

**Previous update to Unsecured Creditors from the Official Committee of Creditors Holding Unsecured Claims Against Cornerstone Ministries Investments, Inc.**

July 15, 2008

Dear Unsecured Creditors:

This letter is intended to provide unsecured creditors with an update of significant matters that have occurred in the Cornerstone Ministries Investments, Inc. ("CMI") bankruptcy case pending in the United States Bankruptcy Court for the Northern District of Georgia (the "Bankruptcy Court") and provide creditors with other relevant information. The Official Committee of Creditors Holding Unsecured Claims (the "Committee") was appointed on February 27, 2008 and represents the interests of general unsecured creditors in CMI's bankruptcy case.

As an initial matter, creditors who move or otherwise have a change of address should notify both CMI as well as BMC Group, which is the noticing agent in CMI's bankruptcy case. CMI's address is:

Cornerstone Ministries Investments, Inc.  
2450 Atlanta Highway  
Suite 904  
Cumming, GA 30040  
Fax: (678) 455-1112

BMC Group's address is:

BMC Group, Inc.  
444 N. Nash Street  
El Segundo, CA 90245-2822  
Telephone: (310) 321-5555  
Toll Free: (888) 909-0100  
Fax: (310) 640-8071

Creditors should also be aware that there has yet been no deadline set for the filing of proofs of claim. There may be a deadline set in the future; however, creditors will receive notice of the deadline if it is set. Also, even though there is not a deadline set yet for filing proofs of claim, this does not prohibit creditors from filing claims. If the amount of your claim is either not listed on CMI's schedules (which are posted on the Hays Financial and BMC Group websites) or is not listed in the correct amount, you should file a proof of claim.

Since the Committee last reported to creditors, there have been numerous significant developments in the CMI case. First, on April 25, 2008, the Office of the United States Trustee filed a motion with the Bankruptcy Court to appoint an examiner (the "Examiner Motion") to investigate certain matters related to CMI. The Committee opposed the appointment of an examiner on the grounds that it was unnecessary and duplicative in light of the substantial investigation that the Committee has undertaken in the CMI bankruptcy case. The Bankruptcy Court heard and denied the Examiner Motion on June 12, 2008. The U.S. Trustee has appealed the denial of the Examiner Motion. That appeal has not yet been decided.

Second, on May 9, 2008, the Committee filed a motion under Rule 2004 (the "Rule 2004 Motion") of the Federal Rules of Bankruptcy Procedure for authority to investigate in excess of

to different individuals and entities related to the circumstances that led to CMI's bankruptcy filing and claims that the Committee or others may be able to bring to enhance the recovery creditors will realize from the CMI bankruptcy case. This investigation of individuals and entities is known as "discovery." The Bankruptcy Court approved the Rule 2004 Motion on June 3, 2008. The Committee is presently serving the discovery to continue this investigation.

Third, on June 12, 2008, the Bankruptcy Court set a hearing for June 30, 2008 to consider whether a chapter 11 trustee should be appointed. A chapter 11 trustee would displace CMI's current management. After hearing the testimony of CMI's interim president and CEO, Jack Ottinger, at the hearing on June 30, 2008, the Bankruptcy Court determined that it would not be appropriate to appoint a chapter 11 trustee. As such, CMI and its management continue in possession and management of CMI's property and its bankruptcy estate, subject to the oversight of the Committee.

Fourth, on May 9, 2008, First United Bank and Trust Company ("FUB") filed a motion with the Bankruptcy Court for relief from the automatic stay (the "Stay Relief Motion") to allow it to foreclose on property owned by Wellstone, LLC ("Wellstone"). CMI was a significant lender to Wellstone. The Committee filed an initial opposition to the Stay Relief Motion on May 13, 2008. The Stay Relief Motion is presently set to be heard in late August 2008 and the Committee is engaged in expedited discovery preparing for this trial. In the aggregate, CMI is owed approximately \$40 million on properties that are the subject of the Stay Relief Motion. Given the likely substantial detrimental impact to CMI and its creditors if the Stay Relief Motion is granted, the Committee intends to continue to oppose the Stay Relief Motion.

Finally, the Committee is in the final stages of preparing a plan of liquidation (the "Plan") for CMI and its bankruptcy estate. The Committee anticipates filing the Plan by the end of July 2008. Under the Bankruptcy Code, a debtor in chapter 11 bankruptcy (such as CMI) can generally only begin to repay its creditors after a chapter 11 plan has been "confirmed" by the Bankruptcy Court. The Plan is intended to provide a means for CMI to liquidate its remaining assets and distribute those assets to creditors. The Plan contemplates the Committee appointing an independent third party manager to assume control of the liquidation of CMI's loan portfolio over time. The Plan also contemplates the Committee remaining in place after confirmation of the Plan to monitor the liquidation of CMI's assets and to pursue claims against third parties.

Creditors will be provided an opportunity to vote in favor of or against the Plan after the Bankruptcy Court approves a document known as a "disclosure statement" for distribution to creditors. The disclosure statement is the document that describes the events surrounding CMI's bankruptcy filing, significant events in CMI's bankruptcy case, and the plan for liquidation of CMI's assets and distribution of those assets to creditors. After the Bankruptcy Court approves the disclosure statement, the plan will be sent to creditors to solicit their votes on the Plan. Creditors are usually provided 30 to 45 days to vote on the Plan. It will likely be at least 90 days between the time the Plan is proposed and the time that it is confirmed by the Bankruptcy Court.