ 15,980	\$ 16,799
Interest Expense	8,789	9,222	9,513	9,990	10,901
Net Revenue	6,679	6,014	4,528	5,990	5,898
General & Administrative Expenses	2,728	2,667	2,481	2,298	2,197
Bad Debt Expense	256	0	0	346	83
Amortization of Swap	140	94	85	85	71
Increase in Net Assets-Unrestricted	3,555 <sup>(1)</sup>	3,252 <sup>(1)</sup>	1,962 <sup>(1)</sup>	3,261 <sup>(1)</sup>	3,546 <sup>(1)</sup>
Source: Derived from the Audited Financial Statements for the fiscal year indicated.					
<sup>(1)</sup> Before unrealized appreciation (depreciation) on investments of (\$1,209) in 2015, \$402 in 2014, (\$1,089) in 2013, \$653 in 2012, and (\$274) in 2011.					

(See Chart on following page.)

	Summary of Operations and Selected Balances				
	(Dollars in Thousands)				
	Years Ended December 31				
	2015	2014	2013	2012	2011
Total Assets	\$ 386,345	\$ 383,566	\$ 376,539	\$ 380,787	\$ 356,206
Cash and Investments	91,866	103,167	97,171	102,061	82,016
Loans (net of allowance for doubtful accounts)	286,037	270,691	267,823	268,877	264,456
Total Liabilities	325,872	325,438	322,066	327,186	306,518
Certificates - IRA	116,081	115,926	114,672	112,862	111,147
Certificates - HSA	1,702	1,565	1,368	1,139	925
Certificates - Demand Investment Accounts	54,932	50,108	43,845	49,295	32,933
*Certificates - Other	152,977	157,684	162,015	163,645	161,388
Net Assets-Unrestricted	60,473	58,128	54,474	53,601	49,687
Source: Derived from the Audited Financial Statements for the fiscal year indicated.					
*30-Month Fixed Rate Renewable Certificates were not offered prior to March 1, 2015.					

Historically, the amount of principal and interest payments on NCP's loans receivable has been sufficient to pay all operating expenses, including interest expenses and principal maturing on its outstanding debt securities. NCP anticipates that it will continue to experience similar results in the future.

## Management Discussion of Financial Operations

**2015** Total assets of NCP for 2015 increased from \$383.6 million to \$386.3 million, an increase of 0.7%. Total liabilities at December 31 were \$325.9 million. Revenues for 2015 were \$15.5 million, expenses were \$11.9 million and the increase in Net Assets before unrealized depreciation on investments of \$1.2 million was \$3.6 million. The total increase in Net Assets for the year was \$2.3 million. Individual Retirement Account balances at December 31 totaled \$116.1 million. Long-term loans made in 2015 were \$23.3 million which were disbursed to 40 projects.

**2014** Total assets of NCP for 2014 increased from \$376.5 million to \$383.6 million, an increase of 1.9%. Total liabilities at December 31 were \$325.4 million. Revenues for 2014 were \$15.2 million, expenses were \$12.0 million and the increase in Net Assets before unrealized appreciation on investments of \$0.4 million was \$3.3 million. The total increase in Net Assets for the year was \$3.7 million. Individual Retirement Account balances at December 31 totaled \$115.9 million. Long-term loans made in 2014 were \$9.0 million which were disbursed to 41 different projects.

**2013** Total assets of NCP for 2013 decreased from \$380.8 million to \$376.5 million, a decrease of 1.1%. Total liabilities at December 31 were \$322.1 million. Revenues for 2013 were \$14.0 million, expenses were \$12.1 million, and the increase in Net Assets before unrealized depreciation on investments of \$1.1 million was \$2.0 million. The total increase in Net Assets for the year was \$0.9 million. Individual Retirement Account balances at December 31 totaled \$114.7 million. Long-term loans made in 2013 were \$11.1 million, which were disbursed to 67 different projects.

**2012** Total assets of NCP for 2012 increased from \$356.2 million to \$380.8 million, an increase of 6.9%. Total liabilities at December 31 were \$327.2 million. Revenues for 2012 were \$16.0 million, expenses were \$12.7 million, and the increase in Net Assets before unrealized appreciation on investments of \$0.7 million was \$3.3 million. The



total increase in Net Assets for the year was \$3.9 million. Individual Retirement Account balances at December 31 totaled \$112.8 million. Long-term loans made in 2012 were \$27.4 million, which were disbursed to 55 different projects.

2011 Total assets of NCP for 2011 increased from \$340.9 million to \$356.2 million, an increase of 4.5%. Total liabilities at December 31 were \$306.5 million. Revenues for 2011 were \$16.8 million, expenses were \$13.2 million, and the increase in Net Assets before unrealized depreciation on investments of \$0.3 million was \$3.5 million. The total increase in Net Assets for the year was \$3.3 million. Individual Retirement Account balances at December 31 totaled \$111.1 million. Long-term loans made in 2011 were \$25.7 million, which were disbursed to 53 different projects.

## Management Discussion of Financial Benchmarks

The following financial information highlights the results of key financial benchmarks measured by NCP as of the periods indicated.

**Capital Adequacy** – At December 31, 2015, NCP’s Net Assets were equal to 15.6% of Total Assets.

**Liquidity** – At December 31, 2015, NCP’s liquidity status is as calculated below:

Cash and Cash Equivalents	\$	6,582,281
Investments (market)	\$	85,283,894
Total	\$	91,866,175
Investment Certificates Payable	\$	325,691,857
Liquidity Status		28.21%
Source of balances: Derived from the Audited Financial Statements included in this Offering Circular.		

*(The balance of this page is intentionally left blank.)*

**Cash Flow** – Cash Flow performance examines the amount of available cash as compared to cash redemptions of Certificates. The calculation of the cash coverage ratio for the most recent three fiscal years is as follows:

	2015	2014	2013
Cash flow from operations	\$ 3,880,372	\$ 3,106,542	\$ 3,882,944
Liquid assets at beginning of year:			
Cash and Cash Equivalents	2,001,346	9,041,690	4,558,371
Investments	101,165,354	88,129,579	97,503,089
Loan principal repayments	27,750,331	19,796,575	25,336,733
Loan advances	(43,351,964)	(22,664,505)	(26,191,794)
Investment Certificate sales (Excludes Denominational Sales)	30,429,446	36,403,034	39,138,310
Denominational Redemptions over Investments	246,122	85,892	11,061,886
*Lines of Credit:			
Used	-0-	-0-	-0-
Available	-0-	1,000,000	2,000,000
Cash Available (A)	122,121,007	134,898,807	157,289,539
Investment Certificate Redemptions (B) (Includes accrued interest)	(58,912,561)	(56,978,820)	(62,658,622)
Net Cash Available	63,208,446	77,919,987	94,630,917
Coverage Ratio (A/B)	2.1:1	2.4:1	2.5:1
Source of balances: Derived from the Audited Financial Statements for the fiscal year indicated; Coverage Ratio was recalculated using information from the Audited Financial Statements.			
*NCP did not renew this line of credit which expired June 30, 2015.			

**Loan Delinquencies** – At December 31, 2015, NCP had one loan with principal and/or interest payments that were delinquent 90 days or more, as more fully disclosed under the heading “DESCRIPTION OF NCP’S LENDING ACTIVITIES – Loan Delinquencies” herein.

**Profitability** – NCP has achieved positive operating income and a positive change in total unrestricted Net Assets for five out of the five most recent fiscal years as demonstrated by the following table:

	(Dollars in Thousands)				
	2015	2014	2013	2012	2011
Net Revenue:	\$ 6,679	\$ 6,014	\$ 4,528	\$ 5,990	\$ 5,898
Change in Unrestricted Net Assets:	\$ 2,346	\$ 3,654	\$ 873	\$ 3,913	\$ 3,272
Source of balances: Derived from the Audited Financial Statements for the fiscal year indicated.					

## **DESCRIPTION OF THE CERTIFICATES**

The debt securities offered pursuant to this Offering Circular consist of seven (7) types of Certificates: 5-Year Fixed Rate Renewable Certificates, 30-Month Fixed Rate Renewable Certificates, Variable Rate Certificates, Demand Investment Accounts, IRA Certificates (available only for investment through an Individual Retirement Account for which Covenant Trust Company serves as custodian); HSA Certificates (available only for investment through a Health Savings Account for which Covenant Trust Company serves as custodian); and 403(b) Certificates (available only for investment through a 403(b) retirement account for which Covenant Trust Company serves as custodian). Historically, NCP has issued debt securities of various forms and types.

At the present time, NCP plans to issue only the seven (7) types of Certificates described herein. NCP reserves the right to create other securities at such rates and on such terms as the Board of Directors of NCP deems appropriate. No other such issuance of debt securities is currently contemplated. The Certificates are issued on a parity basis with respect to all other certificates previously issued and outstanding, and are a general obligation of NCP. However, NCP does not currently have outstanding any debt or debt securities incurred or issued by NCP and secured by assets of NCP in such a manner as to have a priority claim against any of the assets of NCP over and above the Certificates.

The Certificates offered herein will be sold at par for cash, and no financing terms are offered. Forms of acceptable payment include personal, certified or cashier's check, money order or electronic funds transfer. Interest rates paid on NCP Certificates are determined by the Board of Directors of NCP upon consideration of current United States Treasury bill rates, mortgage interest rates and money market rates. There is no minimum or maximum interest rate pre-established by the Board of Directors for an offering of Certificates. Only the 5-Year Fixed Rate Renewable Certificates, the 30-Month Fixed Rate Renewable Certificates, the IRA Certificates and the HSA Certificates are taken into account for purposes of the Congregational Investment Generation Requirement described under the heading "DESCRIPTION OF NCP'S LENDING ACTIVITIES – Congregational Investment Generation Requirement" herein. All accrued interest on Certificates is included in the amount shown under "Investment Certificate Redemptions" in the Section entitled "SELECTED FINANCIAL DATA - Management Discussion of Financial Benchmarks – Cash Flow" herein.

The offer and sale of Certificates is limited to persons or entities who are, prior to receipt of this Offering Circular, (a) members of, contributors to, or participants in The Evangelical Covenant Church, including any program, activity or organization which constitutes a part of The Evangelical Covenant Church, its conferences or its member churches; (b) affiliates of The Evangelical Covenant Church, including any program, activity or organization which constitutes a part of The Evangelical Covenant Church, its conferences or its member churches; (c) beneficiaries or successors in interest to those listed in (a) or (b) above; (d) relatives of individuals listed in (a) above; (e) trusts or accounts controlled by or for the benefit of individuals listed in (a) above; and (f) other persons purchasing Certificates for the benefit or on behalf of individuals listed in (a) above (collectively, "Investors").

### **Description of 5-Year Fixed Rate Renewable Certificates**

NCP's 5-Year Fixed Rate Renewable Certificates earn a fixed rate of interest as established at the time of issuance by the Board of Directors of NCP. The interest rate paid and the interest payment dates thereof are as indicated in Appendix "B" attached hereto. From time to time, the Board, in its sole discretion, may change the interest rate paid on these Certificates. However, the interest rate on a 5-Year Fixed Rate Renewable Certificate cannot be changed during any five (5) year term, once such Certificate has been issued. A holder of a 5-Year Fixed Rate Renewable Certificate shall be furnished on an annual basis with a current Offering Circular containing NCP's most recent Audited Financial Statements.

NCP's 5-Year Fixed Rate Renewable Certificate is evidenced by a certificate which must be surrendered upon payment of all principal and accrued interest, if any, to the holder thereof. The term of a 5-Year Fixed Rate

Renewable Certificate is five (5) years from the date of issuance, and will be renewed automatically for additional five (5) year terms, unless within ten (10) days after the end of the original or any renewal term, the Certificate is presented for payment and written notice of intention to redeem it is received by NCP from the holder thereof. If an Investor notifies NCP in writing on or prior to the maturity date that the Investor does not elect to extend or roll-over the Certificate, NCP shall promptly repay the principal and interest accrued, if any, thereon. NCP shall send notice of maturity at least thirty (30) days prior to maturity and shall state in said notice any change in interest rate applicable to the next subsequent renewal term. Holders will receive the higher of (i) the interest rate quoted in the renewal notice and (ii) the interest rate in effect upon the date of renewal. All Investors receiving this notice will have been furnished with NCP's most recent Offering Circular (See "INVESTOR REPORTS" herein). Any 5-Year Fixed Rate Renewable Certificate which is automatically renewed shall not be evidenced by a new certificate. NCP reserves the right to call for redemption any 5-Year Fixed Rate Renewable Certificate at any time prior to maturity upon sixty (60) days prior written notice and payment of outstanding principal and interest to the holder thereof.

Interest on a 5-Year Fixed Rate Renewable Certificate is payable semi-annually on June 30<sup>th</sup> and December 31<sup>st</sup> of each year and is calculated on the basis of a 365-day year. Holders of a 5-Year Fixed Rate Renewable Certificate have the option of directing NCP to (a) issue a semi-annual interest check or monthly electronic funds transfer, or (b) reinvest the interest, in which case interest accrues and compounds semi-annually at the stated rate of the 5-Year Fixed Rate Renewable Certificate. Such option must be made in writing to NCP at the time of investment, and may be changed by the Investor at any time upon written notice to NCP. If no notice is given, the Investor will be deemed to have elected to reinvest the interest. Reinvestment of interest is not evidenced by a new certificate. (Accrued but unpaid interest may be withdrawn at any time on or after the interest payment date on which it was due and payable.) Interest accrues at the rate of the 5-Year Fixed Rate Renewable Certificate, and compounds semi-annually. All interest constitutes taxable income to the recipient when earned. See "TAX MATTERS" herein.

No collateral is pledged to secure the repayment of any 5-Year Fixed Rate Renewable Certificate. NCP's obligation to repay a 5-Year Fixed Rate Renewable Certificate or to pay interest thereon is a general obligation of NCP. Payments of a 5-Year Fixed Rate Renewable Certificate will be made in full by NCP, and cannot be made in installments or with other debt instruments.

### **Description of 30-Month Fixed Rate Renewable Certificates**

NCP's 30-Month Fixed Rate Renewable Certificates earn a fixed rate of interest as established at the time of issuance by the Board of Directors of NCP. The interest rate paid and the interest payment dates thereof are as indicated in Appendix "B" attached hereto. From time to time, the Board, in its sole discretion, may change the interest rate paid on these Certificates. However, the interest rate on a 30-Month Fixed Rate Renewable Certificate cannot be changed during any thirty (30) month term, once such Certificate has been issued. A holder of a 30-Month Fixed Rate Renewable Certificate shall be furnished on an annual basis with a current Offering Circular containing NCP's most recent Audited Financial Statements.

NCP's 30-Month Fixed Rate Renewable Certificate is evidenced by a certificate which must be surrendered upon payment of all principal and accrued interest, if any, to the holder thereof. The term of a 30-Month Fixed Rate Renewable Certificate is thirty (30) months from the date of issuance, and will be renewed automatically for additional thirty (30) month terms, unless within ten (10) days after the end of the original or any renewal term, the Certificate is presented for payment and written notice of intention to redeem it is received by NCP from the holder thereof. If an Investor notifies NCP in writing on or prior to the maturity date that the Investor does not elect to extend or roll-over the Certificate, NCP shall promptly repay the principal and interest accrued, if any, thereon. NCP shall send notice of maturity at least thirty (30) days prior to maturity and shall state in said notice any change in interest rate applicable to the next subsequent renewal term. Holders will receive the higher of (i) the interest rate quoted in the renewal notice, and (ii) the interest rate in effect upon the date of renewal. All Investors receiving this notice will have been furnished with NCP's most recent Offering Circular (See "INVESTOR REPORTS" herein).

Any 30-Month Fixed Rate Renewable Certificate which is automatically renewed shall not be evidenced by a new certificate. NCP reserves the right to call for redemption any 30-Month Fixed Rate Renewable Certificate at any time prior to maturity upon sixty (60) days prior written notice and payment of outstanding principal and interest to the holder thereof.

Interest on a 30-Month Fixed Rate Renewable Certificate is payable semi-annually on June 30<sup>th</sup> and December 31<sup>st</sup> of each year and is calculated on the basis of a 365-day year. Holders of a 30-Month Fixed Rate Renewable Certificate have the option of directing NCP to (a) issue a semi-annual interest check or monthly electronic funds transfer, or (b) reinvest the interest, in which case interest accrues and compounds semi-annually at the stated rate of the 30-Month Fixed Rate Renewable Certificate. Such option must be made in writing to NCP at the time of investment, and may be changed by the Investor at any time upon written notice to NCP. If no notice is given, the Investor will be deemed to have elected to reinvest the interest. Reinvestment of interest is not evidenced by a new certificate. (Accrued but unpaid interest may be withdrawn at any time on or after the interest payment date on which it was due and payable.) Interest accrues at the rate of the 30-Month Fixed Rate Renewable Certificate, and compounds semi-annually. All interest constitutes taxable income to the recipient when earned. See “TAX MATTERS” herein.

No collateral is pledged to secure the repayment of any 30-Month Fixed Rate Renewable Certificate. NCP’s obligation to repay a 30-Month Fixed Rate Renewable Certificate or to pay interest thereon is a general obligation of NCP. Payments of a 30-Month Fixed Rate Renewable Certificate will be made in full by NCP, and cannot be made in installments or with other debt instruments.

### **Description of Variable Rate Certificates**

NCP’s Variable Rate Certificates earn interest that is adjustable by the Board of Directors of NCP in its sole discretion and is effective on a semi-annual basis, on January 1<sup>st</sup> and July 1<sup>st</sup> of each year. Between these semi-annual interest rate adjustment dates, newly issued Variable Rate Certificates may be offered at an interest rate that is different than the interest rate being paid on outstanding Variable Rate Certificates, but will adjust to the same interest rate as all other Variable Rate Certificates at the next semi-annual interest rate adjustment date. The interest rate paid on newly issued Variable Rate Certificates, and the interest payment dates thereto are as indicated in Appendix “B” attached hereto. Holders of a Variable Rate Certificate shall be furnished on an annual basis with a current Offering Circular containing NCP’s most recent Audited Financial Statements.

There is no stated term for a Variable Rate Certificate. On June 30<sup>th</sup> and December 31<sup>st</sup> of each year, principal and interest is reinvested unless withdrawn by the holder thereof upon written notice to NCP. Interest is calculated on the basis of a 365-day year, and is compounded semi-annually. Interest is payable upon redemption or on the interest payment dates of June 30<sup>th</sup> and December 31<sup>st</sup> of each year (by check or monthly electronic funds transfer), and accrues at the rate of the Variable Rate Certificate. Compound interest on the Variable Rate Certificates may be redeemed by the holder at any time. Written notice of an interest rate change will be furnished to holders of a Variable Rate Certificate within ten (10) days after such change. All interest on Variable Rate Certificates constitutes taxable income to the recipient when earned. See “TAX MATTERS” herein.

The Variable Rate Certificates may be redeemed by the holder thereof at any time upon thirty (30) days advance written notice to NCP. If an Investor notifies NCP in writing that the Investor desires to redeem the Certificate, NCP shall promptly repay the principal and interest accrued, if any, thereon and, in any case, within thirty (30) days after the date of any such written notice. The initial investment in a Variable Rate Certificate is evidenced by a certificate, which must be surrendered to NCP upon payment of all principal and accrued interest, if any, to the holder thereof. All subsequent additions to or deletions from the Variable Rate Certificates are evidenced by a semi-annual statement furnished to the Investor. NCP reserves the right to call for redemption any Variable Rate Certificate at any time upon sixty (60) days prior written notice to the holder thereof.

No collateral is pledged to secure the repayment of any Variable Rate Certificate. NCP's obligation to repay a Variable Rate Certificate or to pay interest thereon is a general obligation of NCP. Payments of a Variable Rate Certificate will be made in full by NCP, and cannot be made in installments or with other debt instruments.

### **Description of Demand Investment Accounts**

NCP's Demand Investment Accounts were formerly available for investment only by member churches, conferences, and other entities affiliated with the Church, and were known as Church Demand Investment Accounts. NCP is now offering this investment to all eligible Investors. The Demand Investment Accounts earn interest that is adjustable by the Board of Directors of NCP in its sole discretion and is effective on a semi-annual basis, on January 1<sup>st</sup> and July 1<sup>st</sup> of each year. Between these semi-annual interest rate adjustment dates, newly issued Demand Investment Accounts may be offered at an interest rate that is different than the interest rate being paid on outstanding Demand Investment Accounts, but will adjust to the same interest rate as all other Demand Investment Accounts at the next semi-annual interest rate adjustment date. The interest rate paid on newly issued Demand Investment Accounts and the interest payment dates thereto are as indicated in Appendix "B" attached hereto. Holders of a Demand Investment Account shall be furnished on an annual basis with a current Offering Circular containing NCP's most recent Audited Financial Statements.

There is no stated term for a Demand Investment Account. On June 30<sup>th</sup> and December 31<sup>st</sup> of each year, principal and interest is reinvested unless withdrawn by the holder thereof upon written notice to NCP. Interest is calculated on the basis of a 365-day year, and is compounded monthly. Interest is payable upon redemption or on the interest payment dates which are the last days of each and every month, and accrues at the rate of the Demand Investment Account. Written notice of an interest rate change will be furnished to holders of a Demand Investment Account within ten (10) days after such change. All interest on Demand Investment Accounts constitutes income to the recipient when earned.

The Demand Investment Accounts may be redeemed in whole or in part by the holder thereof at any time upon thirty (30) days advance written notice to NCP. If an Investor notifies NCP in writing that the Investor desires to redeem amounts in the Demand Investment Account, NCP shall promptly repay the principal and interest accrued, if any, thereon, and in any case, within thirty (30) days after the date of any such written notice. The initial and all subsequent investments in a Demand Investment Account are evidenced by a monthly statement to the Investor, along with all disbursements and interest accrued and paid. NCP reserves the right to call for redemption investments, in whole or in part, in a Demand Investment Account at any time upon sixty (60) days prior written notice to the holder thereof.

No collateral is pledged to secure the repayment of any Demand Investment Account. NCP's obligation to repay a Demand Investment Account or to pay interest thereof is a general obligation of NCP. Payments of a Demand Investment Account will be made in full by NCP, and cannot be made in installments or with other debt instruments.

### **Description of Individual Retirement Account ("IRA") Certificates**

NCP's IRA Certificates are available only for investment through an Individual Retirement Account for which Covenant Trust Company, an Illinois corporation, serves as custodian. In order to establish an Individual Retirement Account which invests in NCP's IRA Certificates, an Investor must execute an IRA Application and a Custodial Agreement. Persons interested in opening an Individual Retirement Account to invest in NCP's IRA Certificates should contact NCP to request a copy of the IRA Application, a Custodial Agreement and NCP's IRA disclosure documents. Investors in NCP's IRA Certificates shall be furnished on an annual basis with a current Offering Circular containing NCP's most recent Audited Financial Statements.

The IRA Certificates bear interest at a rate that is set by NCP's Board of Directors and is adjustable semi-annually on January 1<sup>st</sup> and July 1<sup>st</sup> of each year. The interest rate paid and the interest payment dates thereof are as indicated in Appendix "B" attached hereto. Interest is calculated on the basis of a 365-day year. On June 30<sup>th</sup> and December 31<sup>st</sup> of each year, principal and interest on the IRA Certificates is reinvested in the account at the then current interest rate. A holder of an Individual Retirement Account will receive from NCP, as agent for the custodian, a semi-annual statement of the calendar year's activity of the Individual Retirement Account. Notice of an interest rate change will be furnished to holders of an IRA Certificate within ten (10) days after such change.

The terms and conditions of an Individual Retirement Account, including NCP's redemption rights, are governed by the applicable provisions of the Code, as well as NCP's IRA disclosure documents and Custodial Agreement.

No collateral is pledged to secure the repayment of any IRA Certificate. NCP's obligation to repay an IRA Certificate or to pay interest thereon is a general obligation of NCP.

### **Description of Health Savings Account ("HSA") Certificates**

NCP's HSA Certificates are available only for investment through a Health Savings Account for which Covenant Trust Company, an Illinois corporation, serves as custodian. In order to establish a Health Savings Account which invests in NCP's HSA Certificates, an Investor must execute an HSA Application and a Custodial Agreement. Persons interested in opening a Health Savings Account to invest in NCP's HSA Certificates should contact NCP to request a copy of the HSA Application, a Custodial Agreement and NCP's HSA disclosure documents. Investors in NCP's HSA Certificates shall be furnished on an annual basis with a current Offering Circular containing NCP's most recent Audited Financial Statements.

The HSA Certificates bear interest at a rate that is set by NCP's Board of Directors and is adjustable semi-annually on January 1<sup>st</sup> and July 1<sup>st</sup> of each year. The interest rate paid and the interest payment dates thereof are as indicated in Appendix "B" attached hereto. Interest is calculated on the basis of a 365-day year. On June 30<sup>th</sup> and December 31<sup>st</sup> of each year, principal and interest on the HSA Certificates is reinvested in the account at the then current interest rate. A holder of a Health Savings Account will receive from NCP, as agent for the custodian, a semi-annual statement of the calendar year's activity of the Health Savings Account. Notice of an interest rate change will be furnished to holders of an HSA Certificate within ten (10) days after such change. NCP's redemption rights with respect to an HSA Certificate are governed by the Custodial Agreement and federal tax laws.

The terms and conditions of a Health Savings Account are governed by the applicable provisions of the Code as well as NCP's HSA disclosure documents and Custodial Agreement.

No collateral is pledged to secure the repayment of any HSA Certificate. NCP's obligation to repay an HSA Certificate or to pay interest thereon is a general obligation of NCP.

### **Description of 403(b) Certificates**

NCP's 403(b) Certificates are available only for investment through a 403(b) Account for which Covenant Trust Company, an Illinois corporation, serves as custodian. In order to establish a 403(b) Account which invests in NCP's 403(b) Certificates, an Investor must execute a 403(b) Application and a Custodial Agreement. Persons interested in opening a 403(b) Account to invest in NCP's 403(b) Certificates should contact NCP to request a copy of the 403(b) Application, a Custodial Agreement and NCP's 403(b) disclosure documents. Investors in NCP's 403(b) Certificates shall be furnished on an annual basis with a current Offering Circular containing NCP's most recent Audited Financial Statements.

The 403(b) Certificates bear interest at a rate that is set by NCP's Board of Directors and is adjustable semi-annually on January 1<sup>st</sup> and July 1<sup>st</sup> of each year. The interest rate paid and the interest payment dates thereof are as indicated in Appendix "B" attached hereto. Interest is calculated on the basis of a 365-day year. On June 30<sup>th</sup> and December 31<sup>st</sup> of each year, principal and interest on the 403(b) Certificates is reinvested in the account at the then current interest rate. A holder of a 403(b) Account will receive from NCP, as agent for the custodian, a semi-annual statement of the calendar year's activity of the 403(b) Account. Notice of an interest rate change will be furnished to holders of a 403(b) Certificate within ten (10) days after such change.

The terms and conditions of a 403(b) Account, including NCP's redemption rights, are governed by the applicable provisions of the Code, as well as NCP's 403(b) disclosure documents and Custodial Agreement.

No collateral is pledged to secure the repayment of any 403(b) Certificate. NCP's obligation to repay a 403(b) Certificate or to pay interest thereon is a general obligation of NCP.

### **METHOD OF SALE**

The primary means of solicitation for the sale of Certificates will be through direct mailings and e-mail transmissions of the Offering Circular and advertising materials to current, past and prospective Investors, and to regional conferences and member churches by officers of NCP. On occasion, the President, Executive Vice President, Vice-Presidents or Assistant Secretaries of NCP also discuss the nature and purpose of NCP's work at meetings of the Church or member church services or gatherings, or in response to telephone inquiries. Prospective Investors will be able to obtain an Offering Circular and additional materials concerning the Certificates upon request to NCP.

Upon such request, NCP will mail or e-mail the applicable materials, including this Offering Circular, to the prospective Investor. In the case of the 5-Year Fixed Rate Renewable Certificates, the 30-Month Fixed Rate Renewable Certificates, the Demand Investment Accounts and the Variable Rate Certificates, a purchase is made upon the furnishing to NCP of a completed New Certificate Application Form which accompanies the Offering Circular and payment to NCP at 8303 West Higgins Road, Chicago, Illinois 60631. In the case of an IRA Certificate, an HSA Certificate and a 403(b) Certificate, a purchase is made upon the furnishing to NCP of a completed New Certificate Application Form and Custodial Agreement which accompany the Offering Circular and IRA, HSA or 403(b) disclosure materials, as the case may be, and payment to the custodian. In the case of an IRA Certificate, an HSA Certificate or a 403(b) Certificate, the Investor's check or money order should be made to National Covenant Properties IRA/HSA/403(b), c/o such custodian as indicated in the appropriate disclosure documents, 8303 West Higgins Road, Chicago, Illinois 60631. No direct personal solicitation for the sale of Certificates will be made by any officer, director or employee of NCP. All sales are made by the executive officers of NCP, pursuant to broker-dealer, issuer or agency licensing or an applicable exemption therefrom.

The solicitation of offers and the sale of Certificates is restricted solely to the members of, contributors to, participants in and affiliates of the Church.

NCP reserves the right at any time to withdraw all or part of this offering without notice.

### **UNDERWRITING**

There is no underwriter involved in the issuance of the Certificates. The Certificates are offered solely by NCP to the members of, contributors to, participants in and affiliates of the Church. NCP pays no commissions on the sale of its Certificates.



## **TAX MATTERS**

The purchase of Certificates is not a donation to a religious organization and is not eligible for any tax deduction as a charitable contribution. Interest paid or accrued on the Certificates, other than investments held in an Individual Retirement Account, a Health Savings Account, or a 403(b) Certificate, will be taxable as ordinary income to an Investor. Tax matters relative to an Individual Retirement Account, a Health Savings Account or a 403(b) Certificate are provided for in relevant provisions of the Code. Investors are encouraged to consult their tax advisor prior to investing in a Certificate.

## **LITIGATION**

There is no litigation pending against NCP, nor to the knowledge of NCP is any litigation threatened, which in any way questions or affects the validity of the Certificates, or any proceedings or transactions relating to their issuance, sale and delivery. There is no litigation pending against NCP, nor to the knowledge of NCP is any litigation threatened, which would, if adversely determined, cause any material adverse change in the properties, financial condition or the conduct of the affairs of NCP.

## **MANAGEMENT AND GOVERNANCE**

The Board of Directors of NCP consists of not less than eight (8) and not more than thirteen (13) directors, of which the President of NCP is an *ex officio* director whose term of service as director corresponds to his or her term of office as President. In addition, the President of the Church is an *ex officio* director whose term of service as director corresponds to his or her term of office. The other directors are elected for three (3) year staggered terms. The voting members of the Executive Board of the Church are the statutory members of NCP who determine the number of, and elect, the directors of NCP.

The Board meets four (4) to seven (7) times annually and approves every loan and line of credit made by NCP, except in those instances where authority to approve loans without Board approval has been delegated to the President (see “DESCRIPTION OF NCP’S LENDING ACTIVITIES – Loan Policies” herein). The Board also establishes all loan and investment policies of NCP.

NCP carries Employee Dishonesty Insurance coverage on all employees of NCP in the amount of five million (\$5,000,000) dollars per occurrence, which covers such occurrences as employee theft, computer fraud, forgery and funds in transit.

### **Officers of NCP**

The President of NCP is Stephen R. Dawson, who serves as such on a full-time basis. Mr. Dawson has served NCP in the capacity of President since July, 2007. Previously, he was the President of Covenant Development Corporation and Director of Technical Services for the Department of Church Growth and Evangelism of The Evangelical Covenant Church (from October, 1989 to June, 2007). Mr. Dawson’s prior financial services experience includes the positions of Vice President and Cashier of FirstBank of Westland and FirstBank of Academy Park, Lakewood, Colorado (from 1974-1980); President of Charter Bank and Trust, Littleton, Colorado (from 1980-1982); and President of AmBank at Broadway, Littleton, Colorado (from 1982-1984). Mr. Dawson graduated with a Bachelor of Science in Economics from Colorado State University, Ft. Collins, Colorado in 1974, and is a graduate of the Prochnow Graduate School of Banking, University of Wisconsin-Madison, Wisconsin (1981), a three-year banking program conducted by the American Banking Association.

Peter A. Hedstrom, is the Executive Vice President/CFO at NCP since February 2015. Mr. Hedstrom has 30 years of banking experience primarily with US Bank where he was most recently the Regional President of 11 northeastern Minnesota branches until February 2014. He is a 1985 graduate of Bethel University, St. Paul,

Minnesota, with a Bachelor of Arts in Economics, and in 1995 received a Master of Business Administration with a finance concentration from the University of St. Thomas, St. Paul, Minnesota. Mr. Hedstrom is a 2009 graduate of the Pacific Coast Banking School, University of Washington in Seattle, Washington.

Robert M. Hall, III is the Vice President of Real Estate Services for NCP since June, 2007, and was the President of Covenant Development Corporation from June, 2007 until its dissolution in 2014. Mr. Hall was employed as the Associate Director of Technical and Legal Services for The Evangelical Covenant Church, and served as Vice President of Covenant Development Corporation from 1997-2007. From 1993 to 1997, Mr. Hall was Associate and later Regional Director for Habitat for Humanity. Mr. Hall holds a Bachelor of Arts in Religion and Psychology from North Park University, Chicago, Illinois (1988), and graduated in 1995 with a Juris Doctor from DePaul University-College of Law, Chicago, Illinois.

Rollin P. Persson is the Vice President of Real Estate Services for NCP since June, 2007, and the Vice President of Covenant Development Corporation since May, 2007. From 1997 until joining NCP, Mr. Persson was employed by GMAC-Residential Funding Corp. as a Mortgage Underwriter and Transaction Manager, and from 1987 to 1997, he was employed by Corus Bancorp in Chicago as a Real Estate Loan Officer. Mr. Persson holds a Bachelor of Arts degree in Business Administration from North Park University.

Jill A. Hall, Secretary, has been employed by NCP since September, 1994, and currently holds the title of Senior Accounts Manager. Prior to this date, Ms. Hall was employed by the Church as an events coordinator since March 1989.

Heidi Sue Havens, Assistant Secretary, has been employed by NCP since March 2012. Ms. Havens currently serves as an Account Coordinator. Prior to joining NCP, Ms. Havens was employed by Susan Fredman Design Group from 2010 - 2011 as an Accounts Payable Representative and Chicago Retail Manager. She graduated from North Park University in December 2009 with a Bachelors of Science in Business and Economics with a concentration in Accounting. She was also a member of the Covenant Bible College Midwest class of 2003.

Teressa Grannum, Assistant Secretary, has been employed by NCP since March, 2012 and is currently employed as an Account Coordinator. She was previously employed by The Mission Investment Fund of the Evangelical Lutheran Church in America from 2006 to 2010 as the Office Manager for Marketing. Prior to the ELCA, Ms. Grannum was employed by Siemens from 2005 to 2006 as the Customer Service Manager and prior to Siemens she was employed by Preferred Hotels and Resorts from 2000 to 2005 as the Business Office Manager. Ms. Grannum is currently enrolled in North Park University completing her Bachelors of Arts in Organizational Management and Leadership.

Maren Spaulding, Assistant Secretary, has been employed by NCP since May 2013. Ms. Spaulding currently serves as an Investment Coordinator. Prior to joining NCP, Ms. Spaulding was employed by Albany Bank and Trust from 2010 - 2013 as a Controller. She graduated from North Park University in May 2010 with a Bachelors of Science in Business and Economics with a concentration in Accounting.

The other officers of NCP, none of whom are active in the day-to-day operations of NCP, are: Jon D. Brorson, Chairman of the Board; Reed R. Brunzell, Vice Chairman of the Board; Dave Hanson, Treasurer of the Board. Jon D. Brorson, Reed R. Brunzell and Dave Hanson are also directors of NCP, as disclosed below.

## **Directors of NCP**

As of the date of this Offering Circular, the following are the members of the Board of Directors of NCP:

Jon D. Brorson (Chairman of NCP), Managing Director, Mesirow Financial, a diversified financial firm based in Chicago (from May, 2011 to present), and head of its Agriculture Management division. Prior to this time,

Mr. Brorson was President of AgraShares LLC, an investment firm specializing in agricultural finance (November, 2006 to May, 2011); Managing Director, head of growth equity team, and member of Asset Allocation Committee of Lehman Brothers (October, 2004 to October, 2006); and Managing Director and Head of Growth Equities for Neuberger Berman (December, 2002 to October, 2004). Mr. Brorson holds a Bachelor of Arts degree in Economics from North Park University and a Masters of Business Administration in Finance from DePaul University. Term expires October, 2016.

Reed R. Brunzell (Vice Chairman of NCP), Senior Loan Officer, Mortgage Master, Park Ridge, Illinois since September 2015. From July, 2014 to August, 2015, Mr. Brunzell was a mortgage broker with JP Morgan Chase Bank, National Association. From January, 2011 to July, 2014, Mr. Brunzell was a Residential Mortgage Specialist with Wintrust Mortgage Corporation of Northfield, Illinois. Prior to that Mr. Brunzell was a Mortgage Advisor, Fifth/Third Bank, NA, from November, 2008 to January, 2011, and from January, 2008 to November, 2008, he was a mortgage advisor with Countrywide Bank, FSB. From September, 2006 to January, 2008, Mr. Brunzell was a senior loan consultant for Baird Warner Financial Services. Prior to this time, Mr. Brunzell was a senior loan consultant for Hartford Financial Services, Inc. from December, 1995 to September, 2006. Mr. Brunzell holds a Bachelor of Arts degree in Journalism and Economics from Indiana University. Term expires October, 2017.

Stephen R. Dawson (President of NCP), *ex officio* director. Mr. Dawson is the President and chief of operations of NCP as of July, 2007. Prior to that, he served as the President of Covenant Development Corporation and Director of Technical Services for the Department of Church Growth and Evangelism of The Evangelical Covenant Church (from October, 1989 to June, 2007).

Dave Hanson (Treasurer of NCP), Chief Financial Officer, Bayside Covenant Church, Roseville, California since 2006. From 1995 to 2006, Mr. Hanson was a partner in the B2 Group, a CEO/CFO Consulting Team that assisted entrepreneurs and companies with growing and realigning their companies including Venture Capital and other forms of financing. Mr. Hanson holds a Bachelor of Arts degree from North Park University. Term expires October 2017.

David Johnson, Retired. Formerly, Mr. Johnson served as the President of National Covenant Properties until 2007, and was employed by NCP from 1976. Mr. Johnson also served as Controller of the Church from 1975 to 1992. Prior to this time, he held accounting positions with two for-profit firms. Mr. Johnson holds a Bachelor of Arts Degree from North Park University and a Masters of Business Administration from Loyola University in 1973. He received his C.P.A. Certificate in 1974. Term expires October, 2016.

Peter Kisluk, Chief Operating Officer and Principal in Sage Vertical Garden Systems, LLC of Chicago, Illinois, since 2013. From 2002 to 2012, Mr. Kisluk held a number of positions including Executive Vice President with Capmark Bank and Capmark Finance, Inc. in Chicago, Illinois. Mr. Kisluk holds a Bachelor of Business Administration degree from the Edwin L. Cox School of Business at Southern Methodist University in 1988. Term expires October 2018.

Robert C. Larson (Vice Chairman of NCP), self-employed. Dr. Larson has been self-employed since June, 1990, and as such has provided consulting services to The Evangelical Covenant Church, its regional conferences, and its local churches. From 1978 to May, 1990, Dr. Larson served as the Executive Secretary of the Department of Church Growth and Evangelism of The Evangelical Covenant Church. Dr. Larson served as Director of Urban Church Planning in the Department of Church Growth and Evangelism of The Evangelical Covenant Church from 1969 to 1978. Dr. Larson holds an Associate of Arts degree from North Park University; a Bachelor of Arts degree from Lewis & Clark College; a Bachelor of Divinity from North Park University; a Master of Urban Planning from the University of Washington; and a PhD in Urban Planning from the University of Washington. Term expires October 2017.

Shaun Marshall serves as Senior Pastor of Community Covenant Church in Calumet Park, Illinois, since April 2014. From 2009-2014, Mr. Marshall served as the Executive Pastor of Citadel of Faith Covenant Church in Detroit, Michigan. Additionally, Mr. Marshall served the Evangelical Covenant Church as Interim Director of Church Planting from 2013-2014, Church Planting Coach from 2010-2013, and Great Lakes Conference Board Trustee from 2010-2014. Previously, Mr. Marshall served Jo-Ray House, Inc. as Interim Chief Operating Officer from 2008-2009, New Life Covenant Church in Chicago as Associate Minister and Director of Church Operations from 2006-2008, and Salem Baptist Church of Chicago as Special Assistant to the Senior Pastor from 2004-2006. In addition, he has served faith-based organizations as a consultant in the areas of leadership development, church growth and strategic planning. Term expires October 2017.

M. Annette Stuckey, Executive Vice President and Chief Financial Officer, First National Bank and Trust Co., Shawnee, Oklahoma since 2006. Prior to that, she served as Chief Financial Officer at Valliance Bank in Oklahoma City, and Oklahoma State Bank in Guthrie, Oklahoma. Ms. Stuckey has over 38 years in the banking industry. She holds a Bachelor of Arts in Liberal Studies and a Master of Arts in Administrative Leadership, both from the University of Oklahoma. Ms. Stuckey received her Certified Public Accountant certificate in 1997. Term expires October 2018.

Gary B. Walter, President of The Evangelical Covenant Church since July, 2008, *ex-officio* director. Prior to this time, Rev. Walter was the Executive Minister of the Department of Church Growth and Evangelism of The Evangelical Covenant Church since 1999. Rev. Walter holds a Bachelor of Arts degree in Journalism from the University of California – Berkeley and a Master of Divinity from North Park Theological Seminary.

Regina A. Williams, is Chief Operating Officer for Wellspring Center for Home in Chicago, Illinois since 2013. Prior to this time Ms. Williams was Director of Software Product Development for Rand McNally & Company, Skokie, Illinois, since 1988. Ms. Williams holds a Bachelor of Science degree in Marketing from Northern Illinois University, a Bachelor of Science in Computer Science from Northern Illinois University, and a Masters in Non Profit Administration from North Park University, Chicago, Illinois. Term expires October 2016.

## Remuneration

All directors serve on a volunteer basis and are not compensated for time and services rendered as Board members. Reasonable expenses incurred with respect to attendance of Board meetings may be reimbursed. As of December 31, 2015, the salaried officers of NCP, in the aggregate, received annual compensation as follows:

Salary	Health and Life Insurance	Pension Benefit	403(b) Matching
\$ 907,597	\$ 108,722	\$ 78,384	\$ 13,261

## Conflicts of Interest

All transactions with Board members are made or entered into on terms that are no less favorable to NCP than those that NCP could obtain from an independent, unaffiliated third party. A majority of the independent, disinterested members of NCP's Board must approve transactions with Board members.

## EVENTS OF DEFAULT

Non-payment of a Certificate's principal and interest payment when due shall constitute a default of NCP, but only as to such Certificate. The holder of a Certificate has no rights of acceleration of payment of a Certificate upon an event of default, but may pursue all available legal and equitable remedies in the event of a default

thereunder. In addition, any NCP Investor will be furnished with a current list of all other NCP Investors residing in the state of that Investor upon request and within thirty (30) days of an event of default if such occurs.

### **REDEMPTION DUE TO A PERSONAL EMERGENCY**

Although there is no obligation to redeem Certificates prior to their maturity, it is NCP's policy and practice to allow early redemption of a Certificate, generally upon representation of a personal or financial emergency of the holder thereof, so long as early redemption does not create a financial hardship to NCP (as determined by NCP). In some cases, approval of the Board of Directors of NCP will be required in accordance with Board policies established in connection with early redemption of Certificates. All interest is paid to the date of redemption and no penalty is assessed. There can be no assurance that NCP will continue such policy in the future, and NCP is not obligated to do so.

### **INDEPENDENT AUDITORS**

The financial statements of NCP for the years ended December 31, 2015, December 31, 2014, and December 31, 2013, included in this Offering Circular have been audited by Capin Crouse, LLP, Independent Certified Public Accountants, as stated in their report appearing herein.

### **LEGAL OPINIONS**

Certain legal matters relating to this issue of Certificates have been passed upon by Erickson-Papanek-Peterson-Rose, 1625 Shermer Road, Northbrook, Illinois 60062 and 350 St. Peter Street, Suite 601, St. Paul, Minnesota 55102, as general counsel to NCP.

### **INVESTOR REPORTS**

NCP's current Audited Financial Statements will be made available at any time to Investors upon written request, and will be mailed as a matter of course to current Investors within 120 days of its most recent fiscal year end.

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
National Covenant Properties  
Chicago, Illinois

We have audited the accompanying financial statements of National Covenant Properties, which comprise the statements of financial position as of December 31, 2015, 2014 and 2013, and the related statements of activities and cash flows for the three years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Covenant Properties as of December 31, 2015, 2014 and 2013, and the changes in its net assets and cash flows for each of the three years then ended in accordance with accounting principles generally accepted in the United States of America.



Wheaton, Illinois  
February 19, 2016

120 East Liberty Drive, Suite 270  
Wheaton, IL 60187  
630.682.9797  
capincrouse.com

# NATIONAL COVENANT PROPERTIES

## Statements of Financial Position

	December 31,		
	2015	2014	2013
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 6,582,281	\$ 2,001,346	\$ 9,041,690
Investments	85,283,895	101,165,353	88,129,579
Loans receivable, net	286,036,672	270,690,589	267,822,659
Interest and other receivables	1,769,512	1,731,347	1,655,943
Real estate held in wholly owned affiliates	6,610,712	7,873,946	9,814,728
Other assets	62,409	102,992	74,886
	<u>\$ 386,345,481</u>	<u>\$ 383,565,573</u>	<u>\$ 376,539,485</u>
<b>LIABILITIES AND NET ASSETS:</b>			
Certificates	\$ 325,691,857	\$ 325,283,234	\$ 321,899,981
Accrued expenses and other payables	180,522	154,739	165,947
	<u>325,872,379</u>	<u>325,437,973</u>	<u>322,065,928</u>
Net assets:			
Unrestricted	<u>60,473,102</u>	<u>58,127,600</u>	<u>54,473,557</u>
	<u>\$ 386,345,481</u>	<u>\$ 383,565,573</u>	<u>\$ 376,539,485</u>

See notes to financial statements

# NATIONAL COVENANT PROPERTIES

## Statements of Activities

	Year Ended December 31,		
	2015	2014	2013
REVENUES:			
Interest and fees on loans	\$ 12,712,355	\$ 12,568,527	\$ 13,289,537
Interest and dividend income on investments	2,645,693	2,353,799	2,288,521
Realized (loss) gain on sale of investments	(42,109)	30,996	(1,788,451)
Other	152,081	282,809	251,140
Total revenue	15,468,020	15,236,131	14,040,747
Less: interest expense	(8,789,514)	(9,222,551)	(9,513,212)
Net revenue before general and administrative expenses	6,678,506	6,013,580	4,527,535
GENERAL AND ADMINISTRATIVE EXPENSES:			
Operating expenses	2,728,344	2,667,286	2,480,836
Amortization of swap option	140,100	94,038	85,200
Provision for loan losses	255,550	-	-
Total general and administrative expenses	3,123,994	2,761,324	2,566,036
Change in net assets before unrealized gain on investments	3,554,512	3,252,256	1,961,499
Unrealized (loss) gain on investments	(1,209,010)	401,787	(1,088,983)
Change in Unrestricted Net Assets	2,345,502	3,654,043	872,516
Net Assets, Beginning of Year	58,127,600	54,473,557	53,601,041
Net Assets, End of Year	\$ 60,473,102	\$ 58,127,600	\$ 54,473,557

See notes to financial statements



# NATIONAL COVENANT PROPERTIES

## Statements of Cash Flows

	Year Ended December 31,		
	2015	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Change in net assets	\$ 2,345,502	\$ 3,654,043	\$ 872,516
Adjustment to reconcile change in net assets to net cash flows provided by operating activities:			
Unrealized loss (gain) on investments	1,209,010	(401,787)	1,088,983
Loss (gain) on sale of investments	42,109	(30,996)	1,788,451
Provision for loan losses - net (Note 3)	255,550	-	-
Changes in:			
Interest and other receivables	(38,165)	(75,404)	184,503
Other assets	40,583	(28,106)	28,297
Accrued expenses and other payables	25,783	(11,208)	(79,806)
<b>Net Cash Provided by Operating Activities</b>	<b>3,880,372</b>	<b>3,106,542</b>	<b>3,882,944</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Proceeds from sale of investments	61,801,498	81,556,068	74,421,280
Purchase of investments	(45,907,925)	(92,218,277)	(67,925,204)
Collections of demand loans receivable	9,535,294	4,279,467	8,962,633
Collections on long-term loans receivable	18,215,037	15,517,108	16,374,100
Additions to demand loans receivable	(20,046,880)	(13,634,965)	(15,047,297)
Additions to long-term loans receivable	(23,305,084)	(9,029,540)	(11,144,497)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>291,940</b>	<b>(13,530,139)</b>	<b>5,641,015</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from issuance of certificates	51,980,657	52,814,353	49,942,538
Redemption of certificates	(58,912,561)	(56,978,820)	(62,658,622)
Interest incurred reinvested by certificate holders	7,340,527	7,547,720	7,675,444
<b>Net Cash Provided (Used) by Financing Activities</b>	<b>408,623</b>	<b>3,383,253</b>	<b>(5,040,640)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>4,580,935</b>	<b>(7,040,344)</b>	<b>4,483,319</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>2,001,346</b>	<b>9,041,690</b>	<b>4,558,371</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 6,582,281</b>	<b>\$ 2,001,346</b>	<b>\$ 9,041,690</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>			
Matured investment certificates reinvested	\$ 26,292,174	\$ 12,862,246	\$ 12,344,023
Cash paid during the year for interest	\$ 1,448,986	\$ 1,682,580	\$ 1,837,163
Real estate received for payment of loans receivable	\$ -	\$ -	\$ 2,050,000

See notes to financial statements

# NATIONAL COVENANT PROPERTIES

Notes to Financial Statements  
December 31, 2015, 2014 and 2013

## 1. NATURE OF ORGANIZATION:

National Covenant Properties (NCP), a not-for-profit corporation, is an affiliate of The Evangelical Covenant Church (Church). The primary activity of NCP is providing secured and unsecured loans to member churches and Church-affiliated entities for the primary purpose of financing church property acquisitions, construction and additions, and financing certain activities of Church-affiliated entities. The principal source of funds to make these loans is the sale of debt securities by NCP to members of, contributors to, participants in, and affiliates of the Church and its member churches.

NCP is exempt from federal and state income taxes under the provisions of the Internal Revenue Code Section (IRC) 501(c)(3) and applicable state statutes and is not a private foundation under IRC Section 509(a)(1).

## 2. SIGNIFICANT ACCOUNTING POLICIES:

### BASIS OF ACCOUNTING

The financial statements of NCP have been prepared using the accrual basis of accounting, which gives recognition to income and related assets when earned and expenses and related liabilities when incurred. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates. The significant accounting policies followed are described below.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents include a checking account and money market funds.

### INVESTMENTS

Investments are stated at fair market value with realized and unrealized gains or losses recorded in the statements of activities.

### OTHER ASSETS

Other assets consist of furniture and computer equipment purchases in excess of \$1,000 recorded at cost and depreciated over three to seven years and cash value of life insurance.

### REAL ESTATE HELD IN WHOLLY OWNED AFFILIATES

NCP operates National Covenant Properties Land Company, LLC, NCP Land Company Minnesota, LLC, and NCP Land Company Illinois, LLC, wholly owned affiliates, which were created to hold properties held for sale. All real estate held by these LLC's is classified as real estate held for sale and is reported at fair value less estimated selling costs. All real estate held for sale is actively marketed and is expected to be sold as expeditiously as possible. Subsequent gains or losses resulting from the disposition of real estate held for sale are recorded as investment gains or losses in the period realized.

### FEES ON LOANS

Loan fees charged by NCP approximate actual costs incurred by NCP for loan processing. Accordingly, such fees are recognized as income in the year of loan origination.

# NATIONAL COVENANT PROPERTIES

Notes to Financial Statements  
December 31, 2015, 2014 and 2013

## 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

### LOANS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL LOANS

Loans receivable are stated at their principal amount outstanding less the related allowance for doubtful accounts. Interest income on loans is accrued and credited to income based on the principal amount outstanding. The accrual of interest income is discontinued when, in management's judgment, the scheduled interest may not be collectible within the stated term of the loan. Interest income is recognized on a cash basis for loans classified as nonaccrual loans, with subsequent payments applied first to interest and fees, if any, and then to principal. Loans classified as nonaccrual loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

The allowance for doubtful accounts is maintained at a level that, in management's judgment, is adequate to absorb possible loan losses. This amount is based upon an analysis of the loan portfolio by management and includes, but is not limited to, the borrower's management, financial condition, cash flow, repayment program, guarantee (if any), and collateral. In addition, the historical experience of NCP and general economic conditions have been considered in management's evaluation of the allowance for possible loan losses. Management has also taken into consideration the recent national economic downturn and its potential to negatively impact the collectability of its loan portfolio in determining the loan loss reserve. This process is based on estimates, and ultimate losses may vary from current estimates. As changes in estimates occur, adjustment to the level of the allowance is recorded in the provision for potential loan losses in the period in which they become known. After NCP has exhausted its remedies with respect to the foreclosure of the real property collateralizing the loan, any remaining balance on the loan will be immediately written off. A loan is considered impaired when, based upon current information and events, it is probable that NCP will be unable to collect all amounts due according to the contractual terms of the loan agreement. Loans are classified as delinquent when payments are 90 or more days overdue whether or not the loan is in default.

Loans to churches which receive financial support from the Church's regional conference require the guarantee of that conference and/or of the Church. At December 31, 2015, there were 73 loans totaling \$77,314,537 that were guaranteed by a conference and/or the Church.

### UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of activities. As of December 31, 2015, 2014 and 2013, NCP had no material uncertain tax positions that qualify for recognition or disclosure in the financial statements.

NCP files information and tax returns in the U.S. and various states. NCP is generally no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2012.

### RECLASSIFICATIONS

Certain 2014 and 2013 amounts have been reclassified to conform to the 2015 presentation.

## NATIONAL COVENANT PROPERTIES

Notes to Financial Statements  
December 31, 2015, 2014 and 2013

### 3. LOANS RECEIVABLE:

Loans receivable consist of the following:

	2015	2014	2013
Regional conferences, churches and their affiliated subsidiaries:			
Demand loans	\$ 43,144,291	\$ 32,864,668	\$ 27,462,097
Long-term loans	216,331,605	210,873,657	217,101,253
Total regional conferences and member churches	259,475,896	243,738,325	244,563,350
Denominational entities:			
Demand loans	21,468,733	21,236,769	17,283,842
Long-term loans	7,157,093	7,524,995	7,784,967
Total affiliated entities	28,625,826	28,761,764	25,068,809
	288,101,722	272,500,089	269,632,159
Allowance for doubtful accounts	(2,065,050)	(1,809,500)	(1,809,500)
Total loans receivable	<u>\$ 286,036,672</u>	<u>\$ 270,690,589</u>	<u>\$ 267,822,659</u>

The interest rate on demand loans receivable is prime with a floor of 4.50% (prime rate was 3.50% at December 31, 2015).

The interest rates on long-term loans receivable range from 3.50% to 7.50% at December 31, 2015. Long-term loans are typically based on a 20-year amortization with a rate adjustment every three years. The total principal due or scheduled for rate adjustment in the next five years is as follows:

Year	Rate Adjustment
2016	\$ 50,089,661
2017	\$ 68,318,831
2018	\$ 88,686,729
2019	\$ 12,638,956
2020	\$ 3,543,965

As of December 31, 2015, NCP has undrawn loan commitments totaling \$24,062,124. In addition, NCP has extended lines of credit totaling \$13,800,000, of which \$5,372,207 was outstanding at December 31, 2015, and is included in affiliated entities' demand loans receivable.

## NATIONAL COVENANT PROPERTIES

Notes to Financial Statements  
December 31, 2015, 2014 and 2013

### 3. LOANS RECEIVABLE, continued:

A summary of loans receivable at December 31 classified by interest rates is as follows:

	2015	2014	2013
4% or less	\$ 71,288,035	\$ 59,812,123	\$ 50,453,466
over 4 to 4 1/2%	186,587,696	154,632,686	108,444,339
over 4 1/2 to 5%	23,669,980	34,795,438	36,603,989
over 5 to 5 1/2%	4,621,262	15,794,925	56,902,559
over 5 1/2 to 6%	-	2,588,307	10,103,220
over 6 to 6 1/2%	1,853,336	4,790,848	7,034,771
over 6 1/2%	81,413	85,762	89,815
	288,101,722	272,500,089	269,632,159
Allowance for losses	(2,065,050)	(1,809,500)	(1,809,500)
	<u>\$ 286,036,672</u>	<u>\$ 270,690,589</u>	<u>\$ 267,822,659</u>

An analysis of the allowance for doubtful loans is as follows:

	2015	2014	2013
Beginning of year	\$ 1,809,500	\$ 1,809,500	\$ 2,603,000
Provision for losses	255,550	-	-
Reduction of allowance due to foreclosure	-	-	(793,500)
End of year	<u>\$ 2,065,050</u>	<u>\$ 1,809,500</u>	<u>\$ 1,809,500</u>

NCP evaluates loans for impairment on an individual basis if the loan is more than 90 days delinquent. These loans are then given a specific allowance based on the estimated net realizable value of property serving as collateral. All other loans are evaluated for a loan allowance on a collective basis. At December 31, 2015, loans receivable totaling \$741,697, with allowances totaling \$37,085, were evaluated individually for impairment. All other loans were collectively evaluated and no impairment was noted.

## NATIONAL COVENANT PROPERTIES

Notes to Financial Statements  
December 31, 2015, 2014 and 2013

### 3. LOANS RECEIVABLE, continued:

The following table presents credit exposure by performance status for the year ended December 31, 2015. Status for performing and nonperforming real estate loans is based on payment activity for the year ended December 31, 2015. Payment activity is reviewed by management on a monthly basis to determine how loans are performing. Loans are considered to be nonperforming when days delinquent is greater than 60 days in the previous month. For each class of loans receivable, the following presents the balance by credit quality indicator:

	Demand	Long-Term	Total
Performing	\$ 64,613,024	\$ 222,747,001	\$ 287,360,025
Non-performing	-	741,697	741,697
	<u>\$ 64,613,024</u>	<u>\$ 223,488,698</u>	<u>\$ 288,101,722</u>

An aging analysis of the principal of past due loans receivable by class of loan as of December 31, 2015, is as follows:

	Demand	Long-Term	Total
Past due:			
61-90 days	\$ -	\$ -	\$ -
Greater than 90 days	-	741,697	741,697
Total past due	-	741,697	741,697
Current	64,613,024	222,747,001	287,360,025
	<u>\$ 64,613,024</u>	<u>\$ 223,488,698</u>	<u>\$ 288,101,722</u>

Included in loans receivable at December 31, 2015, 2014 and 2013, were the following loans that were considered delinquent:

	2015	2014	2013
Number of delinquent loans	1	0	0
Amount of delinquent payments	\$ 21,368	\$ -	\$ -
Total principal of delinquent loans	\$ 741,697	\$ -	\$ -

At December 31, 2015, the amount of interest and principal payments owing on the delinquent loan was \$25,280. Interest income recognized on delinquent loans during 2015 was \$13,040. NCP believes that the collateral related to the delinquent loans will be sufficient to repay the loan balance.

The delinquent loan of \$741,697 was less than 1% of NCP's aggregate principal balance of total loans outstanding at December 31, 2015.

During 2013, property was received in fulfillment of a real estate mortgage note and was classified as real estate held for sale at year-end. The value of the assets received totaling \$2,050,000, approximated the net outstanding mortgage note balance; therefore, no gain or loss was recognized.

## NATIONAL COVENANT PROPERTIES

Notes to Financial Statements  
December 31, 2015, 2014 and 2013

### 3. LOANS RECEIVABLE, continued:

Loans receivable at December 31, 2015, will mature as follows:

Year	Amount
2016	\$ 76,834
2017	6,116,996
2018	876,282
2019	8,185,369
2020	2,342,977
Thereafter	270,503,264
	<u>\$ 288,101,722</u>

At December 31, 2015, NCP had 312 loans with balances as follows:

Loan Balance	Number of Loans	Principal Outstanding	Percent of Loan Portfolio
Less than \$300,000	138	\$ 18,494,544	6%
\$300,001 - \$500,000	48	19,098,723	7%
\$500,001 - \$1,000,000	40	29,806,790	10%
\$1,000,001 - \$2,000,000	50	70,666,635	25%
\$2,000,001 - \$5,000,000	27	86,479,033	30%
Over \$5,000,000	9	63,555,997	22%
	<u>312</u>	<u>\$ 288,101,722</u>	<u>100%</u>

Although NCP has no geographic restrictions within the United States on where loans are made, aggregate loans equal to or in excess of five percent of total balances at December 31, 2015, were located in the following states:

State	Number of Loans	Principal Outstanding	Percent of Loan Portfolio
California	49	\$ 55,648,345	19%
Illinois	56	54,561,218	19%
Washington	28	30,709,242	11%
Colorado	15	22,763,503	8%
Minnesota	23	19,806,266	7%
	<u>171</u>	<u>\$ 183,488,574</u>	<u>64%</u>

# NATIONAL COVENANT PROPERTIES

Notes to Financial Statements  
December 31, 2015, 2014 and 2013

## 3. LOANS RECEIVABLE, continued:

### TROUBLED DEBT RESTRUCTURING:

NCP has allocated \$91,247 of the allowance for loan losses, relating to balances of \$1,824,945, for three loans held by one customer whose loan terms have been modified in troubled debt restructurings as of December 31, 2015. The concessions giving rise to the troubled debt restructurings totaled approximately \$40,100 and were in the form of interest rate reductions to encourage timely monthly payments until maturity. The customer was also allowed to defer principal payments for up to three years while customer conducts a capital fund drive to pay \$300,000 of principal by December 31, 2017. This capital fund drive has started and current cash and pledges seem adequate to complete the principal pay-down on a timely basis. Currently, there is no commitment to lend additional amounts to this borrower. None of these troubled debt restructurings have subsequently defaulted during the year ended December 31, 2015.

## 4. CERTIFICATES:

Certificates consist of the following (all interest rates stated are as of December 31, 2015):

	2015	2014	2013
Individual retirement accounts (3.00%)	\$ 116,081,352	\$ 115,926,056	\$ 114,671,899
Health saving accounts (3.00%)	1,702,086	1,564,900	1,368,360
Variable rate demand (30 days, 1.50%)	30,579,304	33,714,896	37,825,913
Five year fixed rate (5 years, 3% - 4.50%)	117,095,425	123,969,312	124,189,083
Demand investment accounts (1.50%)	54,931,752	50,108,070	43,844,726
30 month fixed rate (2.25%)	5,301,938	-	-
	<u>\$ 325,691,857</u>	<u>\$ 325,283,234</u>	<u>\$ 321,899,981</u>
	2015	2014	2013
Certificates are held by the following parties:			
Affiliated entities	\$ 19,896,588	\$ 19,153,226	\$ 18,141,635
Other	305,795,269	306,130,008	303,758,346
Total certificates	<u>\$ 325,691,857</u>	<u>\$ 325,283,234</u>	<u>\$ 321,899,981</u>



# NATIONAL COVENANT PROPERTIES

Notes to Financial Statements  
December 31, 2015, 2014 and 2013

4. CERTIFICATES, continued:

Individual retirement and health savings accounts are recorded at original issue price, plus accrued interest. Interest on all other certificates is either accrued or paid currently at the holder's option. All variable rate demand certificates, demand investment accounts, five year fixed rate certificates, individual retirement accounts, health savings accounts, and 30-month fixed rate certificates are unsecured.

Amounts are presented in the schedule below based on the year in which the investment certificates are scheduled to mature. Notwithstanding the foregoing, the demand certificates shown below are payable upon 30 days written notice subject to availability of funds.

<u>Year of Maturity</u>	<u>Amount</u>
Demand	\$ 203,294,494
2016	26,586,656
2017	23,809,029
2018	25,164,283
2019	20,778,640
2020	26,058,755
	<u>\$ 325,691,857</u>

At December 31, 2015, NCP had 672 certificates with balances of \$100,000 or more as follows:

<u>Certificate Balances</u>	<u>Number of Certificates</u>	<u>Amount</u>	<u>Percent of Certificate Balances Outstanding</u>
\$100,000 - \$200,000	466	\$ 62,497,193	19%
\$200,001 - \$300,000	110	26,810,256	8%
\$300,001 - \$500,000	63	23,973,756	7%
Greater than \$500,000	33	30,474,774	9%
	<u>672</u>	<u>\$ 143,755,979</u>	<u>43%</u>

At December 31, 2015, NCP's investors were concentrated in four states as follows:

<u>State</u>	<u>Number of Certificates</u>	<u>Amount</u>	<u>Percent of Certificate Balances Outstanding</u>
Illinois	1,787	\$ 66,493,752	20%
California	1,546	56,764,699	17%
Minnesota	2,029	43,723,049	13%
Washington	906	29,963,661	9%
	<u>6,268</u>	<u>\$ 196,945,161</u>	<u>59%</u>

# NATIONAL COVENANT PROPERTIES

Notes to Financial Statements  
December 31, 2015, 2014 and 2013

5. SHORT-TERM BORROWINGS:

NCP had a \$1,000,000 unsecured bank line of credit with Wells Fargo, which bears interest at 1 month LIBOR rate plus 2.5% (LIBOR rate was 0.43 at December 31, 2015). No borrowings were outstanding under the line of credit at December 31, 2014 and 2013. The line of credit matured on June 30, 2015 and management elected not to renew the line of credit.

6. INVESTMENTS:

Investments consist of the following:

	2015	2014	2013
U.S. Agency, Govt. Sponsored Enterprises (GSE) and Investment Grade Corp. Obligations	\$ 68,454,577	\$ 86,770,004	\$ 78,015,316
Institutional Bond and Convertible Bond Funds	15,179,063	14,259,653	10,021,443
Investment in Equity Funds	1,535,927	-	-
Investment in Swap Options	114,328	135,696	92,820
	<u>\$ 85,283,895</u>	<u>\$ 101,165,353</u>	<u>\$ 88,129,579</u>

At December 31, 2015, the U.S. Agency, GSE and Investment Grade Corp. Obligations mature as follows:

Within two years	\$ 5,112,445
After two years through five years	40,869,439
Five to ten years	<u>22,472,693</u>
	<u>\$ 68,454,577</u>

7. INVESTMENT IN SWAP OPTIONS:

NCP entered into an interest rate swap option agreement during 2011 with the intent of reducing the impact of changes in interest rates. NCP paid \$426,000 for this agreement and it expires in 2016. NCP is amortizing the asset over the life of the agreement. Amortization is reported under general and administrative expenses in the statements of activities. The original balance covered under this agreement and the notional amount outstanding at December 31, 2011, was \$7,100,000. The agreement is accounted for as a fair value hedge. The unrealized gain (loss) on this agreement is included in unrealized gain (loss) on investments in the statements of activities and the corresponding fair value asset is located in investments in the statements of financial position. The fair market value of the asset as of December 31, 2015, 2014 and 2013 was \$0, \$4,696 and \$92,820, respectively.

NCP entered into two interest rate swap option agreements during 2014 with the intent of reducing the impact of changes in interest rates. NCP paid \$133,100 and \$79,000, respectively, for these agreements and they expire in 2018. NCP is amortizing the assets over the life of the agreements. Amortization is reported under general and administrative expenses in the statements of activities. The original balances covered under these agreements and the notional amount outstanding at December 31, 2014, were \$6,750,000 and \$4,000,000, respectively. The agreements are accounted for as a fair value hedge. The unrealized gain (loss) on these agreements are included in unrealized gain (loss) on investments in the statements of activities and the corresponding fair value assets are located in investments in the statements of financial position. The combined fair market value of the assets as of December 31, 2015 and 2014, was \$51,313 and \$131,001, respectively.

# NATIONAL COVENANT PROPERTIES

Notes to Financial Statements  
December 31, 2015, 2014 and 2013

## 7. INVESTMENT IN SWAP OPTIONS, continued:

NCP entered into an interest rate swap option agreement during 2015 with the intent of reducing the impact of changes in interest rates. NCP paid \$90,000 for this agreement and it expires in 2019. NCP is amortizing the asset over the life of the agreement. Amortization is reported under general and administrative expenses in the statements of activities. The original balance covered under this agreement and the notional amount outstanding at December 31, 2015, was \$5,250,000. The agreement is accounted for as a fair value hedge. The unrealized gain (loss) on this agreement is included in unrealized gain (loss) on investments in the statements of activities and the corresponding fair value asset is located in investments in the statements of financial position. The fair market value of the asset as of December 31, 2015 was \$63,015.

## 8. FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS:

NCP uses appropriate valuation techniques to determine fair value based on inputs available. When available, the Fund measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs were not available. The valuations for each of these levels are determined as follows:

Level 1 - Quoted prices for identical instruments traded in active markets.

Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets or model-based valuations where significant assumptions are observable.

Level 3 - Model-based techniques using significant assumptions that are not observable. These unobservable assumptions reflect estimates of assumptions that market participants would use.

The table below presents the level within the fair value hierarchy at which investments are measured at December 31, 2015, 2014 and 2013:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
2015:				
Investments:				
U.S. Agency, GSE and Investment Grade Corp. Obligations	\$ 68,454,577	\$ -	\$ 68,454,577	\$ -
Institutional Bond and Convertible Bond Funds	15,179,063	15,179,063	-	-
Equity Mutual Funds:				
Large-Blend Index	539,746	539,746	-	-
Mid-Cap Value	498,730	498,730	-	-
Large Growth	497,451	497,451	-	-
Swap Options	114,328	-	114,328	-
	<u>\$ 85,283,895</u>	<u>\$ 16,714,990</u>	<u>\$ 68,568,905</u>	<u>\$ -</u>

## NATIONAL COVENANT PROPERTIES

Notes to Financial Statements  
December 31, 2015, 2014 and 2013

### 8. FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS, continued:

	Total	Level 1	Level 2	Level 3
2014:				
U.S. Agency, GSE and Investment Grade Corp. Obligations	\$ 86,770,004	\$ -	\$ 86,770,004	\$ -
Institutional Bond and Convertible Bond Funds	14,259,653	14,259,653	-	-
Swap options	135,696	-	135,696	-
	<u>\$ 101,165,353</u>	<u>\$ 14,259,653</u>	<u>\$ 86,905,700</u>	<u>\$ -</u>
2013:				
U.S. Agency and GSE and Investment Grade Corp. Obligations	\$ 78,015,316	\$ -	\$ 78,015,316	\$ -
Institutional Bond Funds	10,021,443	10,021,443	-	-
Swap options	92,820	-	92,820	-
	<u>\$ 88,129,579</u>	<u>\$ 10,021,443</u>	<u>\$ 78,108,136</u>	<u>\$ -</u>

The following disclosure of estimated fair value of financial instruments is made in accordance with the *Financial Instruments* topic of the FASB Accounting Standards Codification. The estimated fair value amounts have been determined by NCP using available market information and appropriate valuation methodologies. Accordingly, the aggregate estimated fair values at December 31, 2015, 2014 and 2013, are presented below.

	2015		2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Cash and cash equivalents	\$ 6,582,281	\$ 6,582,281	\$ 2,001,346	\$ 2,001,346
Investments	\$ 85,169,567	\$ 85,169,567	\$ 101,029,657	\$ 101,029,657
Swap options (Note 7)	\$ 114,328	\$ 114,328	\$ 135,696	\$ 135,696
Loans receivable	\$ 286,036,672	\$ 286,412,064	\$ 270,690,589	\$ 271,198,877
Interest & other receivables	\$ 1,769,512	\$ 1,769,512	\$ 1,731,347	\$ 1,731,347
Liabilities:				
Certificates	\$ 325,691,857	\$ 325,837,038	\$ 325,283,234	\$ 325,768,644
Accrued expenses	\$ 180,522	\$ 180,522	\$ 154,739	\$ 154,739

# NATIONAL COVENANT PROPERTIES

Notes to Financial Statements  
December 31, 2015, 2014 and 2013

## 8. FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS, continued:

	2013	
	Carrying Amount	Fair Value
Assets:		
Cash and cash equivalents	\$ 9,041,690	\$ 9,041,690
Investments	\$ 88,036,759	\$ 88,036,759
Swap options (Note 7)	\$ 92,820	\$ 92,820
Loans receivable	\$ 267,822,659	\$ 268,969,349
Interest & other receivables	\$ 1,655,943	\$ 1,655,943
Liabilities:		
Certificates	\$ 321,899,981	\$ 323,085,749
Accrued expenses	\$ 165,947	\$ 165,947

The following methods and assumptions were used by NCP to estimate the fair value of each class of financial instruments at December 31, 2015, 2014 and 2013:

**Cash and cash equivalents and interest and other receivables** - The carrying amounts approximate fair value due to the short-term maturity of these instruments.

**Investments** - The fair value of the institutional bond funds (the Fund) is based on net asset values (NAV) of the shares held by NCP at year-end. The NAV is calculated by dividing the total value of the Fund's investments and other assets (including accrued income), less any liabilities (including estimated accrued expenses), by the number of shares outstanding, rounded to the nearest cent. The NAV per share is determined on each day that the exchange is open for business and there exists shareholder orders for the Fund and on any other day on which there is sufficient trading in the Fund's securities to materially affect the NAV. The daily NAV per share is readily available to shareholders on the Fund's website.

**Swap options** - The fair value of the investment in swap options is the mark-to-market asset resulting from the derivative contracts mentioned in Note 7. They are valued at the net present value of future cash flows attributable to the difference between the contractual variable and fixed rates in the agreements.

**Loans receivable** - The fair value of loans receivable was estimated by discounting expected future cash flows using NCP's current lending rate. Loans were assumed to mature on the date when interest rates are adjusted, if not before.

**Accrued expenses** - The fair value of accrued expenses is the carrying amount because of the relatively short period of time between origination of the instrument and its expected realization.

**Investment certificates** - The fair value of five year fixed rate certificates and 30-month fixed rate certificates was estimated by discounting the expected future cash flows using NCP's current offering rate on similar instruments. The carrying amount for individual retirement accounts and short-term variable rate demand certificates was determined to be a reasonable estimate of fair value. Interest rates for individual retirement accounts are reviewed semiannually and subject to adjustment by management.

# NATIONAL COVENANT PROPERTIES

Notes to Financial Statements  
December 31, 2015, 2014 and 2013

## 9. ADMINISTRATIVE TRANSACTIONS WITH RELATED PARTIES:

Fees are assessed to entities affiliated with the Church, including NCP, in order for the entities to share Church expenses. The Church has defined these expenses as those associated with organization and management of the Church, consulting services and other administrative services. General and administrative expenses on the statements of activities include fees of \$452,272 in 2015, \$454,479 in 2014 and \$423,078 in 2013, for services provided by the Church. NCP also reimburses the Church for expenses incurred by the Church resulting from NCP's tenancy in the Church's headquarters.

NCP provides real estate services to the Church, entities affiliated with the Church and member churches of the Church. In consideration for these services, the Church and affiliated entities compensate NCP. Those compensation payments totaled \$150,000 for each of the years ended December 31, 2015, 2014 and 2013, and are included in other revenues on the statements of activities.

Accrued expenses and other payables includes amounts payable to the Church totaling \$114,693, \$98,230, and \$110,552 for 2015, 2014 and 2013, respectively.

## 10. CONCENTRATIONS OF CREDIT RISK:

Financial instruments that potentially subject NCP to concentrations of credit risk consist principally of cash and cash equivalents, marketable securities and loans receivable. From time to time NCP may have deposits in excess of federal deposit insurance limits. NCP has not experienced any losses on these accounts and does not believe it is exposed to any significant risk of loss related to these.

Concentrations of credit risk with respect to loans receivable are limited to a certain extent by the secured position of NCP in most instruments, the number of organizations comprising NCP's loans receivable base and their dispersion across geographic areas, and NCP's policy of limiting the maximum loan amount to any one borrower. As described in Note 1, all of NCP's loans are with churches and related organizations of the Church. Loans made by NCP are typically secured by first mortgages and are normally limited to 80% of the aggregate cost or value of the property securing the loan. While NCP may be exposed to credit losses in the event of nonperformance by the above contracting parties, management has established an allowance for potential loan losses, which it believes is adequate to cover any such losses.

A substantial portion of the investment certificates issued by NCP are demand instruments or will be maturing within the next two years. In addition, all demand certificates are payable upon 30 days written notice subject to availability of funds. NCP has insufficient liquid assets to satisfy repayment of this amount assuming all demand certificates would be redeemed at one time. Management anticipates, similar to past history, that a substantial portion of these certificates will be reinvested or rolled over into new certificates with NCP.

## 11. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

## **Appendix “A” Definitions**

1. “Advertising” – All information and promotional materials, including, but not limited to, magazine or newsletter advertisements, brochures, video tapes, fliers, church bulletin inserts, mailers and Internet information posted by the Issuer or Denomination that are used in addition to an Offering Circular to solicit Investors.
2. “Audited Financial Statements” – Financial statements prepared in accordance with generally accepted accounting principles generally accepted in the United States of America, and audited by an independent auditor.
3. “Board” – The Board of Directors of NCP.
4. “Certificate(s)” – The 5-Year Fixed Rate Renewable Certificates, the 30-Month Fixed Rate Renewable Certificates, the Variable Rate Certificates, the Demand Investment Accounts, the Individual Retirement Account (“IRA”) Certificates, the Health Savings Account (“HSA”) Certificates and the 403(b) Certificates.
5. “Church” – The Evangelical Covenant Church, an Illinois not for profit corporation.
6. “Congregational Investment Generation Requirement” – NCP’s loan condition which requires a borrowing church to generate investments in NCP’s 5-Year Fixed Rate Renewable Certificates, 30-Month Fixed Rate Renewable Certificates, IRA Certificates or HSA Certificates through members and other eligible participants of that church in an amount that is no less than fifteen percent (15%) of the principal amount of the loan, subject to modification in the sole discretion of NCP.
7. “Denomination” – A national or regional religious organization or association that consists of or acts on behalf of its individual affiliated churches as well as the various national or regional administrative and other religious organizations or units affiliated with the Denomination. Specifically, in the context of this Offering Circular, The Evangelical Covenant Church.
8. “HSA” – Health Savings Account.
9. “Investor(s)” – The offer and sale of Certificates is limited to persons or entities who are, prior to receipt of this Offering Circular, (a) members of, contributors to, or participants in The Evangelical Covenant Church, including any program, activity or organization which constitutes a part of The Evangelical Covenant Church, its conferences or its member churches; (b) affiliates of The Evangelical Covenant Church, including any program, activity or organization which constitutes a part of The Evangelical Covenant Church, its conferences or its member churches; (c) beneficiaries or successors in interest to those listed in (a) or (b) above; (d) relatives of individuals listed in (a) above; (e) trusts or accounts controlled by or for the benefit of individuals listed in (a) above; and (f) other persons purchasing Certificates for the benefit or on behalf of individuals listed in (a) above.
10. “IRA” – Individual Retirement Account.
11. “Issuer” – National Covenant Properties, the organization that offers and sells the Certificates.
12. “Loan Delinquencies” – Borrowers’ loan balances on which payments of principal or interest are delinquent ninety (90) days or more, whether in default or not.
13. “NCP” – National Covenant Properties, an Illinois not for profit corporation.
14. “Net Assets” – The excess or deficiency of assets over liabilities, classified according to the existence or absence of donor-imposed restrictions.
15. “Net Income” – All items of NCP’s income and revenue, including income, gift revenues and gains or losses from investments, less all items of expenses, as reflected in NCP’s Audited Financial Statements.

16. “Offering Circular” – This disclosure statement prepared by the Issuer.

17. “Person” – An individual, a corporation, a limited liability company, a partnership, an association, a joint-stock company, a trust, an unincorporated organization, a government or a political subdivision of a government, or other legal entity.

18. “Senior Secured Indebtedness” – Any debt or debt securities incurred or issued by NCP and secured by assets of NCP in such a manner as to have a priority claim against any of the assets of NCP over and above the Certificates.



**Appendix “B”**  
**Current Interest Rates and Interest Payment Dates**

<u>Type of Certificate</u>	<u>Current Interest Rate</u>	<u>Interest Payment Dates</u>
5-Year Fixed Rate Renewable Certificate	3.00%	June 30 and December 31 of each year
30-Month Fixed Rate Renewable Certificate	2.25%	June 30 and December 31 of each year
Variable Rate Certificate	1.50%	June 30 and December 31 of each year
Demand Investment Accounts	1.50%	June 30 and December 31 of each year
Individual Retirement Account (“IRA”) Certificate	3.00%	June 30 and December 31 of each year
Health Savings Account (“HSA”) Certificate	3.00%	June 30 and December 31 of each year
403(b) Certificate	<u>(forthcoming)</u>	June 30 and December 31 of each year