

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

WASHINGTON
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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, and the Health Savings Account ("HSA") 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 July 1 st and January 1 st |
| Demand Investment Accounts | \$ 50 | No stated term (Demand + 30 days written notice); Interest rate adjustable each July 1 st and January 1 st |
| Individual Retirement Account ("IRA") Certificates | \$ 10 | No stated term; Interest rate adjustable each July 1 st and January 1 st |
| Health Savings Account ("HSA") Certificates | \$ 10 | No stated term; Interest rate adjustable each July 1 st and January 1 st |
| *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 upon as having been made by NCP. 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; OR (F) OTHER PERSONS PURCHASING CERTIFICATES FOR THE BENEFIT OR ON BEHALF OF INDIVIDUALS LISTED IN (A) ABOVE (COLLECTIVELY, "INVESTORS"). THE OFFER AND SALE OF CERTIFICATES TO INVESTORS RESIDING IN THE STATE OF WASHINGTON IS LIMITED TO PERSONS OR ENTITIES WHO ARE, PRIOR TO THEIR SOLICITATION FOR THE PURCHASE OF SAID CERTIFICATES, MEMBERS OF, CONTRIBUTORS TO, OR LISTED AS PARTICIPANTS IN, NATIONAL COVENANT PROPERTIES, OR THEIR RELATIVES (AS DEFINED IN RCW 21.20.005(13)).

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, 2019

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.

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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.

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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 2018..... | 15 |
| Outstanding Loans | 16 |
| DESCRIPTION OF NCP'S LENDING ACTIVITIES | 16 |
| Loan Processing..... | 16 |
| Congregational Investment Generation Requirement..... | 17 |
| Loan Policies | 17 |
| OTHER ACTIVITIES | 18 |
| Covenant Development Corporation | 18 |
| Church Fees | 18 |
| Compensation for Real Estate Services | 19 |
| Purchase of Sacramento, California Properties | 19 |
| Terms and Conditions of Loans – Long-Term Loans and Short-Term Loans | 19 |
| SWAPS..... | 20 |
| Loan Delinquencies | 20 |
| Lines of Credit | 20 |
| INVESTING ACTIVITIES | 22 |
| Investments | 22 |
| 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 |
| METHOD OF SALE..... | 31 |
| UNDERWRITING | 32 |
| TAX MATTERS | 32 |

| | |
|--|------------|
| LITIGATION | 32 |
| MANAGEMENT AND GOVERNANCE | 32 |
| Officers of NCP | 33 |
| Directors of NCP | 34 |
| Remuneration..... | 35 |
| Conflicts of Interest | 36 |
| EVENTS OF DEFAULT..... | 36 |
| REDEMPTION DUE TO A PERSONAL EMERGENCY | 36 |
| INDEPENDENT AUDITORS | 36 |
| LEGAL OPINIONS | 36 |
| INVESTOR REPORTS..... | 36 |
| AUDITED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT..... | 37 |
| DEFINITIONS | Appendix A |
| CURRENT INTEREST RATES | 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; and 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. As of December 31, 2018, NCP’s total Certificates payable equaled \$340.4 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 19 lines of credit with member churches, conferences and other Denominational entities. As of December 31, 2018, NCP’s total loans outstanding equaled \$264.9 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.

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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):

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|------------|------------|------------|-----------|------------|
| Cash, cash equivalents and readily marketable securities: | \$ 132,341 | \$ 126,672 | \$ 120,462 | \$ 91,866 | \$ 103,167 |
| Total loans receivable (net of allowance): | \$ 264,931 | \$ 271,900 | 278,408 | 286,037 | 270,691 |
| Amount of unsecured loans receivable*: | \$ 253 | -0- | -0- | -0- | 2,250 |
| Percent of unsecured loans receivable: | .09% | -0- | -0- | -0- | 0.83% |
| Loan Delinquencies as a percentage of loans receivable: | -0- | -0- | 3.38% | 0.26% | -0- |
| Total Assets: | \$ 410,163 | \$ 403,623 | 404,602 | 386,345 | 383,566 |
| Total Certificates payable: | \$ 340,445 | \$ 334,296 | 340,259 | 325,692 | 325,283 |
| Amount of Certificates redeemed: | \$ 81,910 | \$ 67,227 | 55,634 | 58,913 | 56,979 |
| Unrestricted Net Assets: | \$ 69,467 | \$ 68,897 | 64,117 | 60,473 | 58,128 |
| Change in Unrestricted Net Assets: | \$ 571 | \$ 4,779 | 3,644 | 2,346 | 3,654 |
| 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 and 30-Month 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, 2018, and maturing in calendar year 2019 equal \$19.7 million. The aggregate annual principal maturities of the 30-Month Fixed Rate Renewable Certificates outstanding as of December 31, 2018, and maturing in calendar year 2019 equal \$3.0 million. Since NCP did not offer or sell 30-Month Fixed Rate Renewable Certificates prior to March 1, 2015, reinvestment information is somewhat limited from a historical perspective. However, for the years ending December 31, 2017 and December 31, 2018, 69% and 81%, respectively, of NCP's 30-Month Fixed Rate Renewable Certificates were renewed at maturity for an additional term. 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. As of December 31, 2018, NCP has \$14.3 million outstanding in 30-Month Fixed Rate Renewable Certificates, \$3.0 million of which mature in 2019.

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 various national economic factors, 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 primarily 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, 2018, of the 314 loans outstanding, NCP had zero loans that were delinquent as to payment of principal and/or interest. See "OTHER 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; or (f) other persons purchasing Certificates for the benefit or on behalf of individuals listed in (a) above (collectively, "Investors"). The offer and sale of Certificates to investors residing in the State of Washington is limited to persons or entities who are, prior to their solicitation for the purchase of said Certificates, members of, contributors to, or listed as participants in, National Covenant Properties, or their relatives (as defined in RCW 21.20.005(13)).
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 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, or a Health Savings Account 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, as well as changes in federal securities laws, 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, 2018, NCP’s total loans outstanding equals \$267.2 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 6.0% of total balances of loans outstanding are located in the following states:

| State | Loans Outstanding | % of Total | # of Loans |
|-------------|-------------------|------------|------------|
| California | \$ 68,674,922 | 26% | 54 |
| Illinois | \$ 54,951,659 | 21% | 62 |
| Minnesota | \$ 21,183,545 | 8% | 34 |
| Colorado | \$ 20,189,752 | 8% | 15 |
| Washington | \$ 16,753,032 | 6% | 24 |
| Total | \$ 181,752,910 | 69% | 189 |
| Total Loans | \$ 267,245,786 | 100% | 314 |

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 2014 through December 2018, 62%, 83%, 82%, 79%, and 82% respectively, of NCP’s 5-Year Fixed Rate Renewable Certificates were renewed at maturity for an additional term. NCP’s 30-Month Fixed Rate Renewable Certificates mature thirty (30) months from the date of issuance, and were first offered and sold in March 2015. For the years ending

December 2017 and December 2018, 69% and 81%, respectively, of NCP's 30-Month 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 re-payments; (ii) new Certificate sales; and/or (iii) Certificate renewals, such fluctuations could have an adverse impact on NCP's ability to repay maturing Certificates.

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 on the Church's real property, an assignment of leases and rents and a security agreement on the 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 the Certificates 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 \$340.4 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 770 member churches located throughout the United States and Canada, with approximately 127,349 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.

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 primarily 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.

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Outstanding Certificates

One of 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, 2018, 2017, and 2016 (all interest rates stated are as of December 31, 2018):

| | | 2018 | 2017 | 2016 |
|---|---|----------------|----------------|----------------|
| IRA Certificates (3.5%) | | \$ 114,747,328 | \$ 114,613,276 | \$ 116,378,014 |
| HSA Certificates (3.5%) | | \$ 2,277,750 | \$ 2,055,959 | \$ 1,906,520 |
| Variable Rate Certificates (2.0%) | | \$ 21,997,161 | \$ 24,466,520 | \$ 27,467,766 |
| Demand Investment Accounts (2.0%) | | \$ 70,888,145 | \$ 62,288,370 | \$ 63,637,689 |
| 5-Year Fixed Rate Renewable Certificates (3.00%-3.75%): | | | | |
| | 3.75% (due 2017) | | | \$ 60,000 |
| | 3.5% (due 2023) | \$ 10,364,195 | | \$ 12,951,127 |
| | 3.25% (due 2022, 2023) | \$ 11,212,130 | \$ 58,702 | |
| | 3.0% (due 2018, 2019, 2020, 2021, 2022) | \$ 94,693,986 | \$ 117,666,031 | \$ 108,238,626 |
| 30-Month Fixed Rate Renewable Certificates | | | | |
| | 2.25% (due 2018, 2019, 2020) | \$ 6,521,985 | \$ 13,147,441 | \$ 9,618,838 |
| | 2.5% (due 2020) | \$ 4,613,820 | | |
| | 2.75% (due 2020, 2021) | \$ 3,128,891 | | |
| TOTAL | | \$ 340,445,391 | \$ 334,296,299 | \$ 340,258,580 |
| Source: Derived from the general accounting records of NCP as of the fiscal year indicated. | | | | |

IRA Certificates and HSA Certificates 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, 2018, are as follows:

| Year | Principal Maturities | |
|-----------------------------|----------------------|---------------------|
| | 5-Year Fixed Rate | 30-Month Fixed Rate |
| 2019 | \$ 19,704,209 | \$ 3,035,776 |
| 2020 | \$ 23,870,765 | \$ 8,378,477 |
| 2021 | \$ 30,143,752 | \$ 2,850,443 |
| 2022 | \$ 21,025,618 | |
| 2023 | \$ 21,525,967 | |
| Total | \$ 116,270,311 | \$ 14,264,696 |
| Total Fixed Rate Maturities | \$ 130,535,007 | |

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 2018

In the year ended December 31, 2018, NCP sold \$110.0 million of its Certificates, which is comprised of the following:

| | Amount |
|--|----------------|
| New Sales: | |
| 5-Year Fixed Rate Renewable Certificates | \$ 5,457,922 |
| *30-Month Fixed Rate Renewable Certificates | \$ 1,565,816 |
| Variable Rate Certificates | \$ 2,313,131 |
| Demand Investment Accounts | \$ 69,571,370 |
| IRA Certificates | \$ 8,733,953 |
| HSA Certificates | \$ 416,821 |
| Reinvestment: | |
| 5-Year Fixed Rate Renewable Certificates | \$ 16,592,740 |
| 30-Month Fixed Rate Renewable Certificates | \$ 5,331,112 |
| Total Sales | \$ 109,982,865 |
| 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, 2018, outstanding Certificates in the total amount of \$81.9 million were redeemed by the holders thereof as follows:

| | Amount |
|--|---------------|
| Redemptions: | |
| 5-Year Fixed Rate Renewable Certificates | \$ 6,984,359 |
| *30-Month Fixed Rate Renewable Certificates | \$ 954,058 |
| Variable Rate Certificates | \$ 4,323,671 |
| Demand Investment Accounts | \$ 60,804,379 |
| IRA Certificates | \$ 8,648,423 |
| HSA Certificates | \$ 195,030 |
| Total Redemptions | \$ 81,909,920 |
| 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, 2018 and December 31, 2017, NCP's outstanding loans (net of allowance for doubtful accounts) are as follows:

| | Years Ended December 31 | |
|---|-------------------------|-----------------------|
| | 2018 | 2017 |
| Regional conferences, member churches and their affiliates:* | | |
| Demand Loans | \$ 26,250,359 | \$ 25,772,305 |
| Long-Term Loans | \$ 216,774,133 | \$ 223,787,621 |
| Other Denominational entities: | | |
| Demand Loans | \$ 17,114,817 | \$ 17,197,699 |
| Long-Term Loans | \$ 7,106,477 | \$ 7,457,012 |
| TOTAL ALL LOANS | \$ 267,245,786 | \$ 274,214,637 |
| Allowance for Doubtful Accounts | \$ (2,315,050) | \$ (2,315,050) |
| NET TOTAL ALL LOANS | \$ 264,930,736 | \$ 271,899,587 |
| Source: Derived from the Audited Financial Statements included in this Offering Circular. | | |
| *As of December 31, 2018 and December 31, 2017, approximately \$2.6 million and \$2.7 million, respectively, were loans outstanding to entities not affiliated with the Denomination, as the loans were previously assigned to NCP, with recourse, by a regional conference or member church as part of a sale transaction with an unaffiliated entity. | | |

As of December 31, 2018, the allowance for doubtful accounts against outstanding loans is \$2.3 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 "OTHER 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 4 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 primarily to member churches, conferences and Denominational entities primarily for the 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. Loans to entities not affiliated with the Church shall be made in accordance with NCP's policies, but shall in no event exceed ten percent (10%) of NCP's loan portfolio on a cumulative basis. 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 314 loans outstanding as of December 31, 2018, 292 of which are to member churches and regional conferences outstanding in the gross amount of \$243.0 million, and 22 of which are to other Denominational entities outstanding in the gross amount of \$24.2 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 an 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 borrower's real property and a security agreement on the borrower's personal property. As of December 31, 2018, except for a line of credit to the Church which is unsecured and further described in this section under "Lines of Credit", 99.91% of NCP's outstanding loans were secured by real or personal property or a guaranty by a third party. 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 borrower'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 or the Executive Vice President/CFO of NCP can approve loans in principal amounts of \$250,000 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 is one borrower, Bayside Covenant Church, Inc. ("Bayside"), headquartered in Roseville, California, which owns and/or operates multiple sites, that has loans outstanding with NCP (whereby Bayside is the principal obligor or a guarantor) as of December 31, 2018 of \$33.9 million. This loan amount exceeds 40.0% of NCP's Net Assets by \$6.1 million, representing approximately 48.8% of NCP's Net Assets as of January 1, 2019. In 2017, the Board of Directors of NCP voted to approve two new loans in the aggregate principal amount of \$17.3 million secured by new collateral appraised at \$30 million, thereby making an exception to its loan policy regarding loans to a single borrower, based upon such factors as (i) the appraised value of the collateral securing the loans; (ii) the missional significance that the loans support; and (iii) Bayside's financial condition and strong base of support.

No portion of NCP's loan portfolio is securitized or otherwise pledged to third parties.

OTHER ACTIVITIES

Covenant Development Corporation

Covenant Development Corporation (“CDC”), an affiliate of the Church, was established for the purpose of assisting member churches with the acquisition of church related property. In furtherance of this purpose, 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.

The properties located in Castle Rock, Colorado; Renton, Washington; and Sacramento, California have been sold. Portions of the property located in Westminster, Colorado; and Buffalo, Minnesota have been sold. NCP continues to actively market the remaining properties in these locations for sale, as well as the property located in Poway, California.

From the year 2010 through December 31, 2018, NCP has reduced the net asset carried value on the remaining properties set forth above from \$9,010,991 to \$3,142,904. NCP has budgeted \$150,000 in 2019 for development and marketing costs associated with the remaining properties.

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 investor base which the affiliated entities serve. NCP has been advised by the Church that the fee for 2019 will be \$484,347.

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

| Year | Church Fees |
|--|--------------|
| 2018 | \$ 483,695 |
| 2017 | \$ 463,342 |
| 2016 | \$ 459,581 |
| 2015 | \$ 452,272 |
| 2014 | \$ 454,479 |
| Total | \$ 2,313,369 |
| 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 2018, NCP paid an affiliate of the Church \$72,007 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 2018, NCP received \$150,000 in compensation from the Church and entities affiliated with the Church for the provision of these services.

Purchase of Sacramento, California Properties

NCP Land Company purchased two commercial properties located in Sacramento, California (“Sacramento Properties”), in the second and third quarters of 2018. The Sacramento Properties were acquired with cash derived from a capital contribution from NCP to NCP Land Company, and were acquired in order to enable Bayside and its affiliates to raise adequate funds to purchase the Sacramento Properties from NCP Land Company at some time in 2019 or 2020. NCP Land Company is currently receiving rental income in connection with its ownership and leasing of the Sacramento Properties, from Bayside and a third party, which rental income is expected to generate sufficient income to NCP Land Company to cover its cost of funds.

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 4.0% to 5.5% and |
| | the weighted average interest rate was 4.73% at December 31, 2018.) |

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 and recent demand loans, the prime interest rate, but not less than four percent (4.0%). Older short-term loans may not have the interest rate floor of four percent (4.0%).

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 the 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 five (5) of these interest rate SWAP option transactions with expiration dates ranging from 2018-2024. For more information regarding SWAPS, see Note 6 of the Audited Financial Statements under the heading “Investment in SWAP Options”.

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, 2018, of the 314 loans outstanding, there were zero loans which were delinquent.

As of December 31, 2017, of the 317 loans outstanding, there were zero loans which were delinquent.

As of December 31, 2016, of the 311 loans outstanding, there were three (3) loans, whose aggregate principal balance represented 2.34% of total assets and 3.38% of loans receivable of NCP, which were delinquent in the amount of \$9,479,602 for a period of ninety (90) days or more. The principal and interest outstanding on these loans, in the aggregate, was \$9,645,141 as of December 31, 2016. As of December 31, 2016 a loan loss reserve of \$2.1 million was established.

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.

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, 2018, 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.

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As of December 31, 2018, NCP had outstanding balances on lines of credit to member churches, conferences, the Church and Denominational entities in the following amounts:

| | | Amount | Amount Drawn |
|--|---|------------|--------------|
| | Borrower | Approved | 12/31/2018 |
| *** | Adelbrook, Cromwell, CT | 500,000 | 0 |
| * | The Evangelical Covenant Church, Chicago, IL | 2,500,000 | 0 |
| * | The Evangelical Covenant Church, Chicago, IL | 1,000,000 | 253,309 |
| *** | Covenant Enabling Residences of IL, Chicago, IL | 100,000 | 34,381 |
| *** | Thornapple Covenant Church, Grand Rapids, MI | 100,000 | |
| *** | Arctic Broadcasting, Nome, AK | 125,000 | 69,842 |
| *** | Alaska Christian College, Soldotna, AK | 175,000 | 0 |
| *** | Alpine Camp and Conference Center, Blue Jay, CA | 500,000 | 394,574 |
| *** | Mission Springs Camps and Conference Center | 1,000,000 | 450,000 |
| ** | CHET, Compton, CA | 100,000 | |
| *** | CRC Holdings One, LLC | 4,000,000 | 4,000,000 |
| *** | Bayside, Granite Bay, CA (Campus Expansion) | 1,500,000 | 500,000 |
| *** | Bayside, Granite Bay, CA (Mission Expansion) | 1,500,000 | 1,500,000 |
| *** | Kinsmen, LLC, Dolton, IL | 250,000 | 250,000 |
| *** | Bezalel, LLC, Chicago, IL | 1,000,000 | 488,437 |
| *** | JPUSA Full Gospel Ministries, Chicago, IL | 1,750,000 | 1,353,002 |
| ** | Covenant Scholars, LLC, Chicago, IL | 1,000,000 | 65,573 |
| *** | Moor Bright, LLC, Detroit, MI | 250,000 | 216,151 |
| ** | Lake Beauty (Solid Rock), Long Prairie, MN | 100,000 | 58,179 |
| | | 17,450,000 | 9,633,450 |
| *Unsecured | | | |
| **Secured by borrower's NCP Certificates | | | |
| ***Secured by real estate | | | |
| Source: general accounting records of NCP. | | | |

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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, 2018, these investments had a market value of \$116.0 million. The following sets forth the market value, investment type and amount held in such investments as of the periods ending December 31, 2018, December 31, 2017, and December 31, 2016:

| Year | Market Value | Type of Investment | Amount | Total Investments |
|--|----------------|--|---------------|-------------------|
| 2018 | \$ 115,988,934 | Government Agencies' Securities | \$ 13,322,651 | 11.5% |
| | | Investment Grade Corporate Bonds | \$ 64,875,715 | 55.9% |
| | | Institutional and Convertible Bond Funds | \$ 28,023,609 | 24.1% |
| | | Equity Funds | \$ 9,343,861 | 8.1% |
| | | Swap Option | \$ 423,098 | 0.4% |
| 2017 | \$ 116,827,994 | Government Agencies' Securities | \$ 12,976,123 | 11.1% |
| | | Investment Grade Corporate Bonds | \$ 66,680,181 | 57.1% |
| | | Institutional and Convertible Bond Funds | \$ 27,642,287 | 23.6% |
| | | Equity Funds | \$ 9,306,974 | 8.0% |
| | | Swap Option | \$ 222,429 | 0.2% |
| 2016 | \$ 109,096,779 | Government Agencies' Securities | \$ 12,067,973 | 11.1% |
| | | Investment Grade Corporate Bonds | \$ 66,405,653 | 60.9% |
| | | Institutional and Convertible Bond Funds | \$ 24,212,047 | 22.2% |
| | | Equity Funds | \$ 6,299,653 | 5.8% |
| | | Swap Option | \$ 111,453 | 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 ten (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, 2018, liquid

reserve funds in the amount of \$131.9 million, representing 38.7% 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 (5) years ended December 31, 2018, 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 (3) YEARS ENDED DECEMBER 31, 2018, INCLUDED ELSEWHERE IN THIS OFFERING CIRCULAR.

| | Summary of Operations and Selected Balances | | | | |
|--|---|----------------------|----------------------|----------------------|----------------------|
| | (Dollars in Thousands) | | | | |
| | Years Ended December 31 | | | | |
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Total Revenue | \$ 17,107 | \$ 16,266 | \$ 16,133 | \$ 15,468 | \$ 15,236 |
| Interest Expense | 9,461 | 8,731 | 8,772 | 8,789 | 9,222 |
| Net Revenue | 7,646 | 7,535 | 7,361 | 6,679 | 6,014 |
| General & Administrative Expenses | 3,366 | 3,883 | 3,541 | 2,728 | 2,667 |
| Bad Debt Expense | 0 | 250 | 0 | 256 | 0 |
| Amortization of Swap | 176 | 107 | 91 | 140 | 94 |
| Increase in Net Assets-Unrestricted | 4,104 ⁽¹⁾ | 3,295 ⁽¹⁾ | 3,729 ⁽¹⁾ | 3,555 ⁽¹⁾ | 3,252 ⁽¹⁾ |
| Source: Derived from the Audited Financial Statements for the fiscal year indicated. | | | | | |
| ⁽¹⁾ Before unrealized appreciation (depreciation) on investments of (\$3,534) in 2018, \$1,485 in 2017, (\$85) in 2016, (\$1,209) in 2015, and \$402 in 2014. | | | | | |

(See Chart on following page.)

| | Summary of Operations and Selected Balances | | | | |
|--|---|------------|------------|------------|------------|
| | (Dollars in Thousands) | | | | |
| | Years Ended December 31 | | | | |
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Total Assets | \$ 410,163 | \$ 403,623 | \$ 404,602 | \$ 386,345 | \$ 383,566 |
| Cash and Investments | 132,341 | 126,672 | 120,462 | 91,866 | 103,167 |
| Loans (net of allowance for doubtful accounts) | 264,931 | 271,900 | 278,408 | 286,037 | 270,691 |
| Total Liabilities | 340,696 | 334,726 | 340,485 | 325,872 | 325,438 |
| Certificates - IRA | 114,747 | 114,613 | 116,378 | 116,081 | 115,926 |
| Certificates - HSA | 2,278 | 2,056 | 1,907 | 1,702 | 1,565 |
| Certificates - Demand Investment Accounts | 70,888 | 62,288 | 63,638 | 54,932 | 50,108 |
| *Certificates - Other | 152,532 | 155,339 | 158,336 | 152,977 | 157,684 |
| Net Assets-Unrestricted | 69,467 | 68,897 | 64,117 | 60,473 | 58,128 |
| 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

2018 Total assets of NCP for 2018 increased from \$403.6 million to \$410.2 million, an increase of 1.6%. Total liabilities at December 31 were \$340.7 million. Revenues for 2018 were \$17.1 million, expenses were \$13 million and the increase in Net Assets before unrealized depreciation on investments of \$3.5 million was \$4.1 million. The total increase in Net Assets for the year was \$0.6 million. Individual Retirement Account balances at December 31 totaled \$114.7 million. Long-term loans made in 2018 were \$9.2 million which were disbursed to 23 projects.

2017 Total assets of NCP for 2017 decreased from \$404.6 million to \$403.6 million, a decrease of .24%. Total liabilities at December 31 were \$334.7 million. Revenues for 2017 were \$16.3 million, expenses were \$13.0 million and the increase in Net Assets before unrealized appreciation on investments of \$1.5 million was \$3.3 million. The total increase in Net Assets for the year was \$4.8 million. Individual Retirement Account balances at December 31 totaled \$114.6 million. Long-term loans made in 2017 were \$28.8 million which were disbursed to 20 projects.

2016 Total assets of NCP for 2016 increased from \$386.3 million to \$404.6 million, an increase of 4.7%. Total liabilities at December 31 were \$340.5 million. Revenues for 2016 were \$16.1 million, expenses were \$12.4 million and the increase in Net Assets before unrealized depreciation on investments of \$0.1 million was \$3.7 million. The total increase in Net Assets for the year was \$3.6 million. Individual Retirement Account balances at December 31 totaled \$116.4 million. Long-term loans made in 2016 were \$11.4 million which were disbursed to 28 projects.

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.

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, 2018, NCP’s Net Assets were equal to 16.9% of Total Assets.

Liquidity – At December 31, 2018, NCP’s liquidity status is as calculated below:

| | | |
|---|----|-------------|
| Cash and Cash Equivalents | \$ | 16,352,495 |
| Investments (market) | \$ | 115,565,836 |
| Total | \$ | 131,918,331 |
| | | |
| Investment Certificates Payable | \$ | 340,445,391 |
| Liquidity Status | | 38.75% |
| | | |
| Source of balances: Derived from the Audited Financial Statements included in this Offering Circular. | | |

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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:

| | 2018 | 2017 | 2016 |
|---|--------------|--------------|---------------|
| Cash flow from operations | \$ 4,607,698 | \$ 4,718,449 | \$ 3,944,565 |
| Liquid assets at beginning of year: | | | |
| Cash and Cash Equivalents | 9,843,607 | 11,365,201 | 6,582,281 |
| Investments | 116,827,994 | 109,096,779 | 85,283,895 |
| Loan principal repayments | 23,652,603 | 39,856,151 | 31,454,269 |
| Loan advances | (16,683,752) | (33,597,671) | (23,825,664) |
| Investment Certificate sales (Excludes Denominational Sales) | 53,154,098 | 32,495,714 | **37,435,366 |
| Denominational Redemptions over Investments | 1,561,924 | 3,675,956 | ** -0- |
| *Lines of Credit: | | | |
| Used | -0- | -0- | -0- |
| Available | -0- | -0- | -0- |
| Cash Available (A) | 192,964,172 | 167,610,579 | **140,874,712 |
| Investment Certificate Redemptions (B) (Includes accrued interest) | (81,909,920) | (67,226,829) | (55,633,736) |
| Net Cash Available | 111,054,252 | 100,383,750 | **85,240,976 |
| Coverage Ratio (A/B) | 2.4:1 | 2.5:1 | **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. | | | |
| **Adjustments to these prior years' numbers were made to correct certain calculations. | | | |

Loan Delinquencies – At December 31, 2018, NCP had zero loans with principal and/or interest payments that were delinquent ninety (90) days or more, as more fully disclosed under the heading “OTHER ACTIVITIES – Loan Delinquencies” herein.

Profitability – NCP has achieved positive operating income and a positive change in total unrestricted Net Assets for five (5) out of the five (5) most recent fiscal years as demonstrated by the following table:

| | | (Dollars in Thousands) | | | | |
|--|--|------------------------|----------|----------|----------|----------|
| | | 2018 | 2017 | 2016 | 2015 | 2014 |
| Net Revenue: | | \$ 7,646 | \$ 7,535 | \$ 7,361 | \$ 6,679 | \$ 6,014 |
| Change in Unrestricted Net Assets: | | \$ 571 | \$ 4,779 | \$ 3,644 | \$ 2,346 | \$ 3,654 |
| 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 six (6) 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), and HSA Certificates (available only for investment through a Health Savings 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 six (6) 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; or (f) other persons purchasing Certificates for the benefit or on behalf of individuals listed in (a) above (collectively, "Investors"). The offer and sale of Certificates to investors residing in the State of Washington is limited to persons or entities who are, prior to their solicitation for the purchase of said Certificates, members of, contributors to, or listed as participants in, National Covenant Properties, or their relatives (as defined in RCW 21.20.005(13)).

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 thereon is 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.

Unless the holder of a 5-year Fixed Rate Renewable Certificate has elected to receive monthly interest payments, interest on a 5-Year Fixed Rate Renewable Certificate is payable semi-annually on June 30th and December 31st 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, a semi-annual electronic funds transfer, or a 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. Repayment 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 thereon is 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.

Unless the holder of a 30-month Fixed Rate Renewable Certificate has elected to receive monthly interest payments, interest on a 30-Month Fixed Rate Renewable Certificate is payable semi-annually on June 30th and December 31st 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, a semi-annual electronic funds transfer, or a 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. Repayment 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 1st and July 1st 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 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. Unless the holder of a Variable Rate Certificate has elected to receive monthly interest payments, interest on a Variable Rate Certificate is payable semi-annually on June 30th and December 31st each year and is calculated on the basis of a 365-day year. Holders of a Variable Rate Certificate have the option of directing NCP to (a) issue a semi-annual interest check, a semi-annual electronic funds transfer, or a monthly electronic funds transfer, or (b) reinvest the interest, in which case interest accrues and compounds semi-annually at the current 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. Repayment 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 1st and July 1st 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 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. 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. The holder of a Demand Investment Account has the option of directing NCP to (a) issue a monthly interest payment via electronic funds transfer, or (b) reinvest the interest, in which case interest accrues and compounds monthly at the current 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. See "TAX MATTERS" herein.

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. Repayment 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 1st and July 1st of each year. The interest rate paid thereon is as indicated in Appendix "B" attached hereto. Interest is calculated on the basis of a 365-day year. On June 30th and December 31st 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 1st and July 1st of each year. The interest rate paid thereon is as indicated in Appendix "B" attached hereto. Interest is calculated on the basis of a 365-day year. On June 30th and December 31st 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.

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 and an HSA 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 or HSA disclosure materials, as the case may be, and payment to the custodian. In the case of an IRA Certificate and an HSA Certificate, the Investor's check or money order should be made to National Covenant Properties IRA/HSA, 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, or a Health Savings Account Certificate, will be taxable as ordinary income to an Investor. Tax matters relative to an Individual Retirement Account or a Health Savings Account 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 corporate 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 or the Executive VP/CFO (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 Peter A. Hedstrom, who serves as such on a full-time basis. Mr. Hedstrom has served NCP in the capacity of President since January 2019. Previously he was the Executive Vice President/CFO of NCP since February 2015. Mr. Hedstrom has thirty (30) years of banking experience primarily with US Bank where he was most recently the Regional President of eleven (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 to 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 Vice President of Operations. Prior to this date, Ms. Hall was employed by the Church as an events coordinator since March 1989.

Heidi Sue Corral, Assistant Secretary, has been employed by NCP since March 2012. Ms. Corral currently serves as a Senior Investment Coordinator. Prior to joining NCP, Ms. Corral was employed by Susan Fredman Design Group from 2010 to 2011 as an Accounts Payable Representative and Chicago Retail Manager. Ms. Corral holds a Bachelor of Science in Business and Economics degree with a concentration in Accounting from North Park University, and was a member of the Covenant Bible College Midwest class of 2003.

Angel Sinchi, Assistant Secretary, has been employed by NCP since May 2016. Mr. Sinchi currently serves as an Investment Coordinator. Prior to joining NCP, Mr. Sinchi was employed as a retail manager at New Dawn Floral from 2008 to 2014. Mr. Sinchi also served as a business manager at Bethesda Christian Center from 2005 to 2008. Mr. Sinchi holds a Bachelor of Science in Business Finance degree from Northeastern Illinois University.

Maren Spaulding, Assistant Secretary, has been employed by NCP since May 2013. Ms. Spaulding currently serves as a Senior Investment Coordinator. Prior to joining NCP, Ms. Spaulding was employed by Albany Bank and

Trust from 2010 to 2013 as a Controller. Ms. Spaulding holds a Bachelor of Science in Business and Economics degree with a concentration in Accounting from North Park University.

Christopher Bae, Assistant Secretary, has been employed by NCP since February 2017, and currently holds the title of Investment Coordinator. Prior to joining NCP, Mr. Bae was employed by Foresters Financial from 2016 to 2017. Mr. Bae holds a Bachelor of Science in Economics and Math degree from Wheaton College.

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; and 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), President, AgraShares, LLC, Naperville, Illinois, since August 2016, an investment firm specializing in agricultural finance. Prior to this time, Mr. Brorson was Managing Director of Mesirow Financial, Chicago, and head of its Agriculture Management division (May 2011 to August 2016); President of AgraShares LLC, (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 2019.

Reed R. Brunzell (Vice Chairman of NCP), Senior Mortgage Officer, United Fidelity Funding, Schaumburg, Illinois, Loan Officer, Mortgage Master, Park Ridge, Illinois, since September 2018. From September 2015 to August 2018, Mr. Brunzell was a Senior Loan Officer, Mortgage Master, Park Ridge, Illinois. 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 2020.

Peter A. Hedstrom (President of NCP and *ex officio* director), is the President of NCP as of January 2019. Before being appointed as President, he served as Chief Financial Officer at NCP since February 2015. Prior to that, Mr. Hedstrom was Regional President of eleven branches of US Bank in northeastern Minnesota. 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.

Dennis Edwards, Associate Professor of New Testament at Northern Seminary, Lisle, Illinois. Prior to that Rev. Edwards served as senior pastor of The Sanctuary Covenant Church in Minneapolis, Minnesota; founding pastor of Peace Fellowship Church in Washington, DC; associate and lead pastor of Washington Community Fellowship on Capitol Hill; and founding pastor of New Community Church in Brooklyn, New York. Rev. Edwards holds a Bachelor of Science degree in chemical engineering from Cornell University, and earned a Master of Divinity degree in Urban Ministry at Trinity Evangelical Divinity School, and a Master of Arts and PhD degrees in Biblical Studies at Catholic University of America. Term expires October 2021.

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 2019.

Weston Gibson, Executive Pastor, First Covenant Church, Salina, Kansas since 2014. From 2007 to 2014, Rev. Gibson was the Senior Pastor at First Covenant Church, Omaha, Nebraska. From 2000 to 2007 Rev. Gibson was the Associate Pastor at Deerbrook Covenant Church, Lee's Summit, Missouri. Prior to being called to pastoral ministry, he was in business sales and sales management. Rev. Gibson holds a Bachelor of Science degree from Kansas State University and a Master of Divinity degree from Nazarene Theological Seminary. Term expires October 2020.

Peter Kisluk, Senior Vice President Solutions and Executive Team member at KeHE Distributors, Naperville, Illinois, since January 2018. From August 2016 to December 2017, Mr. Kisluk acted as an Executive in Residence with firms such as Three Corners Development and Promus Asset Management in Chicago, Illinois. From 2013 to August 2016, Mr. Kisluk was Chief Operating Officer and Principal in Sage Vertical Garden Systems, LLC of Chicago, Illinois. 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. Term expires October 2021.

Robert C. Larson, 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 2020.

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. Ms. Stuckey 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 2021.

John S. Wenrich, President of the Evangelical Covenant Church since September 1, 2018, *ex-officio* director. Prior to this time, Dr. Wenrich served as the Executive Minister for Start and Strengthen Churches of the Evangelical Covenant Church from September 2016. Before then, he served as Director of Congregational Vitality from 2006 through August 2016. Dr. Wenrich holds a Bachelor of Arts in Communication from Villanova University, a Master of Divinity from Denver Seminary and a Doctor of Ministry from Fuller Theological Seminary.

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, 2018, the salaried officers of NCP, in the aggregate, received annual compensation as follows:

| Salary | Health and Life Insurance | Pension Benefit | 403(b) Matching |
|--------------|---------------------------|-----------------|-----------------|
| \$ 1,086,254 | \$ 131,880 | \$ 460,484 | \$ 39,376 |

Executive officers of NCP who received annual compensation equaling or exceeding \$150,000 individually are as follows:

| Officer | Salary | Health and Life Insurance | Pension Benefit | 403(b) Matching |
|------------------------------|------------|---------------------------|-----------------|-----------------|
| Stephen R. Dawson, President | \$ 220,741 | \$ 21,917 | \$ 16,609 | 20,000 |
| Peter A. Hedstrom, EVP, CFO | \$ 189,962 | \$ 22,014 | 0 | \$ 9,498 |

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, 2018, December 31, 2017, and December 31, 2016, 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 Peterson Cramer 100 North Field Drive, Suite 320, Lake Forest, Illinois 60045 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 consolidated financial statements of National Covenant Properties, which comprise the consolidated statements of financial position as of December 31, 2018, 2017 and 2016, and the related consolidated statements of activities and cash flows for the three years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of National Covenant Properties as of December 31, 2018, 2017 and 2016, 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.

Board of Directors
National Covenant Properties
Chicago, Illinois

Emphasis of Matter

National Covenant Properties has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as described in Note 2. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Capin Crouse LLP". The signature is written in a cursive, flowing style.

Naperville, Illinois
February 18, 2019

NATIONAL COVENANT PROPERTIES

Consolidated Statements of Financial Position

| | December 31, | | |
|---|-----------------------|-----------------------|-----------------------|
| | 2018 | 2017 | 2016 |
| ASSETS: | | | |
| Cash and cash equivalents | \$ 16,352,495 | \$ 9,843,607 | \$ 11,365,201 |
| Investments | 115,988,934 | 116,827,994 | 109,096,779 |
| Interest and other receivables | 1,603,886 | 1,683,873 | 1,891,416 |
| Loans receivable, net | 264,930,736 | 271,899,587 | 278,408,067 |
| Real estate held in wholly owned affiliates | 11,175,904 | 3,235,904 | 3,775,712 |
| Other assets | 111,218 | 131,976 | 64,973 |
| Total Assets | \$ 410,163,173 | \$ 403,622,941 | \$ 404,602,148 |
| LIABILITIES AND NET ASSETS: | | | |
| Certificates | \$ 340,445,391 | \$ 334,296,299 | \$ 340,258,580 |
| Accrued expenses and other payables | 250,289 | 429,788 | 226,089 |
| | 340,695,680 | 334,726,087 | 340,484,669 |
| Net assets: | | | |
| Net assets without donor restrictions | 69,467,493 | 68,896,854 | 64,117,479 |
| Total Liabilities and Net Assets | \$ 410,163,173 | \$ 403,622,941 | \$ 404,602,148 |

See notes to consolidated financial statements

NATIONAL COVENANT PROPERTIES

Consolidated Statements of Activities

| | Year Ended December 31, | | |
|--|-------------------------|---------------|---------------|
| | 2018 | 2017 | 2016 |
| REVENUES: | | | |
| Interest and fees on loans | \$ 12,665,291 | \$ 12,547,093 | \$ 12,600,837 |
| Interest and dividend income on investments | 4,656,878 | 3,819,180 | 3,174,511 |
| Realized (loss) gain on sale of investments | (582,151) | (252,724) | 205,155 |
| Other | 367,252 | 152,129 | 152,227 |
| Total revenue | 17,107,270 | 16,265,678 | 16,132,730 |
| Less: interest expense | (9,460,998) | (8,730,603) | (8,771,527) |
| Net revenue before expenses | 7,646,272 | 7,535,075 | 7,361,203 |
| EXPENSES: | | | |
| Operating expenses | 3,366,454 | 3,306,172 | 3,041,794 |
| Amortization of swap options | 175,517 | 107,417 | 90,788 |
| Provision for real estate held losses | - | 576,814 | 499,515 |
| Provision for loan losses | - | 250,000 | - |
| Total expenses | 3,541,971 | 4,240,403 | 3,632,097 |
| Change in net assets before unrealized gain on investments | 4,104,301 | 3,294,672 | 3,729,106 |
| Unrealized (loss) gain on investments | (3,533,662) | 1,484,703 | (84,729) |
| Change in Net Assets Without Donor Restrictions | 570,639 | 4,779,375 | 3,644,377 |
| Net Assets, Beginning of Year | 68,896,854 | 64,117,479 | 60,473,102 |
| Net Assets, End of Year | \$ 69,467,493 | \$ 68,896,854 | \$ 64,117,479 |

See notes to consolidated financial statements

NATIONAL COVENANT PROPERTIES

Consolidated Statements of Cash Flows

| | Year Ended December 31, | | |
|--|-------------------------|---------------------|----------------------|
| | 2018 | 2017 | 2016 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Change in net assets | \$ 570,639 | \$ 4,779,375 | \$ 3,644,377 |
| Adjustment to reconcile change in net assets to net cash flows provided by operating activities: | | | |
| Unrealized (gain) loss on investments | 3,533,662 | (1,484,703) | 84,729 |
| Loss (gain) on sale of investments | 582,151 | 252,724 | (205,155) |
| Provision for loan losses - net (Note 4) | - | 250,000 | - |
| Provision for real estate held losses | - | 576,814 | 499,515 |
| Changes in: | | | |
| Interest and other receivables | 79,987 | 207,543 | (121,904) |
| Other assets | 20,758 | (67,003) | (2,564) |
| Accrued expenses and other payables | (179,499) | 203,699 | 45,567 |
| Net Cash Provided by Operating Activities | 4,607,698 | 4,718,449 | 3,944,565 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Proceeds from sale of investments | 16,625,961 | 15,012,711 | 26,382,288 |
| Purchase of investments | (27,842,714) | (21,548,953) | (47,739,261) |
| Collections of demand loans receivable | 6,095,752 | 17,408,281 | 21,428,758 |
| Collections on long-term loans receivable | 17,556,851 | 22,447,870 | 10,025,511 |
| Additions to demand loans receivable | (7,464,779) | (4,764,348) | (12,429,671) |
| Additions to long-term loans receivable | (9,218,973) | (28,833,323) | (11,395,993) |
| Net Cash Used by Investing Activities | (4,247,902) | (277,762) | (13,728,368) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Proceeds from issuance of certificates | 80,205,813 | 53,998,381 | 62,779,204 |
| Redemption of certificates | (81,909,920) | (67,226,829) | (55,633,736) |
| Interest incurred reinvested by certificate holders | 7,853,199 | 7,266,167 | 7,421,255 |
| Net Cash Provided (Used) by Financing Activities | 6,149,092 | (5,962,281) | 14,566,723 |
| Net Change in Cash and Cash Equivalents | 6,508,888 | (1,521,594) | 4,782,920 |
| Cash and Cash Equivalents, Beginning of Year | 9,843,607 | 11,365,201 | 6,582,281 |
| Cash and Cash Equivalents, End of Year | \$ 16,352,495 | \$ 9,843,607 | \$ 11,365,201 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | | |
| Matured investment certificates reinvested | \$ 21,923,852 | \$ 18,832,178 | \$ 21,921,980 |
| Cash paid during the year for interest | \$ 1,602,611 | \$ 1,466,214 | \$ 1,355,546 |

See notes to consolidated financial statements

NATIONAL COVENANT PROPERTIES

Notes to Consolidated Financial Statements
December 31, 2018, 2017 and 2016

1. NATURE OF ORGANIZATION:

National Covenant Properties (NCP), a not-for-profit corporation, is an affiliate of The Evangelical Covenant Church (Church). NCP provides secured and unsecured loans primarily 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 consolidated 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 consolidated 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. At December 31, 2018, 2017, and 2016, NCP's cash balances exceeded federally insured limits by \$16,063,675, \$8,851,041 and \$10,484,305, respectively. NCP has not experienced any losses on these accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

INVESTMENTS

Investments are stated at fair market value with realized and unrealized gains or losses recorded in the consolidated 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 and NCP Land Company Minnesota, 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 the lower of carrying value or 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 Consolidated Financial Statements
December 31, 2018, 2017 and 2016

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

FUNCTIONAL ALLOCATION OF EXPENSES

All expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing the various program services and supporting activities have been allocated on a functional basis, determined by use of the facilities, level of support effort, and relative program benefited. For the years ended December 31, 2018, 2017, and 2016, advertising expenses were \$73,308, \$107,399 and \$113,784, respectively, and are expensed when incurred.

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 potential for national economic conditions to 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 initially require the guarantee of that conference and/or of the Church. At December 31, 2018, there were 80 loans totaling \$65,909,383 that were guaranteed by a conference and/or the Church.

RECENTLY ADOPTED ACCOUNTING STANDARDS

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. NCP adopted the provisions of this new standard during the year ended December 31, 2018. In addition to changes in terminology used to describe categories of net assets throughout the consolidated financial statements, new disclosures were added regarding liquidity and the availability of resources (Note 9), and disclosures related to functional allocation of expenses were expanded (Note 8).

NATIONAL COVENANT PROPERTIES

Notes to Consolidated Financial Statements
December 31, 2018, 2017 and 2016

3. INVESTMENTS:

Investments consist of the following:

| | 2018 | 2017 | 2016 |
|--|-----------------------|-----------------------|-----------------------|
| U.S. Agency, Govt. Sponsored Enterprises (GSE) and Investment Grade Corp. Obligations | \$ 78,198,366 | \$ 79,656,304 | \$ 78,473,626 |
| Income, Index and Convertible Bond Funds | 28,023,609 | 27,642,287 | 24,212,047 |
| Investment in Equity Funds | 9,343,861 | 9,306,974 | 6,299,653 |
| Investment in Swap Options | 423,098 | 222,429 | 111,453 |
| | <u>\$ 115,988,934</u> | <u>\$ 116,827,994</u> | <u>\$ 109,096,779</u> |

At December 31, 2018, the U.S. Agency, GSE and Investment Grade Corp. Obligations mature as follows:

| | |
|------------------------------------|----------------------|
| Within two years | \$ 27,438,912 |
| After two years through five years | 49,774,354 |
| Five to ten years | <u>985,100</u> |
| | <u>\$ 78,198,366</u> |

4. LOANS RECEIVABLE:

Loans receivable consist of the following:

| | December 31, | | |
|---|-----------------------|-----------------------|-----------------------|
| | 2018 | 2017 | 2016 |
| Regional conferences, churches and their affiliates: | | | |
| Demand loans | \$ 26,250,359 | \$ 25,772,305 | \$ 32,686,653 |
| Long-term loans | 216,774,133 | 223,787,621 | 218,271,971 |
| Total regional conferences, member churches and their affiliates | <u>243,024,492</u> | <u>249,559,926</u> | <u>250,958,624</u> |
| Denominational entities: | | | |
| Demand loans | 17,114,817 | 17,197,699 | 22,927,284 |
| Long-term loans | 7,106,477 | 7,457,012 | 6,587,209 |
| Total affiliated entities | <u>24,221,294</u> | <u>24,654,711</u> | <u>29,514,493</u> |
| | 267,245,786 | 274,214,637 | 280,473,117 |
| Allowance for doubtful accounts | <u>(2,315,050)</u> | <u>(2,315,050)</u> | <u>(2,065,050)</u> |
| Total loans receivable | <u>\$ 264,930,736</u> | <u>\$ 271,899,587</u> | <u>\$ 278,408,067</u> |

NATIONAL COVENANT PROPERTIES

Notes to Consolidated Financial Statements December 31, 2018, 2017 and 2016

4. LOANS RECEIVABLE, continued:

The interest rate on demand loans receivable is prime with a floor of 4.0% (prime rate was 5.5% at December 31, 2018).

The interest rates on long-term loans receivable range from 4.0% to 5.50% at December 31, 2018. 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 |
|------|--------------------|
| 2019 | \$ 42,617,924 |
| 2020 | \$ 47,080,162 |
| 2021 | \$ 97,497,144 |
| 2022 | \$ 19,431,620 |
| 2023 | \$ 5,936,249 |

As of December 31, 2018, NCP has undrawn loan commitments totaling \$27,499,191. In addition, NCP has extended lines of credit totaling \$17,450,000, of which \$9,633,450 was outstanding at December 31, 2018, and is included in affiliated entities' demand loans receivable.

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

| | 2018 | 2017 | 2016 |
|----------------------|-----------------------|-----------------------|-----------------------|
| 4% or less | \$ 7,808,747 | \$ 7,949,149 | \$ 64,708,487 |
| over 4 to 4 1/2% | 122,095,601 | 234,778,279 | 185,923,662 |
| over 4 1/2 to 5% | 96,825,611 | 26,909,780 | 24,019,151 |
| over 5 to 5 1/2% | 40,515,827 | 4,577,429 | 5,745,072 |
| over 6% | - | - | 76,745 |
| | 267,245,786 | 274,214,637 | 280,473,117 |
| Allowance for losses | (2,315,050) | (2,315,050) | (2,065,050) |
| | <u>\$ 264,930,736</u> | <u>\$ 271,899,587</u> | <u>\$ 278,408,067</u> |

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

| | 2018 | 2017 | 2016 |
|----------------------|---------------------|---------------------|---------------------|
| Beginning of year | \$ 2,315,050 | \$ 2,065,050 | \$ 2,065,050 |
| Provision for losses | - | 250,000 | - |
| End of year | <u>\$ 2,315,050</u> | <u>\$ 2,315,050</u> | <u>\$ 2,065,050</u> |

NATIONAL COVENANT PROPERTIES

Notes to Consolidated Financial Statements December 31, 2018, 2017 and 2016

4. LOANS RECEIVABLE, continued:

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, 2018, all loans were collectively evaluated and no impairment was noted.

The following table presents credit exposure by performance status for the year ended December 31, 2018. Status for performing and nonperforming real estate loans is based on payment activity for the year ended December 31, 2018. 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 | \$ 43,365,176 | \$ 223,880,610 | \$ 267,245,786 |
| Non-performing | - | - | - |
| | <u>\$ 43,365,176</u> | <u>\$ 223,880,610</u> | <u>\$ 267,245,786</u> |

An aging analysis of the principal of past due loans receivable by class of loan as of December 31, 2018, is as follows:

| | Demand | Long-Term | Total |
|----------------------|----------------------|-----------------------|-----------------------|
| Past due: | | | |
| Greater than 90 days | \$ - | \$ - | \$ - |
| Current | <u>43,365,176</u> | <u>223,880,610</u> | <u>267,245,786</u> |
| | <u>\$ 43,365,176</u> | <u>\$ 223,880,610</u> | <u>\$ 267,245,786</u> |

Included in loans receivable at December 31, 2018, 2017 and 2016, were the following loans that were considered delinquent:

| | 2018 | 2017 | 2016 |
|-------------------------------------|------|------|--------------|
| Number of delinquent loans | 0 | 0 | 3 |
| Amount of delinquent payments | \$ - | \$ - | \$ 217,138 |
| Total principal of delinquent loans | \$ - | \$ - | \$ 9,479,602 |

NATIONAL COVENANT PROPERTIES

Notes to Consolidated Financial Statements December 31, 2018, 2017 and 2016

4. LOANS RECEIVABLE, continued:

At December 31, 2016, there were three loans classified as delinquent and impaired with a principal balance of \$9,479,602. The amount of interest and principal payments owing on the impaired loans was \$217,138. A higher reserve was booked against these loans in order to factor in these circumstances. Included in the allowance for loan losses was \$581,885 that was attributed to the impaired loans. Interest income recognized on these loans during 2016 was \$164,502, of which \$66,928 was recognized after the loans were deemed to be impaired. In 2017, these loans were paid off via the borrower's refinance with an outside lender.

The delinquent loans of \$9,479,602 were approximately 3% of NCP's aggregate principal balance of total loans outstanding at December 31, 2016.

Loans receivable at December 31, 2018, will mature as follows:

| Year | |
|------------|------------------------------|
| 2019 | \$ 4,269,662 |
| 2020 | 2,705,569 |
| 2021 | 7,674,739 |
| 2022 | 4,753,300 |
| 2023 | 3,165,175 |
| Thereafter | <u>244,677,341</u> |
| | <u><u>\$ 267,245,786</u></u> |

At December 31, 2018, NCP had 314 loans with balances as follows:

| Loan Balance | Number of Loans | Principal Outstanding | Percent of Loan Portfolio |
|---------------------------|--------------------|------------------------------|------------------------------|
| \$300,000 and less | 157 | \$ 20,582,356 | 8% |
| \$300,001 - \$500,000 | 41 | 16,981,485 | 6% |
| \$500,001 - \$1,000,000 | 39 | 30,355,028 | 12% |
| \$1,000,001 - \$2,000,000 | 42 | 59,445,020 | 22% |
| \$2,000,001 - \$5,000,000 | 29 | 91,663,304 | 34% |
| Over \$5,000,000 | 6 | 48,218,593 | 18% |
| | <u>314</u> | <u><u>\$ 267,245,786</u></u> | <u>100%</u> |

NATIONAL COVENANT PROPERTIES

Notes to Consolidated Financial Statements December 31, 2018, 2017 and 2016

4. LOANS RECEIVABLE, continued:

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, 2018, were located in the following states:

| State | Number of Loans | Principal Outstanding | Percent of Loan Portfolio |
|------------|--------------------|--------------------------|------------------------------|
| California | 54 | \$ 68,674,922 | 26% |
| Illinois | 62 | 54,951,659 | 21% |
| Minnesota | 34 | 21,183,545 | 8% |
| Colorado | 15 | 20,189,752 | 8% |
| Washington | 24 | 16,753,032 | 6% |
| | 189 | \$ 181,752,910 | 69% |

5. CERTIFICATES:

Certificates consist of the following (all interest rates stated are as of December 31, 2018):

| | 2018 | 2017 | 2016 |
|---|-----------------------|-----------------------|-----------------------|
| Individual retirement accounts (3.50%) | \$ 114,747,328 | \$ 114,613,276 | \$ 116,378,014 |
| Health saving accounts (3.50%) | 2,277,750 | 2,055,959 | 1,906,520 |
| Variable rate demand (30 days, 2.0%) | 21,997,161 | 24,466,520 | 27,467,766 |
| Five year fixed rate (5 years, 3.50%) | 116,270,311 | 117,724,733 | 121,249,753 |
| Demand investment accounts (2.0%) | 70,888,145 | 62,288,370 | 63,637,689 |
| 30 month fixed rate (2.75%) | 14,264,696 | 13,147,441 | 9,618,838 |
| | <u>\$ 340,445,391</u> | <u>\$ 334,296,299</u> | <u>\$ 340,258,580</u> |
| | 2018 | 2017 | 2016 |
| Certificates are held by the following parties: | | | |
| Affiliated entities | \$ 21,267,231 | \$ 22,276,945 | \$ 25,399,666 |
| Other | 319,178,160 | 312,019,354 | 314,858,914 |
| | <u>\$ 340,445,391</u> | <u>\$ 334,296,299</u> | <u>\$ 340,258,580</u> |

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.

NATIONAL COVENANT PROPERTIES

Notes to Consolidated Financial Statements December 31, 2018, 2017 and 2016

5. CERTIFICATES, continued:

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 | \$ 209,910,385 |
| 2019 | 22,739,984 |
| 2020 | 32,249,242 |
| 2021 | 32,994,195 |
| 2022 | 21,025,618 |
| 2023 | 21,525,967 |
| | <u>\$ 340,445,391</u> |

At December 31, 2018, NCP had 741 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 | 509 | \$ 67,862,381 | 20% |
| \$200,001 - \$300,000 | 113 | 27,462,753 | 8% |
| \$300,001 - \$500,000 | 73 | 27,506,613 | 8% |
| Greater than \$500,000 | 46 | 47,647,285 | 14% |
| | <u>741</u> | <u>\$ 170,479,032</u> | <u>50%</u> |

At December 31, 2018, 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 | 1,561 | \$ 63,880,017 | 19% |
| Minnesota | 1,840 | 56,912,314 | 17% |
| California | 1,391 | 53,574,392 | 16% |
| Washington | 773 | 31,499,766 | 9% |
| | <u>5,565</u> | <u>\$ 205,866,489</u> | <u>61%</u> |

NATIONAL COVENANT PROPERTIES

Notes to Consolidated Financial Statements
December 31, 2018, 2017 and 2016

6. INVESTMENT IN SWAP OPTIONS:

NCP entered into two interest rate swap option agreements during 2018 with the intent of reducing the impact of changes in interest rates. NCP paid \$91,300 and \$99,700, respectively, for these agreements and they expire in 2021 and 2024, respectively. NCP is amortizing the assets over the life of the agreements. Amortization is reported under general and administrative expenses in the consolidated statements of activities. The original balances covered under these agreements and the notional amount outstanding at December 31, 2018, were \$6,750,000 for both agreements. 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 consolidated statements of activities and the corresponding fair value assets are located in investments in the consolidated statements of financial position. The combined fair market value of the assets as of December 31, 2018, was \$152,573.

NCP entered into an interest rate swap option agreement during 2017 with the intent of reducing the impact of changes in interest rates. NCP paid \$352,100 for this agreement and it expires in 2022. NCP is amortizing the asset over the life of the agreement. Amortization is reported under general and administrative expenses in the consolidated statements of activities. The original balance covered under this agreement and the notional amount outstanding at December 31, 2017, was \$14,058,958. The agreement is accounted for as a fair value hedge. The unrealized loss on this agreement is included in unrealized gain (loss) on investments in the consolidated statements of activities and the corresponding fair value asset is located in investments in the consolidated statements of financial position. The fair market value of the asset as of December 31, 2018 and 2017, was \$251,879 and \$200,008, respectively.

NCP entered into an interest rate swap option agreement during 2016 with the intent of reducing the impact of changes in interest rates. NCP paid \$10,200 for this agreement and it expires in 2020. NCP is amortizing the asset over the life of the agreement. Amortization is reported under general and administrative expenses in the consolidated statements of activities. The original balance covered under this agreement and the notional amount outstanding at December 31, 2016, was \$1,084,784. 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 consolidated 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, 2018, 2017 and 2016, was \$5,136, \$4,915 and \$13,519, respectively.

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 consolidated 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 consolidated statements of activities and the corresponding fair value asset is located in investments in the consolidated statements of financial position. The fair market value of the asset as of December 31, 2018, 2017 and 2016, was \$13,511, \$16,406 and \$56,396, respectively.

NATIONAL COVENANT PROPERTIES

Notes to Consolidated Financial Statements
December 31, 2018, 2017 and 2016

6. INVESTMENT IN SWAP OPTIONS, continued:

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 expired in 2018. NCP amortized the assets over the life of the agreements. Amortization is reported under general and administrative expenses in the consolidated 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 were accounted for as a fair value hedge. The unrealized gain (loss) on these agreements are included in unrealized gain (loss) on investments in the consolidated statements of activities and the corresponding fair value assets are located in investments in the consolidated statements of financial position. The combined fair market value of the assets as of December 31, 2018, 2017 and 2016, was \$0, \$1,100 and \$41,538, respectively.

7. 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, 2018, 2017 and 2016:

| | Total | Level 1 | Level 2 | Level 3 |
|---|-----------------------|----------------------|----------------------|-------------|
| 2018: | | | | |
| Investments: | | | | |
| U.S. Agency, GSE and Investment Grade Corp. Obligations | \$ 78,198,366 | \$ - | \$ 78,198,366 | \$ - |
| Income, Index and Convertible Bond Funds | 28,023,609 | 28,023,609 | - | - |
| Equity Mutual Funds: | | | | |
| Mid-Cap Index | 2,812,613 | 2,812,613 | - | - |
| Large-Cap Index | 1,810,996 | 1,810,996 | - | - |
| Small-Cap Index | 1,529,000 | 1,529,000 | - | - |
| Growth and Income | 1,585,262 | 1,585,262 | - | - |
| Growth | 1,605,990 | 1,605,990 | - | - |
| Swap Options | 423,098 | - | 423,098 | - |
| | <u>\$ 115,988,934</u> | <u>\$ 37,367,470</u> | <u>\$ 78,621,464</u> | <u>\$ -</u> |

NATIONAL COVENANT PROPERTIES

Notes to Consolidated Financial Statements
December 31, 2018, 2017 and 2016

7. FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS, continued:

| | <u>Total</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|---|-----------------------|----------------------|----------------------|----------------|
| 2017: | | | | |
| Investments: | | | | |
| U.S. Agency, GSE and Investment Grade Corp. Obligations | \$ 79,656,304 | \$ - | \$ 79,656,304 | \$ - |
| Income, Index and Convertible Bond Funds | 27,642,287 | 27,642,287 | - | - |
| Equity Mutual Funds: | | | | |
| Mid-Cap Index | 2,280,158 | 2,280,158 | - | - |
| Large-Cap Index | 1,894,894 | 1,894,894 | - | - |
| Small-Cap Index | 1,686,031 | 1,686,031 | - | - |
| Growth and Income | 1,582,410 | 1,582,410 | - | - |
| Large Growth | 1,207,636 | 1,207,636 | - | - |
| Mid-Cap Value | 655,845 | 655,845 | - | - |
| Swap Options | 222,429 | - | 222,429 | - |
| | <u>\$ 116,827,994</u> | <u>\$ 36,949,261</u> | <u>\$ 79,878,733</u> | <u>\$ -</u> |
| | <u>Total</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| 2016 | | | | |
| U.S. Agency, GSE and Investment Grade Corp. Obligations | \$ 78,473,626 | \$ - | \$ 78,473,626 | \$ - |
| Income, Index and Convertible Bond Funds | 24,212,047 | 24,212,047 | - | - |
| Equity Mutual Funds: | | | | |
| Large-Blend Index | 1,462,330 | 1,462,330 | - | - |
| Small-Cap Index | 1,393,062 | 1,393,062 | - | - |
| Growth and Income | 1,326,042 | 1,326,042 | - | - |
| Large Growth | 1,044,343 | 1,044,343 | - | - |
| Mid-Cap Value | 560,546 | 560,546 | - | - |
| Mid-Cap Index | 513,330 | 513,330 | - | - |
| Swap options | 111,453 | - | 111,453 | - |
| | <u>\$ 109,096,779</u> | <u>\$ 30,511,700</u> | <u>\$ 78,585,079</u> | <u>\$ -</u> |

NATIONAL COVENANT PROPERTIES

Notes to Consolidated Financial Statements
December 31, 2018, 2017 and 2016

7. FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS, continued:

The following methods and assumptions were used by NCP to estimate the fair value of each class of financial instruments at December 31, 2018, 2017 and 2016:

Investments - The fair values for equity mutual funds and bond funds are determined by reference to quoted market prices and other relevant information generated by market transactions. The fair value of government bonds and corporate bonds are based on yields currently available on comparable securities of issuers with similar credit ratings.

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 6. 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.

8. FUNCTIONAL ALLOCATION OF EXPENSES:

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of NCP, which are primarily allocated on estimates of time and effort. The following table presents the functional allocation of expenses for the year ended December 31, 2018.

| | For the Year Ended December 31, 2018 | | | |
|------------------------|--------------------------------------|-------------------------|---------------------|---------------------|
| | Program Services | | General and | Total |
| | Loans | Real Estate Services | Administrative | |
| Salaries and benefits | \$ 1,207,137 | \$ 158,742 | \$ 378,538 | \$ 1,744,417 |
| Administrative fees | | | | |
| assessed by the Church | - | - | 483,695 | 483,695 |
| Professional fees | 159,395 | 59,124 | 240,546 | 459,065 |
| Depreciation and | | | | |
| amortization | 190,387 | 2,637 | 5,423 | 198,447 |
| Occupancy | 46,697 | 113,119 | 17,030 | 176,846 |
| Office expenses | 4,753 | 625 | 166,268 | 171,646 |
| Data processing fees | - | - | 140,210 | 140,210 |
| Travel | 56,713 | 7,458 | 30,166 | 94,337 |
| Advertising | - | - | 73,308 | 73,308 |
| Total | <u>\$ 1,665,082</u> | <u>\$ 341,705</u> | <u>\$ 1,535,184</u> | <u>\$ 3,541,971</u> |

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and amortization, and occupancy, which are allocated on a square footage basis, as well as salaries and benefits, travel, and certain office expenses, which are allocated on the basis of estimates of time and effort. Not included in the table above is interest expense totaling \$9,460,998, which is reported as a reduction from revenue in the consolidated statements of activities.

NATIONAL COVENANT PROPERTIES

Notes to Consolidated Financial Statements
December 31, 2018, 2017 and 2016

9. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects NCP's financial assets as of December 31, 2018, 2017, and 2016, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, unfunded portions of line of credit commitments, or liquidity reserve limits required for church extension funds. NCP considers general expenditures to be all expenditures related to its ongoing activities to provide secured and unsecured loans primarily to member church and Church-affiliated entities, as well as the conduct of services undertaken to support those activities to be general expenditures.

| | December 31, | | |
|--|-----------------------|----------------------|----------------------|
| | 2018 | 2017 | 2016 |
| Financial assets: | | | |
| Cash and cash equivalents | \$ 16,352,495 | \$ 9,843,607 | \$ 11,365,201 |
| Investments | 115,988,934 | 116,827,994 | 109,096,779 |
| Interest and other receivables | 1,603,886 | 1,683,873 | 1,891,416 |
| Loans receivable | 264,930,736 | 271,899,587 | 278,408,067 |
| Financial assets, at year-end | 398,876,051 | 400,255,061 | 400,761,463 |
| Less those unavailable for general expenditure within one year, due to: | | | |
| Loans receivable collectible beyond one year | (262,976,124) | (274,115,750) | (272,223,633) |
| Unfunded line of credit commitments | (7,816,550) | (9,349,571) | (6,819,684) |
| Investment in swap options | (423,098) | (222,429) | (111,453) |
| Church extension fund required liquidity reserves * | (25,534,253) | (24,961,548) | (25,188,713) |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 102,126,026</u> | <u>\$ 91,605,763</u> | <u>\$ 96,417,980</u> |

NCP structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of NCP's liquidity management, NCP invests any cash in excess of daily funding requirements in a short-term investment account with its main bank. The funds are immediately available to fund operating and funding requirements. NCP does not have any restricted assets or board-designated funds.

In addition to the cash and short-term investment account, NCP has invested assets available to meet future funding and operational needs. The funds are immediately available in the financial markets. NCP adjusts the values of those investments monthly to reflect fluctuations in the financial markets.

* The North American Securities Administrators Association's statement of policy regarding church extension fund securities states that at the end of its most recent fiscal year as reported in its audited financial statements, the church extension fund's cash, cash equivalents, readily marketable securities and available lines of credit shall have a value of at least 8% of the principal balance of its total outstanding certificates (excluding certificates held by affiliated organizations).

NATIONAL COVENANT PROPERTIES

Notes to Consolidated Financial Statements
December 31, 2018, 2017 and 2016

10. 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. Operating expenses in the consolidated statements of activities include fees of \$483,695 in 2018, \$463,342 in 2017 and \$459,581 in 2016, 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, 2018, 2017 and 2016, and are included in other revenues in the consolidated statements of activities.

Accrued expenses and other payables includes amounts payable to the Church totaling \$196,040, \$350,584, and \$171,038 for 2018, 2017 and 2016, respectively.

11. 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. See footnote 2 for amounts in excess of these 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 to 25% of total net assets. If the borrower has multiple sites that are not contiguous, the lending limit will not exceed 40% of total net assets. However, NCP may make exceptions to this policy upon such determinations as the borrower's exceptionally strong financial position and growth potential. At December 31, 2018, NCP had one borrower with loans totaling 40% or more of total net assets. As described in Note 1, primarily all of NCP's loans are with member churches, their affiliates and other 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 would have 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.

12. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through February 18, 2019, which represents the date the consolidated 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, and the Health Savings Account (“HSA”) 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; or (f) other persons purchasing Certificates for the benefit or on behalf of individuals listed in (a) above. 1. The offer and sale of Certificates to investors residing in the State of Washington is limited to persons or entities who are, prior to their solicitation for the purchase of said Certificates, members of, contributors to, or listed as participants in, National Covenant Properties, or their relatives (as defined in RCW 21.20.005(13)).
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” to National Covenant Properties Offering Circular
Current Interest Rates as of March 1, 2019

| <u>Type of Certificate</u> | <u>Current Interest Rate</u> |
|--|----------------------------------|
| 5-Year Fixed Rate Renewable Certificate | 3.50% |
| 30-Month Fixed Rate Renewable Certificate | 2.75% |
| Variable Rate Certificate | 2.00% |
| Demand Investment Accounts | 2.00% |
| Individual Retirement Account (“IRA”) Certificate | 3.50% |
| Health Savings Account (“HSA”) Certificate | 3.50% |