

**OHIO DISTRICT
LUTHERAN CHURCH EXTENSION FUND, INC.**

TRIENNIAL REPORT - JUNE, 2009

Leaving the District Convention of 2006, the ODLCEF was buoyed by the knowledge that 6 or 7 of our congregations were seriously considering new building programs that would add space and place for ministry opportunities. These projects, slated to begin in the spring or summer of 2007, would require nearly \$9 or \$10 million dollars to be fully funded.

That scenario required the Fund to make available a new Offering of its Certificates of Indebtedness which would set a record for new investor dollars. Debuting on October 1, 2006, the Circular sold \$9 million dollars within the first 10 days because of its attractive high interest rates, necessitated by the large anticipated borrowing need of those new congregational projects.

As history will tell us, the unanticipated and sudden shifting of district congregational resources and, for that matter, the nation's economy, began to appear. Plant closings, job losses, relocations and fear caught many of our congregations by surprise. The onset of the nation's economic concerns were just beginning to rear its ugliness. As we review the triennium today, only one of the major projects planned for in 2006 was ever built. And, it wasn't started until spring 2008 - a full 2 years from the anticipated target date. Two smaller projects were begun in mid- to late 2008, but these two projects were not among those that were planned in 2006 and together amounted to under \$750,000 - a far cry from the average lending of the Fund which had been \$10-12 million dollars annually.

Another significant change took place as well. Congregations across the district began to experience severe losses in membership, greater numbers of the membership moved into fixed income stages of life, and plate offerings began to decline. This also was a cause for stress within many congregations. It caused increased delinquencies in loans within the ODLCEF loan portfolio. There had always been some degree of tardiness or failure to make a loan payment but the monthly average of congregations in some stage of arrears on their loans grew from a mere 5-7 monthly to 15-18 (monthly). Admittedly most were smaller arrearages but soon several became major concerns. For the first time in the more than 40-year history of the Fund, starting with its beginnings in the old Central District, the Board of Trustees was faced with foreclosing on three loans. It must be noted that the Fund does everything within its ability to work with congregations having financial difficulties. We will refinance a loan, we will make certain accommodations when

a congregation will work with us, and we will do anything that is reasonable to avoid taking a major step to closing a ministry because of a loan. In the three cases above, the cooperation and accommodations were offered and covered a period of from 24 to more than 36 months while the congregations continued to fall further behind. In two of the three cases, we were at the last step toward foreclosing when we were able to facilitate a change and avoid the final process. Unfortunately, in one case we had to pursue the final step. It was not done without long and difficult discussion and review. It was painful, and it leaves behind a difficult challenge for the congregation that faces closure and for area ministry in that particular church location.

As we come to the 2009 Ohio District Convention, we are in the midst of a project with Risen Christ-Springfield, OH that will see the completion of a new sanctuary and conversion of space to additional ministry use that broke ground in February and be completed in the fall. We have 3 projects that, with careful planning and nurturing, could begin later this year. The amount of loan delinquencies has returned to normal levels and the congregations are working hard in their efforts.

Our investor base continues to be steady and grow, and we are strong and secure. One of the heartfelt joys we receive are the comments of investors who know their funds are producing opportunities for new ministries and buildings at the same time as they are growing from the compounding of interest in their savings. Many are worried about their savings held in secular financial institutions. They worry about how their money will be used and if their savings are safe. We can reassure them on both counts. Our Fund is strong and it is secure. We look forward to the next triennium with continued hope and trust in God.

David R. Bowers
Executive Director
Ohio District-CEF