



AUGUST 1, 2020

TEXAS METHODIST FOUNDATION OFFERING CIRCULAR



TEXAS METHODIST FOUNDATION OFFERING CIRCULAR

THE DATE OF THIS OFFERING CIRCULAR IS
AUGUST 1, 2020

Relating to a maximum of \$100,000,000
NOTES
offered in minimum principal amounts of \$1,000
to individuals and trusts and \$100,000 to partnerships

An investment in the Notes does not qualify as a deductible charitable contribution under the federal tax laws.

NOTWITHSTANDING ANY PROVISION OF THIS OFFERING CIRCULAR TO THE CONTRARY, THIS OFFERING IS MADE ONLY TO THE FOLLOWING (EACH A "QUALIFIED INVESTOR"): (i) INDIVIDUALS WHO ARE RESIDENTS OF EITHER TEXAS OR NEW MEXICO; (ii) TRUSTS, ALL OF THE TRUSTEES AND BENEFICIARIES OF WHICH ARE INDIVIDUALS WHO ARE RESIDENTS OF TEXAS OR NEW MEXICO; OR (iii) PARTNERSHIPS, OF WHICH ALL PARTNERS ARE INDIVIDUALS WHO ARE RESIDENTS OF TEXAS OR NEW MEXICO.

SEE "RISK FACTORS" FOR A DISCUSSION OF CERTAIN MATERIAL FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE NOTES.

TEXAS METHODIST FOUNDATION

*Incorporated under the Not-for-Profit
Corporation Law of the State of Texas*

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WWW.TMF-FDN.ORG

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This Offering Circular contains essential information about the issuer (The Texas Methodist Foundation) and the securities being offered hereby. Persons are advised to read this Offering Circular carefully prior to making any decision to purchase these securities.

THESE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE FEDERAL OR STATE SECURITIES AND EXCHANGE COMMISSION, THE STATES OF TEXAS, NEW MEXICO OR ANY OTHER STATE SECURITIES COMMISSION, NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES ARE ISSUED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SECTION 3(a)(4) OF THE SECURITIES ACT OF 1933, AS AMENDED. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION.

THIS CIRCULAR HAS BEEN PREPARED ON A CONFIDENTIAL BASIS FOR THE BENEFIT OF QUALIFIED INVESTORS IN CONNECTION WITH THE SALE OF THE NOTES. THE NOTES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED ("THE ACT"), OR THE SECURITIES LAWS OF ANY STATE, IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND SUCH LAWS, AND CANNOT BE MORTGAGED, PLEDGED, HYPOTHECATED, TRANSFERRED OR RESOLD UNLESS THEY ARE SUBSEQUENTLY REGISTERED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE UNDER THE ACT AND SUCH LAWS.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENT OF THIS OFFERING CIRCULAR OR ANY PRIOR OR SUBSEQUENT COMMUNICATIONS RELATED TO THE NOTES AS LEGAL OR TAX ADVICE OR AS INFORMATION NECESSARILY APPLICABLE TO A PROSPECTIVE INVESTOR'S PARTICULAR FINANCIAL SITUATION. EACH INVESTOR SHOULD CONSULT HIS OWN FINANCIAL ADVISOR, LEGAL COUNSEL, AND ACCOUNTANT AS TO TAX, LEGAL AND RELATED MATTERS CONCERNING HIS INVESTMENT.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS RELATING TO THIS OFFERING ON BEHALF OF TEXAS METHODIST FOUNDATION OTHER THAN AS INCLUDED IN THIS OFFERING CIRCULAR. NO OFFERING LITERATURE OR ADVERTISING IN ANY FORM MAY BE EMPLOYED IN THE OFFERING OF THE NOTES OTHER THAN THIS OFFERING CIRCULAR. THIS OFFERING CIRCULAR HAS BEEN PREPARED SOLELY FOR THE BENEFIT OF QUALIFIED INVESTORS INTERESTED IN THE NOTES, AND ANY REPRODUCTION, DISTRIBUTION, OR DISCLOSURE OF ANY OF THE CONTENT OF THIS OFFERING

CIRCULAR IN WHOLE OR IN PART WITHOUT THE PRIOR WRITTEN CONSENT OF TEXAS METHODIST FOUNDATION IS PROHIBITED.

THE NOTES ARE OFFERED WHEN, AS, AND IF ISSUED, SUBJECT TO THE RIGHT OF TEXAS METHODIST FOUNDATION, IN ITS SOLE DISCRETION, TO REJECT ANY SUBSCRIPTION, AND TO CERTAIN OTHER CONDITIONS. SUBSCRIPTIONS FOR NOTES CAN BE MADE ONLY BY DELIVERY OF EXECUTED APPLICATIONS FOR INVESTMENT, A FORM OF WHICH IS ATTACHED TO THIS OFFERING CIRCULAR FOR USE BY PROSPECTIVE QUALIFIED INVESTORS.

CERTAIN PROVISIONS OF RELEVANT DOCUMENTS RELATING TO THE NOTES HAVE BEEN SUMMARIZED IN THIS OFFERING CIRCULAR. SUCH SUMMARIES DO NOT PURPORT TO BE COMPLETE AND ARE SUBJECT TO AND QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO SUCH DOCUMENTS. COPIES OF SUCH DOCUMENTS ARE AVAILABLE UPON REQUEST TO TEXAS METHODIST FOUNDATION.

NOTES OF THE FUND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC), SECURITIES INVESTOR PROTECTION CORPORATION (SIPC), OR ANY OTHER STATE OR FEDERALLY REGULATED INSTITUTION. THE NOTES ARE ALSO NOT CERTIFICATES OF DEPOSIT OR DEPOSIT ACCOUNTS WITH A BANK, SAVINGS AND LOAN ASSOCIATION, CREDIT UNION OR OTHER FINANCIAL INSTITUTION REGULATED BY FEDERAL OR STATE AUTHORITIES. THE PAYMENT OF PRINCIPAL AND INTEREST TO AN INVESTOR IN THE NOTES IS DEPENDENT UPON THE FUND'S FINANCIAL CONDITION, WHICH IS IN TURN DEPENDENT UPON REPAYMENT OF PRINCIPAL AND PAYMENT OF INTEREST BY BORROWERS. A PURCHASE OF THE NOTES IS SUBJECT TO INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE ENTIRE PRINCIPAL AMOUNT INVESTED. ANY PROSPECTIVE INVESTOR IS ENTITLED TO REVIEW THE FUND'S FINANCIAL STATEMENTS, WHICH SHALL BE FURNISHED AT ANY TIME DURING BUSINESS HOURS UPON REQUEST. THE NOTES ARE NOT OBLIGATIONS OF, NOR GUARANTEED BY, THE UNITED METHODIST CHURCH, OR BY ANY CHURCH, CONFERENCE, INSTITUTION OR AGENCY AFFILIATED WITH THE UNITED METHODIST CHURCH.

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INDEX

1. CERTAIN DEFINED TERMS	5
2. SUMMARY INFORMATION	6
3. THE OFFERING	8
4. RISK FACTORS	9
5. METHOD OF OFFERING.....	12
6. INDIVIDUAL RETIREMENT ACCOUNTS.....	12
7. CAPITALIZATION	14
8. DESCRIPTION OF SECURITIES	15
9. MANAGEMENT'S DISCUSSION OF BUSINESS OPERATIONS	17
10. MANAGEMENT.....	21
11. FINANCIAL INFORMATION	23
12. TAX MATTERS	23
13. ADDITIONAL INFORMATION	24
14. SUBSCRIPTION PROCEDURES	25
15. APPENDIX A.....	267
16. APPENDIX B.....	28
17. APPENDIX C.....	28
18. APPENDIX D.....	31

CERTAIN DEFINED TERMS

Certain capitalized terms used in this Offering Circular have the meanings given below:

“*Borrower*” means the institutions affiliated with The United Methodist Church that apply for and/or become the debtor of any Loan.

“*Code*” means the Internal Revenue Code of 1986, as amended.

“*Constituent Community*” means the following six annual conferences of The United Methodist Church: the Texas Conference, the Central Texas Conference, the North Texas Conference, the Rio Texas Conference, the Northwest Texas Conference, and the New Mexico Conference.

“*TMF*” means the Texas Methodist Foundation, a Texas not-for-profit corporation and is registered with the State of New Mexico to do business in that state.

“*Portfolio*” means the Methodist Loan Portfolio, also known as Methodist Loan Fund, managed by TMF for the purpose of providing Loans and financial assistance to Borrowers. The Portfolio is not a separate legal entity. It consists of an investment pool of assets, the primary asset being the Loans, managed by TMF. See “**Capitalization.**”

“*Loans*” means the real estate, asset-based or unsecured loans provided by the Portfolio, under the direction of TMF, to the Borrowers for the purpose of furthering the goals and aims of the United Methodist Church; those churches and associated entities which trace their roots to the Wesleyan movement in the United States in the 19th and 20th centuries; and those churches and entities which share the purposes in common with the core beliefs of the Wesleyan movement. The loans described do not apply to designated loans which are originated outside of the Portfolio. Designated loans are those loans made directly by an investor to a Borrower and held within the investor’s account. The investor assumes all responsibility for the qualification of the loan and any loss that might occur on the loan is charged to the investor’s account and not to the Portfolio.

“*Loan Policy*” means the loan policies promulgated from time to time by TMF’s Board of Directors under which the Loans are originated and handled.

“*Master Certificate of Participation*” means the certificate under which the aggregated Notes are invested in the Portfolio. The amount of the Master Certificate of Participation will vary from time to time in accordance with the aggregate amount of Notes.

“*Notes*” means the interests in the Master Certificate of Participation offered by TMF through this Offering Circular, which represents each Qualified Investor’s participation by amount and which are accounted for by separate accounts maintained by TMF. The Notes are referred to as either the Individual Portfolio or the Individual Fund. The Notes are general obligations of TMF and are not secured or otherwise backed by an interest in the Loans in the Portfolio.

“*Qualified Investor*” is defined on the cover page of this Offering Circular.

SUMMARY INFORMATION

The following summary is qualified in its entirety by the more detailed information, including Financial Information thereto, appearing elsewhere in this Offering Circular and the exhibits hereto.

TMF

Texas Methodist Foundation (“TMF”) is a Texas not-for-profit corporation operated as a tax-exempt organization under § 501(c)(3) of the Internal Revenue Code of 1986 (“Code”). TMF was organized in 1938, during the Great Depression, from the vision of leaders of the Methodist Church across the State of Texas. TMF serves six separate annual conferences of The United Methodist Church: the Texas Conference, the Central Texas Conference, the North Texas Conference, the Rio Texas Conference, the Northwest Texas Conference and the New Mexico Conference (the “Constituent Community”); those churches and associated entities which trace their roots to the Wesleyan movement in the United States in the 19th and 20th centuries; and those churches and entities which share the purposes in common with the core beliefs of the Wesleyan movement

The Portfolio

Among TMF’s financial services is the Methodist Loan Portfolio (the “Portfolio”). The Portfolio is designed to provide:

- (i) a secure and stable repository for investments by United Methodist congregations and institutions and Qualified Investors, and
- (ii) a source for loans to congregations and other United Methodist institutions for building programs and projects, and occasionally other uses.

The Portfolio is not a distinct legal entity. It is one of several investment portfolios operated by TMF on the terms described in this Offering Circular. The Notes are general obligations of TMF and are not secured or otherwise backed by the Loans in the Portfolio. TMF may borrow funds from time to time, both for purposes related and unrelated to the Portfolio. These borrowings may be secured by an interest in the Loans in the Portfolio.

The principal purpose of the Portfolio is to provide financial services and assistance, which may include loans to United Methodist churches and institutions such as hospitals, colleges and other entities affiliated with the United Methodist Church (“Borrowers”) for building programs and other capital investments, as described in this Offering Circular.

The Portfolio pools money invested by (i) United Methodist congregations and related institutions directly in the Portfolio and (ii) Qualified Investors in Notes and lends it to Borrowers. Specific investments or accounts are not tied to particular loans. Loans originated by the Portfolio are generally for either (i) building programs and secured by first lien deeds of trust on the Borrower’s real property; or (ii) capital improvements, acquisitions or working capital for Borrowers. Real estate-secured Loans comprise the vast majority of all Loans originated by the Portfolio. Most Borrowers are located in boundaries of the Constituent Community, but the Portfolio originates (or has or may acquire Notes in) Loans to Borrowers outside of the boundaries of the Constituent Community from time to time. In very rare circumstances, a Loan may be originated which is not

secured by a first lien deed of trust but secured by other means deemed adequate following a review and deliberative process. Loans are made pursuant to the Loan Policy of TMF. The Loan Policy has been promulgated by TMF's Board of Directors, and may be revised by the Board of Directors from time to time. The Loan Policy is implemented by the Board's Loan Committee and officers. A copy of the Loan Policy is available upon request.

Notes

In the past, investment in the Portfolio was limited to institutional investors. Typically, institutional investments are in large amounts. To broaden investment participation, TMF created one Master Certificate of Participation for all Qualified Investors. Investments from Qualified Investors are aggregated and invested in the Portfolio through the Master Certificate of Participation. A Qualified Investor may purchase Notes, with a minimum investment of \$1,000 for individuals and trusts and \$100,000 for partnerships, which will represent a participation in the Master Certificate of Participation. No actual certificates will be issued for the Notes. Instead, TMF maintains a separate account for each Qualified Investor to record that investor's initial investment, additional investments, withdrawals and interest payments.

Strategy

TMF is a charitable tax exempt public foundation associated with the United Methodist Church as a support organization. As a faith-based entity, its primary purpose is to deepen cultures of purpose, support the work of local churches and affiliated entities to achieve the missions they have identified, and to equip a generation of leaders to lead in a changing cultural environment. In connection with its investment and loan activity, TMF's overall business strategy is to promote the growth and development of The United Methodist Church by loaning as much of the Portfolio as is prudent to creditworthy Borrowers while offering a competitive return for investors. The desires of investors to promote church growth, as evidenced by their investments, has historically allowed the Portfolio to make Loans at interest rates generally lower than those charged by commercial banks and other institutional lenders and under terms that are more flexible and responsive to church's unique financial challenges than those terms available through commercial lenders. In addition to helping build and expand United Methodist communities of faith, investors in the Portfolio enable TMF to respond to identified needs of United Methodist churches and agencies through TMF's other services. TMF's core values of servanthood, integrity, and competence define the added value provided as TMF manages investments from a United Methodist, not-for-profit perspective, in accordance with the Social Principles of The United Methodist Church.

THE OFFERING

Notes Currently Offered	\$100,000,000
Use of Proceeds	100% invested in Master Certificate of Participation in the Portfolio

TMF is offering up to \$100,000,000 in Notes to Qualified Investors only. The minimum investment is \$1,000 for individuals and trusts and \$100,000 for partnerships. All investors must be Qualified Investors. All proceeds from the sale of Notes will be aggregated and deposited by TMF in the Portfolio through the Master Certificate of Participation. The Portfolio is managed and operated by TMF. Notes are not represented by a separate certificate.

Investment in the Master Certificate of Participation may be made through either Variable Rate or Fixed Rate Notes. See “Description of Securities.”

TMF will establish and maintain a distinct account for each investor in Notes to record the dates of investments, terms of investments, interest payments and withdrawals. A Note entitles the holder to interest payments and withdrawals in accordance with the terms of this Offering Circular. See “Description of Securities.” Notes are general obligations of TMF and are not secured or otherwise backed by the Loans in the Portfolio.

Investment in the Notes will be in cash unless TMF authorizes, at its discretion, other forms of investment that can be easily converted to cash.

Interest on the Notes will be compounded monthly. Each Qualified Investor other than a Qualified Investor who has invested through an individual retirement account has the option of receiving the interest quarterly, (on or about January 1st, April 1st, July 1st and October 1st of each year) semi-annually (on or about January 1st and July 1st of each year) or receiving the interest upon written request, but not more often than once per calendar month. Additionally, if the amount of the investment is \$10,000 or greater, the investor may choose to receive this interest automatically as often as monthly. Interest on a Note purchased through an individual retirement account will accrue and be compounded until maturity or withdrawal.

The variable interest rate payable to Variable Rate Note holders and the fixed rate offered for Fixed Rate Notes will be set and periodically adjusted by TMF’s staff. Current rates are available on the Texas Methodist Foundation website at www.tmf-fdn.org or by calling Fund Administration at (800)933-5502 or (512)331-9971.

On a monthly basis, TMF’s staff may adjust the rate of interest payable on the Master Certificate of Participation and Variable Rate Notes. Adjustments are made in light of the average rate of return received by the Portfolio on its Loans, the then prevailing rate of interest being paid to investors on similar investments, and the budgets and goals set by TMF’s Board of Directors.

At the time of the monthly adjustment on the Master Certificate of Participation, TMF’s staff may adjust the interest rate payable to Variable Rate Note holders. This adjustment will reflect the costs and expenses of operating and maintaining the Notes accounts, including the costs and expenses of this offering. There is no minimum interest rate that must be paid on the Variable Rate Notes.

TMF's staff may adjust the interest rate and terms offered on Fixed Rate Notes on a weekly basis. An investment in a Fixed Rate Note will generally be for a fixed period of time of one (1), two (2), three (3), four (4) or five (5) years and the maturity date will be established when the investment in the Fixed Rate Note is made. Principal may not be added after the initial investment is made. Principal may not be withdrawn from this account before the maturity date without the consent of TMF, and a penalty will be charged for such early withdrawal except as provided herein. See **"Description of Securities."**

TMF reserves the right from time to time to offer special rates on the sale of Notes to specific group. TMF is offering the Notes only to Qualified Investors who intend to acquire the Notes solely for investment and who make the representations contained in the Application for Investment in the form that is attached as Appendix "C", "D" and "E" to this Offering Circular. (See Appendix C - **"Application for Investment – For Individuals,"** Appendix D - **"Application for Investment – For Trusts"** or Appendix E - **"Application for Investment – For Partnerships,"** as applicable.) The offering is not underwritten.

While an investment in Variable Rate Notes is intended to be for periods of one (1) year or more, investments are returnable upon written demand. TMF has a 30-day period to honor a request for withdrawal of investment. Although this right exists, TMF has historically honored withdrawal requests within one business day; however, TMF may not continue that practice in the future.

TMF is solely responsible for the return of both interest payments and principal amounts of investments to holders of the Notes. Should TMF be unable to meet its obligations to holders of the Notes, the Note holders will have no recourse against any other party. Note holders have no direct ownership interest in the Loans or any other assets of TMF and the Notes are unsecured debt obligations of TMF. TMF may from time to time borrow funds, both related and unrelated to the Portfolio, and may grant a security interest in or pledge the Loans in the Portfolio to secure such borrowings. (See **"Risk Factors."**)

RISK FACTORS

Historically, investors in the Portfolio desire to benefit church development in the United Methodist Church as well as receive a return on investment commensurate with the risk involved. Prospective investors should consider carefully the following factors, in addition to other information contained in this Offering Circular, before acquiring Notes.

Unsecured Obligations

The Notes are not secured. Holders of the Notes have no direct right, either individually or as a group, in the Loans or to foreclose upon the Loans payable to TMF. TMF will make all decisions regarding collection, amendment, enforcement and management of the Loans, all in the sole discretion of TMF's Board of Directors, its officers and staff.

Ownership of Loans; Right to Pledge

TMF maintains ownership of the Loans in the Portfolio and has the right to grant security interests in and pledge the Loans, including collections thereon, to secure indebtedness of TMF, whether related or unrelated to the Portfolio. The holder of any such security interest or pledge will have

rights in the Loans superior to the general creditors of TMF and may foreclose on the Loans if TMF defaults on its obligations to such holder.

As of July 31, 2020, TMF has two loans outstanding. The first is a revolving line of credit for \$30 million of which \$0 is outstanding at that date. The second is a \$30 million loan which has \$11,250,000 outstanding. These loans are secured by a general pledge on the loan portfolio.

No Trust Agreement

The Notes are not issued pursuant to any trust agreement or indenture, and no indenture trustee or other agent has been appointed to represent the interests of Note holders. If TMF fails to pay interest on any Note on the date due, or fails to return an investment within 30 days of the written request of a Note holder, the holder must seek damages or other remedies against TMF and will have no direct recourse against any other entity or agency of The United Methodist Church or any officer, director or staff of TMF.

Return Upon Demand

Because a Variable Rate Note is returnable within 30 days of written demand and at any given time a substantial portion of the Portfolio's assets will be invested in the Loans, it is likely that TMF will be unable to fully return investments if a substantial number of Note holders request to close their accounts within a short period of time. To date TMF has always redeemed an investment on demand; however past performance does not predict future actions. TMF currently maintains a line of credit in accordance with guidelines set by TMF's Board of Directors. Information regarding the current line of credit is available upon request.

No Deposit Account or Guaranty

Notes represent an obligation of TMF under the Master Certificate of Participation. Notes are not the same as or similar to deposit accounts with banks or other financial institutions, are not regulated by any federal or state governmental authority and are not guaranteed by the FDIC or any other person or entity.

No Minimum Interest Rate

There is no minimum interest rate that must be paid by TMF pursuant to the Master Certificate of Participation or to the Variable Rate Note holders.

Dependence Upon Voluntary Contributions

The financial stability of the Borrowers and their ability to make payments of principal and interest on Loans is primarily dependent upon voluntary contributions of their members. Because church membership and attendance may be adversely affected by a variety of factors outside of the control of a Church, it is possible that a Church will not receive sufficient voluntary contributions to allow it to meet its obligations under a Loan made to it by TMF. TMF's remedies against a Borrower that defaults under a Loan are limited by the terms of the security documents and applicable provisions of law. Neither the trustees nor any other members of a Borrower will be required to personally guarantee any Loan from TMF. As of July 31, 2020, TMF has foreclosed on six (6) loans since offering the Loan program to churches. Although no loss of principal was incurred on these Loans or on any other Loan originated within the Portfolio, there can be no guarantee that TMF will be able to collect the principal and interest coming due on any particular Loan.

Deficiency in Value of the Mortgaged Property

TMF has not adopted a formal policy limiting the ratio of the amount of a Loan to the value of the property securing the Loan but applies the loan policies and guidelines adopted by TMF's Board of Directors (the "Loan Policies"). Although the Loan Policies set income and debt service standards for loan qualification, the market value of a project is generally less than the cost of constructing or remodeling because of the limited market for facilities of the type constructed and used by the Borrowers. Therefore, in the event of a foreclosure of a Loan, there is no guarantee that TMF will be able to sell the mortgaged property for an amount sufficient to repay the Loan secured by such property.

Unpredictability of Demand for First Mortgage Loans

There can be no assurance that the demand for Loans will be sufficiently strong to allow all of the Portfolio proceeds to be used for Loans. To the extent that the Portfolio has monies in excess of the demand for Loans, the investment of such excess monies in alternative investments pursuant to the investment policies of TMF may affect the interest return of the Portfolio.

Geographic Concentration of Loans

Most of the Loans are to congregations or institutions in the States of Texas and New Mexico. Poor economic conditions or decreases in real estate values in either of those states could have an adverse impact on the overall collectability of the Loans.

Illiquidity of Investment

There is no public trading market for the Notes, and no trading market is ever likely to develop. The transferability of the Notes is subject to restrictions that are established by applicable state and federal securities laws, and as approved by TMF. Therefore, an investor may be unable to sell any of the Notes for an indefinite period of time, although an investment in Notes is returnable within thirty (30) days upon written demand subject to the provisions of the Offering Circular regarding early withdrawal of Fixed Rate Notes. The Notes may be transferred by gift or donation and by the qualified executor or administrator of the estate of a deceased Note holder. TMF may require suitable evidence of authority in either of such events.

No Publicly Available Information

TMF and the Portfolio do not, and are not required to, file annual or other periodic reports with the Securities Exchange Commission or comparable regulatory agencies in either Texas or New Mexico. Accordingly, there is no publicly available information relating to the Portfolio.

Noteholder Demand for repayment at Note Maturity

If a substantial number of holders of Investment Notes demand repayment of their Notes and in each case, do not reinvest in the Notes, it may be difficult for TMF to repay noteholders in the ordinary course.

METHOD OF OFFERING

The Notes are offered only by TMF. At the sole discretion of TMF, investments for Notes may be established by property other than cash. The Notes are offered only to Qualified Investors. The minimum investment is \$1,000 for individuals and trusts and \$100,000 for partnerships. Joint investments are permitted for Qualified Investors. All individual Qualified Investors may establish a “payable on death,” (“P. O. D.”) account. A P. O. D. account permits the investor to designate a beneficiary to receive the Note on the death of the investor. During the investor’s life, the investor may change the beneficiary or terminate the P. O. D. account by written notice to TMF.

No officer, director or staff of TMF will receive any fee or pecuniary benefit from the sale of the Notes or the Portfolio’s operation, except for reasonable compensation for services actually rendered in performing his or her regular duties. No fees or commission of any kind will be paid to any underwriter, broker or independent salesman for the sale of Notes.

There is no minimum amount of Notes that must be sold, and if the entire amount of the offering is not needed for the purposes intended, the offering may be terminated or limited and the acceptance of subscriptions suspended at any time. TMF reserves the right to limit the amount of Notes that may be purchased by any person at any time.

INDIVIDUAL RETIREMENT ACCOUNTS

TMF has a program permitting the purchase of Notes as investments for Individual Retirement Accounts (“IRAs”). In order to do so, investors must have an existing IRA that will accept Notes as investments (prospective investors should inquire of their existing IRA to determine if such is the case) or establish a new IRA with a trust company selected by TMF. TMF currently has an agreement with a trust company (“Trust Company”) whereby the Trust Company will establish self-directed IRAs to facilitate the purchase of TMF’s Notes. An investor using the Trust Company to set up a self-directed IRA will be responsible for the Trust Company’s normal fees and costs. **TMF DOES NOT OWN ANY INTEREST IN THE TRUST COMPANY AND HAS NO CONTROL OVER THE ACTIVITIES OF THE TRUST COMPANY. THUS, QUALIFIED INVESTORS SHALL HAVE NO CLAIM AGAINST TMF FOR ANY ACT OR FAILURE TO ACT BY THE TRUST COMPANY.**

The Trust Company will endeavor to establish IRAs to accommodate IRA rollovers, transfers from existing IRAs and new accounts, will act as the custodian for such self-directed IRAs and will invest IRA funds in accordance with the IRA holder’s instructions to invest in the Notes. TMF reserves the right to limit the amount it will accept from IRA rollovers or transfers.

Notes purchased as IRA investments will be subject to the same terms, conditions and risks as Notes having the same term to maturity, provided that interest earned on Fixed Rate Notes purchased as investments for IRAs must accrue and be compounded until maturity.

Investors who establish IRAs with the Trust Company may choose either a traditional IRA or, if they qualify, a Roth IRA. IRAs are subject to the rules and regulations for IRAs as set forth in the Internal Revenue Code and Regulations. Consultation with a competent financial and tax adviser is recommended.

Prospective Qualified Investors who are considering purchasing one or more Notes for an IRA should contact Fund Administration at (512) 331-9971, or by writing to Texas Methodist Foundation at 11709 Boulder Lane, Suite 100, Austin, Texas 78726-1808. TMF will provide the Trust Company's IRA kit containing the Trust Company's IRA application and related materials. The completed IRA application, related documentation and check (made payable to the trust company) in payment for the Note should be returned to TMF as described herein under **"SUBSCRIPTION PROCEDURES."**

CAPITALIZATION

The following table sets forth the capitalization of the Methodist Loan Portfolio in terms of balances and investments for the periods December 31, 2015 to December 31, 2019. A copy of the most recent audited financial statement is available upon request or on TMF's website. Monthly unaudited financials are also available on the website at www.tmf-fdn.org.

TEXAS METHODIST FOUNDATION
 METHODIST LOAN PORTFOLIO AS OF
 DECEMBER 31, of the following calendar years

ASSETS	2015	2016	2017	2018	2019
Cash and cash equivalents	12,691,598	2,630,745	11,723,658	7,572,964	21,238,792
Accrued Interest Rec.	831,342	882,112	904,504	1,109,180	1,216,144
Loans, net and Church Bonds	309,023,476	342,638,945	341,509,610	324,911,731	317,657,369
	<u>322,546,416</u>	<u>346,151,802</u>	<u>354,137,772</u>	<u>333,593,875</u>	<u>340,112,305</u>
LIABILITIES AND NET ASSETS					
LIABILITIES					
Principal Due Investors	322,546,416	333,186,802	330,387,772	311,505,874	326,362,305
Notes Payable		12,965,000	23,750,000	22,088,000	13,750,000
	<u>322,546,416</u>	<u>346,151,802</u>	<u>354,137,772</u>	<u>333,593,874</u>	<u>340,112,305</u>

DESCRIPTION OF SECURITIES

General

Each Qualified Investor in Notes will have an account maintained by TMF evidencing that the Qualified Investor has made an investment of a specified dollar amount with TMF and is entitled under the conditions and upon the terms specified in this Offering Circular to participate to that extent in the Master Certificate of Participation. The minimum investment is \$1,000 for individuals and trusts and \$100,000 for partnerships. At TMF's discretion, deposits may be established by property contributions other than cash.

While Variable Rate Notes are intended to be for periods of one (1) year or more, investments are returnable upon 30 days' prior written demand. Although TMF has 30 days to honor withdrawal requests, in practice those requests have been honored within one business day; provided however, TMF may not follow that practice in the future.

Fixed Rate Notes are generally for a fixed period of one (1), two (2), three (3), four (4) or five (5) years and the maturity date is established when the investment in the Fixed Rate Note is made. Principal may not be added after the initial investment is made. Principal may not be withdrawn from the account before the maturity date without the consent of TMF, and a penalty will be charged for such early withdrawal except as provided herein. See "Withdrawals and Returns."

Interest Rate Payments

Interest on the Notes will be compounded monthly. Each investor other than an investor purchasing a Note through an IRA has the option of receiving the interest quarterly (on or about January 1st, April 1st, July 1st and October 1st of each year), semi-annually (on or about January 1st and July 1st of each year) or receiving the interest upon written request, but not more often than once per calendar month. Additionally, if the amount of the investment is \$10,000 or greater, the investor may choose to receive this interest automatically as often as monthly. Interest on a Note purchased through an IRA will accrue and be compounded until maturity or withdrawal.

The difference between the rate paid to the Master Certificate of Participation and the rate paid to Note holders will be used by TMF to defray its general operating costs, including but not limited to expenses of operating and maintaining the Notes accounts, including costs and expenses of this offering.

Interest rates payable on the Variable Rate Notes are subject to change monthly. TMF's Board of Directors meets semi-annually to, among other items, examine Loan returns and earnings payments to investors, review and approve proposed budgets and amendments, and review budget performance. Operating within the budgets and goals set by TMF's Board of Directors, TMF's staff set and modify interest rates on certificates of participation.

The interest rate payable on a Fixed Rate Notes will be established at the time the investment is made and will remain in effect until the maturity date of the Note. Additions may not be made to the account after the initial investment. The interest rate and terms offered on Fixed Rate Notes are set by TMF's staff on a weekly basis. The terms being offered at the time the investment is made will determine the interest rate and maturity date of the Fixed Rate Note. Upon maturity, a Fixed Rate Note will automatically be converted to a Variable Rate Note unless the funds are withdrawn or a new Fixed Rate Note is established by the Qualified Investor.

The variable interest rate set for the Variable Rate Certificates of Participation and the Master Certificate of Participation, and the fixed rate terms offered for the Fixed Rate Notes are based in part on the earnings from the portfolio of loans that include a combination of both variable and fixed rate loans. There is no minimum interest rate that must be paid by TMF on the Master Certificate of Participation and on Variable Rate Notes. (See “**Risk Factors.**”).

Withdrawals and Returns

Variable Rate Notes will have no maturity date. Investments may be withdrawn by their record owner, in whole or in part, at face value upon 30 days written demand to TMF. Withdrawals will be made in the order of the requests. There can be no assurance, however, TMF will have sufficient funds available to honor withdrawal requests. (See “**Risk Factors - Return Upon Demand.**”).

Fixed Rate Notes have a maturity date determined at the time the investment is made (or, as applicable, at the time of renewal.) Except as provided below, principal may not be withdrawn from this account before the maturity date (including any renewal thereof) without the consent of TMF, and a penalty will be charged for such early withdrawal. The penalty for a Fixed Rate account is four (4) months interest on the principal amount withdrawn. The penalty will be charged first against any interest then in the account and then from the principal. This early withdrawal penalty will be waived if: (i) the account owner dies or is declared legally incompetent, or (ii) if the account is an IRA account and the request for withdrawal is made within seven days of establishing the IRA account in which event the entire amount will be returned without payment of interest.

Redemption Rights

TMF reserves the right to redeem any Variable Rate Note or any Fixed Rate Note, in whole or in part, by payment of the then invested amount plus accrued interest. If TMF elects to redeem a Note, it will attempt to select the Note to be redeemed on a random basis; however, TMF reserves the right to use other methods to determine which Notes it will redeem at any given time. Although TMF will use its reasonable best efforts to redeem all of an investor’s Notes at the same time, partial redemptions may be made at TMF’s election.

Form of Investment

All Notes must be held by Qualified Investors directly or through an IRA. Joint investments are permitted for Qualified Investors who are individuals. All individual Qualified Investors may establish a “payable on death,” (“P. O. D.”) account. A P. O. D. account permits the Qualified Investor to designate a beneficiary to receive the Note on the death of the Qualified Investor. During the investor’s life, the investor may change the beneficiary or terminate the P. O. D. account by delivering written notice to TMF. If a joint investment, the account will be held under both names and, unless otherwise directed, will be held under the designation of “joint tenants with right of survivorship.” This designation means that either owner may access the account for withdrawals and, on the death of one owner, the entire Note account will be owned by the surviving owner.

Transferability

Except as provided below, Notes are not transferable. All transfers must be approved by TMF. Upon receipt of proper authorization, including evidence of authority and written assignments, Notes may be transferred:

- (i) on death, to the estate or beneficiaries of the deceased Note holder; or to the beneficiary named in a P. O. D. account
- (ii) by gift or donation; and
- (iii) pursuant to a marital property division ordered or approved by a court order.

Notices

All notices of, or requests for, withdrawals, change of address or account information, transfer and P.O.D. designation requests must be in writing and addressed to Texas Methodist Foundation at 11709 Boulder Lane, Suite 100, Austin, Texas 78726. TMF will send all notices and checks to the Note holder at the address set forth on the Application for Investment, or other address designated in writing by the Note holder.

Liquidity Protection

TMF's staff uses good faith efforts to manage the daily liquidity position in an effort to continually maximize the rate of return on the total Portfolio, while providing the necessary liquidity to provide funds for daily operations, withdrawals, and outstanding loan commitments. TMF currently maintains a line of credit in accordance with guidelines set by TMF's Board of Directors. Information regarding the current line of credit is available upon request. TMF may also sell loan participations within the guidelines determined by the Board of Directors. TMF may modify its liquidity guidelines at any time without notice to the Note holders.

MANAGEMENT'S DISCUSSION OF BUSINESS OPERATIONS

General

TMF has undertaken this offering to provide Qualified Investors an opportunity to participate in the Portfolio. TMF facilitates this investment by aggregating the offering proceeds from the Notes and maintaining an investment in the Portfolio through the Master Certificate of Participation.

TMF maintains and administers proceeds of the Master Certificate of Participation as well as other certificates of participation from institutional investors for the purpose of making Loans to Borrowers.

The Portfolio's revenues are primarily derived from the interest earned on the Loans. Any portion of the annual revenues earned by TMF not used to pay operating expenses and investment returns is added to TMF capital and shown in TMF's financial statements as undesignated net assets. It is uncertain whether interest rates will increase, decrease or remain constant in the future. A significant increase in interest rates would likely have a material adverse effect on the demand for Loans, thereby causing TMF to adjust interest rates paid to investors, including Note holders, over the long term.

Operating and Investment Policies

TMF generally makes Loans only to Borrowers within the boundaries of the Constituent Community but may from time to time make Loans to other Borrowers within the United Methodist community which are outside of the boundaries of the Constituent Community. Additionally, TMF may acquire Notes in Loans to Borrowers, both inside or outside the boundaries of the Constituent Community. TMF administers Loan origination, negotiation and compliance through two committees: the Directors' Loan Committee, composed of directors elected by TMF's Board of Directors and the Officers' Loan Committee, composed of the Senior Vice President of Loans and other Foundation officers and personnel appointed by TMF's President. Every Loan must be approved by the Directors' Loan Committee or, if the Loan is for less than \$250,000, assuming the aggregate debt of the Borrower is also less than \$250,000, the Officers' Loan Committee. TMF may make direct Loans to Borrowers or participate with commercial banks and other financial institutions or other not-for-profit corporations in making joint Loans. Loans originated by TMF are for either:

- (i) building programs and secured by the first lien deeds of trust on the Borrower's real property; or
- (ii) capital improvements, acquisitions or working capital for Borrowers.

In very rare circumstances, a Loan may be originated which is not secured by a first lien deed of trust.

In considering each Loan application, the Directors' Loan Committee reviews data on construction costs of the proposed project, the value of the property to be mortgaged, the financial capability of the Borrower seeking the Loan and other purposes of the Loan such as operating capital, along with the Officers' Loan Committee recommendation as to approval or disapproval. TMF may from time to time require independent appraisals of properties to be mortgaged, although it is not required to do so by the Loan Policy.

Subject to the discussion of unsecured loans and loans secured by assets other than real estate below, with rare exceptions, every Loan made by TMF will be secured by a first lien deed of trust on the real property to be improved or acquired with the Loan proceeds. TMF typically obtains a mortgagee's title insurance policy, naming TMF as the mortgagee, or a title run or update to an existing policy issued by a title insurance company licensed to do business in Texas.

Although Loans are typically secured by a first lien on real property, TMF's underwriting standards focus primarily on a Borrower's present and anticipated cash flow. TMF's expertise in this area shows that cash flow for Borrowers is a stronger indication of credit worthiness than property value. The Borrower must demonstrate the ability to repay the Loan from cash flow. In most cases, full payment of apportionments is required for Borrowers that are churches.

TMF will consider unsecured Loans to Borrowers only when the Borrower exhibits impeccable financial strength and an identifiable source of repayment. Unsecured Loans will generally not exceed one (1) year in maturity and interest is collected monthly.

Loans secured by assets other than real estate (e.g., computers, copiers, organs and pianos) will not be for a term that exceeds the asset's useful life, or one (1) year for working capital. Interest is payable monthly on these loans.

The typical Loan is secured by real property and is for a term not to exceed 23 years. This term provides for interest and payment terms as follows:

- (i) initially, the Loan interest rate is set in relation to a target rate such as the *Wall Street Journal* prime interest rate (or other major quoted rate) and will be either fixed for a specific time period or may float between interest rate ceilings and floors. These ceilings and floors are generally 2 percentage points above or below (as the case may be) the target rate set on the Loan at the origination date or any subsequent adjustment date. In addition, these loans will have a minimum interest rate that is set so that in no case will the rate on the Loan fall below a set minimum rate;
- (ii) variable interest rate loans may float between the floor and ceilings. These will generally be for a three-year period during the term of the Loan, and are adjusted at the end of each period to reflect the then prevailing target rate;
- (iii) monthly loan payments of principal and interest are initially based on a term not to exceed a 20 year amortization period, adjusted at the anniversary date of the Loan during the term of the Loan to reflect adjustments in the interest rate and amortization for the remaining term of the Loan; and
- (iv) Loans are not assumable and may be prepaid without penalty.

Rates and terms offered by TMF are set by the Officer's Loan Committee in consultation with the Board of Directors' and take into consideration factors outstanding at the time the Loan is approved. These include general economic conditions, competitive lending environment, liquidity needs and other factors deemed necessary by the Board. The Loan Policy allows for the collection of any such fees as is deemed necessary. These fees are not limited to origination, discount, legal or any other fees associated with the loan process.

Origination of Loans

All Borrowers are required to follow certain procedures to authorize the purchase of property, construction or remodeling of buildings, and the borrowing of funds, including provisions found within the Book of Discipline of The United Methodist Church and TMF's Loan Policy.

TMF evaluates Loan applications in accordance with procedures promulgated from time to time by TMF's Board of Directors. At present, the procedures are as follows:

The Borrower must first submit a Loan application on a standard form provided by TMF. The completed application contains:

- (a) relevant statistical and financial information about the Borrower's congregation, organization and the proposed project or borrowing need;
- (b) certification by the Borrower's recording secretary showing that the proposed borrowing has been properly authorized by the Borrower's members; and

- (c) formal consent by the district superintendent and the Church's pastor and certification by the district superintendent that the proposed borrowing has been approved by the District Board of Church Location and Building.

The Loan application then is evaluated by the Officers' Loan Committee of TMF. In determining the soundness of a Loan, the Officers' Loan Committee must (a) consider the overall financial situation of the applicant Borrower to determine whether it has the resources on hand to make debt service payments based upon written information and reports, (b) evaluate the Borrower, including whether its congregation membership and attendance is growing, evidence of the general level of support for the Borrower's programs, including the proposed project, and whether the Borrower is physically located in an area experiencing increasing or decreasing economic growth, and (c) consider whether the project itself is appropriate for the Borrower to be undertaking in light of its financial situation, support for the project, and location of the project. In addition, representatives of TMF normally visit the proposed site and meet with the leading members of the Borrower before recommending any Loan for approval by the Directors' Loan Committee. Other information may include:

- (i) most recent two years Local Church Annual Report Form;
- (ii) most recent two years Annual Report of Trustees;
- (iii) most recent two years Annual Report of the Committee on Finance;
- (iv) current year's budget; and
- (v) other information as TMF may determine.

If the Officers' Loan Committee determines the Loan to be sound, and TMF has sufficient funds to make the Loan, the Loan application is presented to the Directors' Loan Committee, with the Officers' Loan Committee's recommendation for approval. The Directors' Loan Committee evaluates a summary of the Loan Application and either disapproves or approves the Loan and establishes its terms. If the Loan is approved, TMF issues a written commitment to the Borrower setting forth the terms and any conditions of the Loan. The Officers' Loan Committee may approve Loans of up to \$100,000 without the Directors' Loan Committee approval assuming the aggregate debt of the borrower is not more than \$100,000. Two members of the Officers' Loan Committee must approve the Loan, one of which must be TMF's President or Senior Vice President Methodist Loan Fund Services. Loans approved in this manner are reported to the Directors' Loan Committee at its next scheduled meeting.

Employees

As of July 31, 2020, TMF employs 50 full and part-time employees. Key officers and staff are described under "**Management.**"

TMF has no collective bargaining agreements covering any of its employees, has never experienced any material labor disruption and is unaware of any efforts or plans to organize its employees. TMF considers relations with its employees to be excellent.

MANAGEMENT

Directors and Executive Officers

TMF's current Board of Directors is set forth on Appendix A.

Operation of the Portfolio is managed and administered through the Directors' Loan Committee (elected by TMF's Board of Directors), the Officers' Loan Committee (appointed by TMF's President) and certain officers and Foundation staff. As of August 1, 2020, these individuals and their positions are as follows:

Directors' Loan Committee

Rev. Richie Butler, Dallas
Mr. Randall Canedy, Mansfield
Rev. Reginald Clemons, Pearland
Judge Ron Enns, Dalhart (Chair)
Rev. Jeff Lust, McKinney
Rev. Morris Matthis, Houston
Dr. Richard White, Lufkin

Mr. Sid Strebeck, Clovis
Dr. Craig Curry, Farmington
Rev. Laura Merrill, San Antonio
Dr. Clayton Oliphint, Richardson
Mr. Kelvin Walker, Dallas
Dr. Eduardo Rivera, El Paso

Officers' Loan Committee

Tom Locke – President, Texas Methodist Foundation

David McCaskill– Sr. Vice President Methodist Loan Fund Services, Texas Methodist Fdn

Robert Hoppe - Vice President Loans and Real Estate, Texas Methodist Foundation

Paula Sini – Assistant Vice President Loans, Texas Methodist Foundation

Key Officers and Staff

Tom Locke - President. Mr. Locke joined TMF in 1988. His prior experience is in the banking industry. Mr. Locke graduated from Texas A & M University (B.B.A. 1974) and from the Southwestern Graduate School of Banking at S.M.U. (1989).

David McCaskill – Senior Vice President Methodist Loan Fund Services. Mr. McCaskill joined TMF in 1999. Prior to joining TMF, he had twenty-one years of experience at all levels of banking, including working for the Office of the Comptroller of the Currency (OCC). Mr. McCaskill graduated from Texas A & M University (B.B.A. 1978). Mr. McCaskill's responsibilities include overseeing Lending and Investor Services, which includes the management of the managed and individual accounts.

Curtis Vick – Executive Vice President. Mr. Vick joined TMF in 1982. Mr. Vick graduated from Southwestern University (B.S. 1984). Mr. Vick is in charge of TMF's overall operations.

Dorena Moore - Vice President. Ms. Moore joined TMF in 2019. Prior to TMF, Ms. Moore was the Chief Financial Officer for Heartspring Methodist Foundation. Ms. Moore majored in Accounting at Sam Houston State University (B.B.A. 1988) and earned her C.P.A. license in 1991. Ms. Moore has Operations responsibilities including accounting, budget, audit, human resources, information technology and building management.

Robert Hoppe - Vice President Loans and Real Estate. Mr. Hoppe joined TMF in 1989. Mr. Hoppe graduated from The University of Texas at Arlington (B.B.A. 1971). Mr. Hoppe is a licensed real estate broker. He is primarily responsible for the Portfolio's real estate and construction loans.

Sara Beltran - Assistant Vice President, Fund Administration. Ms. Beltran joined the Foundation in 2000. Ms. Beltran's background includes more than 15 years in executive administration and banking. Ms. Beltran brings her expertise to TMF as the primary administrator of all institutional accounts and individual accounts for TMF.

Tom Stanton - General Counsel and Vice President. Mr. Stanton joined the Foundation in September of 2014. Mr. Stanton is admitted to practice law in Texas state courts, three Federal District Courts, two Federal Courts of Appeal, and the Supreme Court of the United States. He practices commercial trial law, mediation, complex tort and civil rights litigation from 1987 until 2014 when he joined TMF.

Compensation of Directors

Directors of TMF do not receive any compensation for serving on TMF's Board, although each director receives reimbursement of reasonable out-of-pocket expenses incurred in connection with the director's attendance at meetings of TMF's Board of Directors.

Pursuant to TMF's By-Laws, TMF will indemnify its officers and directors for liability incurred in the performance of their duties on behalf of TMF.

FINANCIAL INFORMATION

The most recent audited financial statement of TMF is available on our website at www.tmf-fdn.org or on request.

TAX MATTERS

The following general discussion sets forth certain anticipated federal income tax consequences of the purchase, ownership, or disposition of Notes. The discussion of anticipated federal income tax consequences is based on the Code. The discussion below does not purport to address all aspects of federal taxation that may be relevant to particular Qualified Investors in light of their individual circumstances, or to certain types of Qualified Investors subject to special treatment under the federal tax laws. Moreover, there can be no assurance that contrary positions to those positions expressed below will not be taken by the Internal Revenue Service. Prospective Qualified Investors are advised to consult their own tax advisor regarding the federal income tax consequences from the purchase, ownership, or disposition of Notes, as well as any tax consequences arising under the laws of the States of Texas and New Mexico, or any local government, or any foreign government.

Except for interest earned on Notes held by an IRA, interest earned on Notes will be treated as interest income for federal tax purposes. Therefore, unless the Note holder is exempt from the federal income tax by Section 501(a) (or another Section) of the Code, the Note holder must include the interest earned in his or her income on an annual basis.

Unless an exception to the reporting requirement applies, TMF will report annually (or more frequently if required) to the primary owner of record of the Note and to the Internal Revenue Service, and to the extent required by any state, with respect to the interest paid or credited to such primary owner of the Note.

TMF has been determined by the Internal Revenue Service to be exempt from federal income tax under Section 501(a) of the Code as an organization described by Section 501 (c)(3) of the Code. However, an investment in Notes does not entitle the investor to an income tax deduction and will not qualify as a charitable contribution under Section 170 of the Code.

Under the Code, a Note holder other than a corporation may, under certain circumstances, be subject to “backup withholding” at a rate of 28% with respect to payments on the Notes. This withholding generally applies if the non-corporate Note holder

- (i) fails to furnish TMF such holder’s social security number or other taxpayer identification number (“TIN”),
- (ii) furnishes TMF an incorrect TIN,
- (iii) fails to report properly interest, dividends, or other “reportable payments” as defined in the Code, or
- (iv) under certain circumstances, fails to provide TMF or such holder’s broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such holder is not subject to backup withholding.

Note holders should consult their own tax advisors as to their qualification for exemption from backup withholding and the procedures for obtaining the exemption. If the holder of Notes sells or otherwise transfers Notes for an amount other than its face value, taxable gain or loss may result, as with any sale or other transfer of an investment.

Because Notes are general unsecured obligations of TMF, Qualified Investors in Notes exceeding \$250,000 in the aggregate may be viewed by the Internal Revenue Service as participating in a loan subject to Section 7872 of the Code. In the event Section 7872 is determined to apply to such investors and none of the exceptions under Section 7872 apply, interest income will be imputed to (i.e., deemed received by) the investor over and above the actual interest paid by TMF and deemed gifted by the investor to TMF as a charitable contribution. A corresponding charitable contribution deduction may be available to any investor required to impute interest income under Section 7872. Investors should consult their own tax advisor concerning the application of Section 7872.

ADDITIONAL INFORMATION

Upon request, each Note holder will be provided with TMF's most recent annual financial statement prepared by an independent public accounting firm.

Prospective Qualified Investors may obtain additional information regarding TMF, its activities, and any other matter discussed in this Offering Circular by contacting Fund Administration at (800) 933-5502 or (512) 331-9971, or by writing at 11709 Boulder Lane, Suite 100, Austin, Texas 78726-1808. Information may also be obtained by visiting TMF's website at www.tmf-fdn.org.

Any statements contained herein concerning the provisions of any document are not necessarily complete, and in each such instance reference is made to the copy of such document filed as an exhibit to this Offering Circular. Each such statement is qualified in its entirety by such reference.

SUBSCRIPTION PROCEDURES

To subscribe to Notes, each interested Qualified Investor other than an IRA should complete the applicable Application for Investment included in this Offering Circular as Appendix C, Appendix D or Appendix E, as applicable. Individual Qualified Investors wishing to purchase Notes through IRAs must follow the subscription procedures set forth under the heading “**Individual Retirement Accounts**” herein. The completed Application for Investment, including the investor’s check for the initial investment, and any request for IRA investment materials should be delivered to:

Funds Administration
Texas Methodist Foundation
11709 Boulder Lane
Suite 100
Austin, Texas 78726-1808

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APPENDIX A
BOARD OF DIRECTORS - TEXAS METHODIST FOUNDATION

<p>Dr. Clayton Oliphint, Chair</p> <p>ALBUQUERQUE, NM *Bishop W. Earl Bledsoe John Goodwin Tom Toevs</p> <p>ARLINGTON Dr. Chris Hayes</p> <p>AUSTIN ** James A. Cox, Jr. Rev. Taylor Fuerst Rev. Scott Heare Henry Joyner Amy Thomas</p> <p>BRADY Teresa Keese</p> <p>CLOVIS, NM Sid Strebeck</p> <p>COLLEGE STATION Dr. Don House</p> <p>COPPELL Larry Haynes</p> <p>DALHART Judge Ron Enns</p> <p>DALLAS * Jim Adams Rev. Richie Butler Robert Dupuy Dr. William Green Rev. Katherine Glaze Lyle Bishop Michael McKee Dr. Andrew Stoker Kelvin Walker Julie Yarbrough</p> <p>DAMON Rev. Sharon Sabom</p> <p>DE LEON ** Hiram Smith</p> <p>EL PASO Dr. Eduardo Rivera</p> <p>FARMINGTON, NM Dr. Craig Curry</p>	<p>FORT WORTH Dr. Daniel Flores Rev. Thelma Flores * Bishop J. Michael Lowry</p> <p>GEORGETOWN Dr. Dale Knobel ** Robert T. Rork Dr. Ron Swain</p> <p>HOUSTON John Esquivel Gene Graham Rock Houstoun * Bishop Scott Jones Rev. Morris Matthis Dr. Matthew Russell Rev. Deborah Vaughn ** Jim Walzel</p> <p>LUFKIN Dr. Richard White</p> <p>MANSFIELD Randall Canedy</p> <p>MCKINNEY Rev. Jeff Lust</p> <p>MISSOURI CITY Thomasine Johnson</p> <p>PEARLAND Rev. Reginald Clemons</p> <p>RICHARDSON Dr. Clayton Oliphint</p> <p>SAN ANTONIO Rev. Laura Merrill * Bishop Robert Schnase ** Robert C. Scott ** Robert B. Sunderland</p> <p>SHERMAN Gail Utter</p> <p>SOUTHLAKE Wesley Millican</p> <p>WACO Dr. Leah Hidde-Gregory</p> <p>WICHITA FALLS Patricia M. Deal Kathryn Prothro Yeager</p> <p>* Advisory Directors ** Directors Emeritus</p>
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APPENDIX B



APPLICATION FOR INVESTMENT – FOR INDIVIDUALS

Please complete the following application to purchase a Note. IF THE PURCHASE WILL BE MADE THROUGH AN IRA; PLEASE CONTACT TMF FOR THE APPROPRIATE SUBSCRIPTION MATERIALS. If choosing to set up the account as a joint investment the account will be styled as joint tenants with right of survivorship. (Please print)

Please circle – Salutation: Mr. Ms. Mrs. Rev. Dr.

Mr. Ms. Mrs. Rev. Dr.

PRIMARY OWNER: _____ JOINT OWNER: _____

BIRTH DATE: _____ BIRTH DATE: _____

PRIMARY OWNER SOCIAL SECURITY NO.: _____ - _____ - _____ JOINT OWNER SOCIAL SECURITY NO.: _____ - _____ - _____

MAILING ADDRESS: _____
Street City State Zip

TELEPHONE: (____) _____ - _____ FAX: (____) _____ - _____

EMAIL: _____

CHURCH NAME (Optional): _____

The undersigned’s personal net worth (total assets minus total liabilities) exceeds five (5) times the amount of investment in the Note. ____ YES ____NO

AMOUNT OF INVESTMENT: \$ _____ (include check)

The minimum investment is \$1,000.00. Please make your check payable to:
TMF, 11709 Boulder Lane, Suite 100, Austin, Texas 78726-1808

TERM: (Please check one)

- _____ Variable Rate
_____ 1 Year – Fixed
_____ 2 Year – Fixed
_____ 3 Year – Fixed
_____ 4 Year – Fixed
_____ 5 Year– Fixed

INCOME DISTRIBUTION OPTIONS: (Please check one)

- _____ REINVEST (Interest to be paid upon written request)
_____ SEMI-ANNUAL (Interest to be paid on or about the 1st of January and July)
_____ QUARTERLY (Interest to be paid on or about the 1st of January, April, July and October)
_____ MONTHLY (Available only if investment is \$10,000 or more, interest to be paid on or about the 1st of each month)

PAYABLE ON DEATH OPTIONS: (Please check one)

____ Yes, I would like to designate a P. O. D. beneficiary(ies).

Beneficiary(ies):

____ No, I do not wish to designate a P. O. D. beneficiary at this time.

If yes, please include your designated beneficiaries.

Initials _____



APPLICATION FOR INVESTMENT – FOR INDIVIDUALS

Page 2

Fixed Rate Notes have a maturity date determined at the time the investment is made (or, as applicable, at the time of renewal.) Except as provided below, principal may not be withdrawn from this account before the maturity date (including any renewal thereof) without the consent of TMF, and a penalty will be charged for such early withdrawal. The penalty for a Fixed Rate account is four (4) months interest on the principal amount. The penalty will be charged first against any interest then in the account and then from the principal. This early withdrawal penalty will be waived if: (i) the account owner dies or is declared incompetent, or (ii) if the account is an IRA account and the request for withdrawal is made within seven days of establishing the IRA account in which event the entire amount will be returned without payment of interest. Upon maturity a fixed rate account shall be automatically converted to a variable rate investment account unless the funds are withdrawn or another fixed rate investment opportunity is offered to and specifically chosen by the undersigned.

Unless an exception to the reporting requirement applies, TMF will report annually (or more frequently if required) to the primary owner of record of the Note and to the Internal Revenue Service with respect to the interest paid or credited to such primary owner of the Note.

The undersigned hereby makes application for investment in the amount indicated above in the Notes offered by TMF to be applied toward investment in the Master Certificate of Participation as described in TMF’s Offering Circular dated August 1, 2020 (“Offering Circular”).

The undersigned certifies that a copy of the Offering Circular has been received. The undersigned further certifies that the undersigned is (i) over the age of eighteen (18) years; (ii) not under any disability which would require approval of any third person for this investment; (iii) acquiring the Note for personal investment and not with the intent of transferring the Note; and (iv) a full-time resident of Texas or New Mexico. The undersigned understands and agrees that the undersigned’s investment in the Note will be held, governed and administered by TMF under the terms of the Offering Circular.

On August 5, 1983, Congress repealed the law that would provide for withholding 10% of all interest payments made to individuals. At the same time, it adopted a new provision called “Backup Withholding”. This became effective January 1, 1984 and will require the Portfolio to withhold 28% of the undersigned’s interest payments unless it has been furnished a correct Social Security Number. To avoid this, please include your Social Security Number and sign the following IRS Certification.

Under penalties of perjury, by signing below, the undersigned certifies that the number shown on this form is my correct Social Security Number. The undersigned further certifies that I am not now subject to Backup Withholding either: (a) because the IRS has not notified me that I am, or (b) the IRS has notified me that I am no longer subject to Backup Withholding.

The undersigned represents to TMF that: (i) he or she has not been designated by any agency or branch of the United States Government as a person with whom persons and entities are prohibited from entering into transactions by the applicable laws and regulations of the United States (e.g. member, sponsor or supporter of a terrorist organization) and (ii) without limitation of the foregoing, he or she has not been designated a “Specially Designated National” by the United States Office of Foreign Assets Control of the United States Department of Treasury.

Primary Owner’s Signature

Date

Joint Owner’s Signature

Date



APPENDIX C

APPLICATION FOR INVESTMENT – FOR TRUSTS

Please complete the following application to purchase a Note. (Please print)

TRUSTEE: _____

TITLE AND DATE OF TRUST INSTRUMENT: _____

TRUST TAX IDENTIFICATION NO.: _____ - _____ - _____

MAILING ADDRESS: _____
 Street City State Zip

TELEPHONE: (____) _____ - _____ FAX: (____) _____ - _____ EMAIL: _____

CHURCH NAME (Optional): _____

The net worth of the trust making this application (the “Trust”) (total assets minus total liabilities) exceeds five (5) times the amount of investment in the Note. ____ YES ____NO

AMOUNT OF INVESTMENT: \$ _____ (include check)
**The minimum investment is \$1,000.00. Please make your check payable to:
 TMF, 11709 Boulder Lane, Suite 100, Austin, Texas 78726-1808**

<p>TERM: (Please check one)</p> <p>_____ Variable Rate</p> <p>_____ 1 Year - Fixed</p> <p>_____ 2 Year - Fixed</p> <p>_____ 3 Year – Fixed</p> <p>_____ 4 Year – Fixed</p> <p>_____ 5 Year – Fixed</p>	<p>INCOME DISTRIBUTION OPTIONS: (Please check one)</p> <p>_____ REINVEST (Interest to be paid upon written request)</p> <p>_____ SEMI-ANNUAL (Interest to be paid on or about the 1st of January and July)</p> <p>_____ QUARTERLY (Interest to be paid on or about the 1st of Jan., April, July & Oct.)</p> <p>_____ MONTHLY (Available only if investment is \$10,000 or more, interest to be paid on or about the 1st of each month)</p>
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Fixed Rate Notes have a maturity date determined at the time the investment is made (or, as applicable, at the time of renewal.) Except as provided below, principal may not be withdrawn from this account before the maturity date (including any renewal thereof) without the consent of TMF, and a penalty will be charged for such early withdrawal. The penalty for a Fixed Rate account is four (4) months interest on the principal amount withdrawn. The penalty will be charged first against any interest then in the account and then from the principal. Upon maturity this account shall be automatically converted to a variable rate investment account unless the funds are withdrawn or another fixed rate investment opportunity is offered to and specifically chosen by the Trust.

The trustee(s) named above (collectively the “Trustee”) hereby makes application on behalf of the Trust for investment in the amount indicated above in the Notes offered by TMF to be applied toward investment in the Master Certificate of Participation as described in TMF’s Offering Circular dated August 1, 2020 (“Offering Circular”).

The Trustee certifies that a copy of the Offering Circular has been received. The Trustee further certifies that (i) the Trustee is the trustee of the Trust; (ii) the Trustee has full power and authority to make this investment on behalf of the Trust; (iii) the Trustee is acquiring the Note on behalf of the Trust as investment and not with the intent of transferring the Note; and (iv) the Trust was not organized for the purpose of purchasing a Note. The Trustee understands and agrees that the Trust’s investment in a Note will be held, governed and administered by TMF under the terms of the Offering Circular. The Trustee further certifies that the Trustee is a full-time resident of the State of Texas or New Mexico, that each current beneficiary of the Trust is a resident of the State of Texas or New Mexico and that the trust instrument creating the trust is governed by Texas or New Mexico law. Each rollover of an investment will constitute the Trustee’s certification that the foregoing certification remains true at the time of such rollover.

On August 5, 1983, Congress repealed the law that would provide for withholding 10% of all interest payments made to individuals. At the same time, it adopted a new provision called “Backup Withholding”. This became effective January 1, 1984 and will require the Portfolio to withhold 28% of your interest payments unless we have been furnished a correct Social Security or Tax Identification Number. To avoid this, please include your Social Security Number or Tax Identification Number and sign the following IRS Certification.

Under penalties of perjury, by signing below, Trustee certifies that the number shown on this form is the correct Tax Identification Number for the Trust. Trustee further certifies that the Trust is not now subject to Backup Withholding either: (a) because the IRS has not notified the Trust that the trust is, or (b) the IRS has notified the Trust that it is no longer subject to Backup Withholding.

Trustee represents to TMF that: (i) none of the Trust, the Trustee or any beneficiary of the Trust has been designated by any agency or branch of the United States Government as a person or entity with whom persons and entities are prohibited from entering into transactions by the applicable laws and regulations of the United States (e.g. a member, sponsor or supporter of a terrorist organization) and (ii) without limitation of the foregoing, none of the Trust, the Trustee or any beneficiary of the Trust has been designated a “Specially Designated National” by the United States Office of Foreign Assets Control of the United States Department of Treasury.

 Trustee Signature Date

APPENDIX D



APPLICATION FOR INVESTMENT – FOR PARTNERSHIPS

Please complete the following application to purchase Note. (Please print)

NAME OF GENERAL PARTNER (if a limited partnership): _____

NAME OF PARTNERSHIP: _____

PARTNERSHIP TAX ID NO.: _____

MAILING ADDRESS: _____
Street
City
State
Zip

TELEPHONE: (____) _____ - _____ FAX: (____) _____ - _____ EMAIL: _____

CHURCH NAME (Optional): _____

The net worth of the partnership making this application (the “Partnership”) (total assets minus total liabilities) exceeds five (5) times the amount of investment in the Note. ____ YES ____NO

AMOUNT OF INVESTMENT: \$ _____ (include check)
The minimum investment is \$100,000.00. Please make your check payable to:
TMF, 11709 Boulder Lane, Suite 100, Austin, Texas 78726-1808

<p>TERM: (Please check one)</p> <p>_____ Variable Rate</p> <p>_____ 1 Year - Fixed</p> <p>_____ 2 Year - Fixed</p> <p>_____ 3 Year – Fixed</p> <p>_____ 4 Year – Fixed</p> <p>_____ 5 Year – Fixed</p>	<p>INCOME DISTRIBUTION OPTIONS: (Please check one)</p> <p>_____ REINVEST (Interest to be paid upon written request)</p> <p>_____ SEMI-ANNUAL (Interest to be paid on or about the 1st of January and July)</p> <p>_____ QUARTERLY (Interest to be paid on or about the 1st of Jan., April, July & Oct.)</p> <p>_____ MONTHLY (Available only if investment is \$10,000 or more, interest to be paid on or about the 1st of each month)</p>
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Fixed Rate Notes have a maturity date determined at the time the investment is made (or, as applicable, at the time of renewal.) Except as provided below, principal may not be withdrawn from this account before the maturity date (including any renewal thereof) without the consent of TMF, and a penalty will be charged for such early withdrawal. The penalty for a Fixed Rate account is four (4) months interest on the principal amount withdrawn. The penalty will be charged first against any interest then in the account and then from the principal. Upon maturity this account shall be automatically converted to a variable rate investment account unless the funds are withdrawn or another fixed rate investment opportunity is offered to and specifically chosen by the Partnership. Each rollover of an investment will constitute the Partnership’s certification that the foregoing certification remains true at the time of such rollover.

The Partnership hereby makes application for investment in the amount indicated above in the Notes offered by TMF to be applied toward investment in the Master Certificate of Participation as described in TMF’s Offering Circular dated August 1, 2020 (“Offering Circular”).

The Partnership certifies that a copy of the Offering Circular has been received by the Partnership. The Partnership further certifies that (a) the person executing this application is a partner of the Partnership; (b) said person has full power and authority to make this investment on behalf of the Partnership; (c) the Partnership is acquiring the Note for investment and not with the intent of transferring the Note; and (d) the Partnership was not formed for the purpose of purchasing a Note. The Partnership understands and agrees that the Partnership’s investment in a Note will be held, governed and administered by TMF under the terms of the Offering Circular. The Partnership certifies that the Partnership’s principal place of business is located in Texas or New Mexico, that all partners of the Partnership are individuals residing full-time in Texas or New Mexico and that the partnership agreement establishing the Partnership is governed by Texas or New Mexico law.

The Partnership represents to TMF that: (i) neither the Partnership nor any of its constituent partners has been designated by any agency or branch of the United States Government as a person or entity with whom persons and entities are prohibited from entering into transactions by the applicable laws and regulations of the United States (e.g. a member, sponsor or supporter of a terrorist organization) and (ii) without limitation of the foregoing, neither the Partnership nor any of its constituent partners has been designated a “Specially Designated National” by the United States Office of Foreign Assets Control of the United States Department of Treasury.

 Signature _____
 Date

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