

INFORMATION ITEM 213

Subject: REPORT OF THE COORDINATED LOAN PROGRAM

Presbyterian Church (U.S.A.) Investment & Loan Program, Inc.
John H. Shannahan, Chair of the Board
James L. (Jay) Hudson, President

INFORMATION:

The Board of Directors of the Presbyterian Church (U.S.A.) Investment and Loan Program, Inc. met March 15, 2008 in Cincinnati to receive the audited financial statements of the Investment and Loan Program for 2007, to elect John Shannahan, Chair of the Board, Nancy Muth, Vice-Chair of the Board and to elect committees. The Board approved the Offering Circular, enabling us to continue selling Term Notes to Presbyterians, congregations and Presbyterian Agencies. The Board reviewed a report on the performance of the Coordinated Loan Program during the first two months of 2008.

The Coordinated Loan Program is a combination of the Investment and Loan Program and the Church Loan Program. This represents the total lending program of the General Assembly for capital projects. We are currently administering a disbursed loan portfolio of \$154.5 million and a pipeline of \$18.9 million in closed loans not yet disbursed and commitments not yet closed. A brief history of the Coordinated Loan Program is presented here for your information.

| COORDINATED LOAN PROGRAM | | | | | | |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------------|
| Loan Portfolio | | | | | | |
| | 12/31/04 | 12/31/05 | 12/31/06 | 12/31/07 | 2/29/08 | Year to Date Change |
| Disbursed Loan Portfolio | \$134,834,038 | \$144,583,756 | \$152,709,913 | \$154,759,423 | \$154,486,220 | -0.2% |
| Construction Loans Pending Disbursal | \$4,938,666 | \$13,410,490 | \$10,475,339 | \$8,490,124 | \$9,198,670 | 8.3% |
| Commitments Pending Close | \$10,616,417 | \$4,611,550 | \$10,529,851 | \$12,338,431 | \$9,683,197 | -21.5% |
| Total | \$150,389,121 | \$162,605,796 | \$173,715,103 | \$175,587,978 | \$173,368,087 | -1.3% |

The Presbyterian Investment and Loan Program administers the Church Loan Program for the General Assembly Council. The Church Loan Program is the result of many gifts, campaigns and bequests to the Presbyterian Church (USA) since 1840. The total endowment for church loans has grown to almost \$200 million. The Investment and Loan Program is working with the General Assembly Council to explore a capital grant program to supplement the existing loan program. As part of a larger discussion between the General Assembly Council and the Presbyterian Church (U.S.A.) Foundation, we are engaged in conversations with the Foundation staff and legal counsel regarding changes in expectations, use of funds, administration and reporting that may be required by the Foundation. We have made recommendations that would make new grant programs available for church development, as well as securing Mission Program Grants for the foreseeable future.

The mission of the Church Loan Program is to provide low cost loans to Presbyterian Church (U.S.A.) congregations and mission agencies. The current base interest rate for existing congregations is 5.25% and for new church developments, 4.25%. Rates are further reduced for congregations with strong mission giving to the Presbyterian Church (U.S.A.). The maximum loan to a particular church from the Church Loan Program is \$450,000. The maximum project in which the Church Loan Program participates is \$2.5

million. Even though the majority of the loan applications we receive qualify for funds from the Church Loan Program there has been insufficient business to grow the Church Loan Program portfolio during the first two months of 2008. A four-year comparison of the disbursed loan portfolio for the Church Loan Program through February 29, 2008 shows minimal change. With \$1.9 million in new loan disbursements the net change in the disbursed loan portfolio from December 31, 2007 through February 29, 2008 is a reduction of \$787,565. The total loan portfolio including the pipeline has decreased by 2.1%.

| CHURCH LOAN PROGRAM | | | | | | |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------------|
| Loan Portfolio | | | | | | |
| | 12/31/04 | 12/31/05 | 12/31/06 | 12/31/07 | 2/29/08 | Year to Date Change |
| Disbursed Loan Portfolio | \$92,877,725 | \$96,668,937 | \$97,725,768 | \$98,492,862 | \$97,705,297 | -0.8% |
| Construction Loans Pending Disbursal | \$3,243,346 | \$5,929,465 | \$5,819,338 | \$4,190,308 | \$4,248,586 | 1.4% |
| Commitments Pending Close | \$6,068,873 | \$3,309,550 | \$8,423,351 | \$8,256,941 | \$6,675,697 | -19.2% |
| Total | \$102,189,944 | \$105,907,952 | \$111,968,457 | \$110,940,111 | \$108,629,580 | -2.1% |

During the first two months of 2008, we have continued to experience the reduced volume of new loan applications for investor funds that began in 2007. We have continued to reduce the interest rate to attract new business, but we are not selling loans quickly enough to reach our 2008 goals. The pipeline of approved loans, pending close and closed loans pending disbursement has dropped below \$8 million. Although we have disbursed \$1.15 million in new loans our total disbursed portfolio from investor funds has grown by only \$514,362. Churches are continuing to make prepayments of outstanding principal. The marketing team is working together to contact each congregation that has indicated an intention to build in 2008. We have reduced the base interest rate to 6.25%, which congregations can effectively lower through the rebate program.

| INVESTMENT & LOAN PROGRAM | | | | | | |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|---------------------|
| Loan Portfolio | | | | | | |
| | 12/31/04 | 12/31/05 | 12/31/06 | 12/31/07 | 2/29/08 | Year to Date Change |
| | \$41,956,313 | \$47,914,819 | \$54,984,145 | \$56,266,561 | \$56,780,923 | 0.9% |
| Construction Loans Pending Disbursal | \$1,695,320 | \$7,481,025 | \$4,656,001 | \$4,299,816 | \$4,950,084 | 15.1% |
| Commitments Pending Close | \$4,547,544 | \$1,302,000 | \$2,106,500 | \$4,081,490 | \$3,007,500 | -26.3% |
| Disbursed Loan Portfolio | \$48,199,177 | \$56,697,844 | \$61,746,646 | \$64,647,867 | \$64,738,507 | 0.1% |

The following is a brief history of new loans disbursed during each of the past eight years. Our goal is to disburse a total of \$25 million in new loans from both programs in 2008. We disbursed \$3 million during the first two months of 2008, which is short of our goal. This decline in business may be the result of concerns about the economy and turmoil over property issues within the Presbyterian Church (U.S.A.).

| History of New Loans Disbursed COORDINATED LOAN PROGRAM | | | | |
|--|-----------------------|-----------------------|------------------|--------------------|
| Year | Investor Funds | Participations | Endowment | Total Funds |
| 2001 | \$ 8,309,686 | \$2,439,937 | \$19,209,060 | \$29,958,683 |
| 2002 | \$ 8,625,236 | \$ 901,148 | \$10,589,530 | \$20,115,914 |
| 2003 | \$ 8,798,332 | \$4,681,199 | \$ 8,080,573 | \$21,560,104 |
| 2004 | \$5,284,805 | \$2,617,825 | \$ 4,389,269 | \$12,291,899 |
| 2005 | \$10,579,630 | \$621,510 | \$16,776,967 | \$27,978,107 |
| 2006 | \$10,587, 617 | 0 | \$13,609,195 | \$24,196,812 |
| 2007 | \$7,149,100 | 0 | \$12,781,823 | \$19,930,923 |
| 2008 YTD 2/29/08 | \$1,153,747 | 0 | \$1,861,009 | \$3,014,756 |

We have received net new investments from congregations and individuals of \$258,189 in 2008. An additional \$1.5 million in deposit commitments is available from PC (U.S.A.), A Corp. and the Presbyterian Foundation. This continued support from our PC (U.S.A.) partners is appreciated and essential to our ongoing growth

| Investment and Loan Program Investments in Term Notes and Depository Agreements | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|------------------------|
| | 12/31/03 | 12/31/04 | 12/31/05 | 12/31/06 | 12/31/07 | 2/29/08 | Year to Date Change |
| Notes | \$21,353,452 | \$24,476,550 | \$27,004,102 | \$29,089,560 | \$33,516,967 | \$33,775,156 | 0.8% |
| Depository Agreements | \$19,440,166 | \$19,734,202 | \$22,948,776 | \$25,938,872 | \$28,270,480 | \$28,355,994 | 0.3% |
| Total | \$40,793,618 | \$44,210,752 | \$49,952,878 | \$55,028,432 | \$61,787,447 | \$62,131,150 | 0.6% |