The United Methodist Development Fund

(A Pennsylvania Non-Profit Corporation)

Offering Circular

11709 Boulder Lane, Suite 220
Austin, Texas 78726
800-862-8633

$100,000,000 OF UNSECURED NOTES AS FOLLOWS:
(rates as of June 1, 2018)

Type	Rate	Minimum Purchase Amount
Flexible Investment Notes	**1.20%**	**$100.00**
One Year Term Notes	**1.60%**	**$100.00**
Two Year Term Notes	**1.85%**	**$100.00**
Three Year Term Notes	**2.35%**	**$100.00**
Four Year Term Notes	**2.70%**	**$100.00**
Five Year Term Notes	**2.90%**	**$100.00**
Individual Retirement Account	**2.00%**	**$100.00**

UMDF

The Treasurer and Executive Directors, with review and consent of the board of directors of The United Methodist Development Fund, may change the interest rates.

The expenses incurred in connection with this offering for the fiscal year beginning May 15, 2018, are estimated to be less than $150,000. The net proceeds of sales for the fiscal year beginning May 15, 2018, are estimated to be $20,000,000.

THIS OFFERING IS SUBJECT TO CERTAIN RISKS WHICH ARE DESCRIBED AT PAGES 1-15.

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58 Years of Investing in Church Growth

This offering is limited to entities within The United Methodist Church connectional system and to persons who are members of, contributors to, or participants in The United Methodist Church or its connectional units, and persons who are successors in interest to such persons.

The date of this Offering Circular is May 15, 2018 and the offering period will extend until the sale of all of the Notes has been completed.

The United Methodist Development Fund

11709 Boulder Lane, Suite 220
Austin, Texas 78726
800-862-8633

The United Methodist Development Fund ("The Fund") is offering up to $100,000,000 in unsecured notes to (i) entities within The United Methodist Church connectional system, and (ii) persons who are members of, contributors to, or participants in, The United Methodist Church or its connectional units, and persons who are successors in interest to such persons.

This offering consists of three types of Notes: (i) Flexible Investment Notes; (ii) Term Notes; and (iii) Individual Retirement Account Notes. Flexible Investment Notes may be redeemed by the noteholder, in whole or in part, at any time upon at least fifteen (15) days' prior written notice to The Fund. Term Notes have a fixed duration of One, Two, Three, Four or Five Years, depending on the term selected by the investor, and are payable at maturity, if not automatically or otherwise reinvested. Notes purchased by Individual Retirement Accounts may be redeemed, in whole or part, at any time upon at least thirty (30) days' prior written notice from the IRA custodian to The Fund. The minimum investment amount is $100 for all Notes. Please see "Description of the Notes" beginning on page 38.

Interest rates currently offered on new issuances of Notes are as set forth on the accompanying Interest Rate Sheet, which may be amended from time to time by the Treasurer and Executive Directors of The Fund, with review and consent of the board of directors of The Fund ("The Board"). Current interest rates may also be obtained by calling The Fund at 800-862-8633, e-mailing The Fund at invest@umdevelopmentfund.org, or visiting The Fund's website at http://www.umdevelopmentfund.org/. If economic conditions in the market should warrant, the interest rate offered on Flexible Investment Notes and Individual Retirement Account Notes may be increased or decreased after thirty (30) days' prior written notice to noteholders by The Fund. Unless the noteholder re-invests in a Term Note at maturity, interest rates for Term Notes are fixed for the life of the Term Note, once issued.

Interest begins to accrue upon the successful deposit of funds by an investor and the issuance of the Note by The Fund. Payment may be made by check or ACH wire transfer, in U.S. funds. Applications are accepted via U.S. mail to The Fund.

The expenses of this offering, which The Fund expects to be less than 0.15% of the total offering amount, are paid from The Fund's operating capital. This offering is not underwritten and no commissions are paid for the sale of the Notes. As a result, The Fund receives 100% of the proceeds from this offering. The net proceeds of sales for the fiscal year beginning January 1, 2018, are estimated to be $20,000,000.00.

THIS OFFERING IS SUBJECT TO CERTAIN RISKS WHICH ARE DESCRIBED BEGINNING AT PAGE 5.

This Offering Circular contains essential information about the issuer (The United Methodist Development Fund) and the securities being offered hereby. Persons are advised to read this Offering Circular carefully prior to making any decision to purchase these securities. Please see "State Specific Information" beginning on page iv for information particular to your state of residence.

This date of this Offering Circular is May 15, 2018, and may be used until (i) the expiration of the periods of time authorized in the various states, which typically is twelve (12) months, or (ii) the sale of all of the Notes has been completed, whichever comes sooner.

Except as to residents of certain states, if a holder of a maturing Term Note purchased prior to January 1, 2017 does not present it for payment or give The Fund written instructions to pay or redeem it, that Term Note will automatically be renewed or "rolled over" into a like Term Note at the prevailing interest rate paid on the same Term Note as that being rolled over. The rate of interest that The Fund pays on the Term Note issued as a result of the roll-over may be less than the rate of interest paid on the maturing Term Note. See "State Specific Information" beginning on page iv for information regarding the treatment of Term Notes at maturity for residents of certain states.

Except as to residents of certain states, if The Fund does not receive written instructions from a noteholder to redeem a Term Note purchased on or after January 1, 2017 at maturity (unless the Note is redeemed early or a new Term Note is established by the noteholder), The Fund will automatically convert the Term Note into a Flexible Investment Note. See "State Specific Information" beginning on page iv for information regarding the treatment of Term Notes at maturity for residents of certain states.

If the holder of a Term Note presents the Note for early redemption, The Fund, subject to its right to pay the principal in five (5) equal annual installments (except as to residents of certain states), will repay the principal amount of the Term Note, together with interest payable annually at the rate being offered on The Fund's Flexible Investment Notes during the remainder of the payout, and charge an early redemption penalty. See "Prepayment Penalties on Term Notes" on page 39, as well as the Risk Factors, "Restrictions on Early Redemptions" on page 14, and "Early Redemption Penalty" on page 15, for information regarding restrictions and penalties regarding an early redemption. See "State Specific Information" beginning on page iv for information regarding the repayment of principal in five (5) equal annual installments for certain states.

If a holder of a Term Note presents the Note for early redemption, the early redemption penalty will be four (4) months interest (at the rate of interest for the Note) on the principal amount being redeemed; or the entire interest accrued on the Note if the Note has been issued for less than four (4) months. The penalty will be charged first against any interest already accrued, which has yet to be paid, and then from the principal that would otherwise be returned to the noteholder. This early redemption penalty will be waived if (i) the noteholder has died or has been declared incompetent, or (ii) the Note is held by an IRA and the request for redemption is made within seven (7) days of establishing the IRA; in which event the entire principal amount will be returned, without payment of interest.

There is no right to early redemption of a Term Note. The Fund retains the right to reject any request for early redemption.

For Flexible Investment Notes presented for repayment, The Fund has the right to repay the principal in five (5) equal annual installments beginning fifteen (15) days after demand. The Fund has waived its right to repay the principal on an installment basis with respect to Flexible Investment Notes issued to residents of certain states (as described more fully in "State Specific Information" beginning on page iv).

THESE SECURITIES MAY EITHER BE REGISTERED OR EXEMPT FROM REGISTRATION IN THE VARIOUS STATES OR JURISDICTIONS IN WHICH THEY ARE OFFERED OR SOLD BY THE ISSUER. THIS OFFERING CIRCULAR HAS BEEN FILED WITH THE SECURITIES ADMINISTRATORS IN SUCH STATES OR JURISDICTIONS THAT REQUIRE IT FOR REGISTRATION OR EXEMPTION.

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.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT DETERMINED THE ACCURACY, ADEQUACY, TRUTHFULNESS, OR COMPLETENESS OF THIS DOCUMENT AND HAVE NOT PASSED UPON THE MERIT OR VALUE OF THESE SECURITIES, OR APPROVED, DISAPPROVED OR ENDORSED THE OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE DISCLOSURE, MERITS, AND RISKS INVOLVED.

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.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THIS OFFERING OTHER THAN THOSE CONTAINED IN THIS OFFERING CIRCULAR, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED ON AS HAVING BEEN MADE BY THE FUND OR ANY OF ITS AFFILIATES, EMPLOYEES OR AGENTS.

INVESTORS ARE ENCOURAGED TO CONSIDER THE CONCEPT OF INVESTMENT DIVERSIFICATION WHEN DETERMINING THE AMOUNT OF NOTES THAT WOULD BE APPROPRIATE FOR THEM IN RELATION TO THEIR OVERALL INVESTMENT PORTFOLIO AND PERSONAL FINANCIAL NEEDS.

Special Notice – Notes are Un-Certificated

The Notes will be issued in book-entry form as un-certificated securities to be held and recorded in the book-entry-only system maintained by The Fund. After purchase of any Note, the purchaser will not receive a physical Note but will receive a registration confirmation acknowledging payment for the Note. The Note will be registered in book-entry form by The Fund. The Fund will issue a physical Note to any investor upon request.

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APPENDIX LIST:

STATE SPECIFIC INFORMATION

The United Methodist Development Fund is or may be qualified to offer and sell its securities in all of the following states. Certain features of the offering and state law, however, require the following special disclosures, which you should read carefully if you live in one of the states listed below. If you are not a resident of one of these states, you may proceed to the “Summary” Section of the Offering Circular which begins on page 1.

ALABAMA RESIDENTS: If you are a resident of Alabama and you present your Term Notes for redemption prior to the stated maturity date, The Fund will not repay the principal in five (5) equal annual installments as provided in this Offering Circular. Instead, if The Fund, in its discretion, approves of a request for early redemption, The Fund will repay the principal amount on the Note in one lump sum payment, less the applicable early redemption penalty, as described under “Prepayment Penalties on Term Notes” on page 39.

If you demand repayment on a Flexible Investment Note, or your Term Note reaches maturity, and you elect not to re-invest, The Fund will not repay the principal in five (5) equal annual installments as provided in this Offering Circular. Instead, The Fund will repay the principal amount on the Note in one lump sum payment.

ARKANSAS RESIDENTS: If you are a resident of Arkansas, your Term Notes will not be automatically renewed at maturity. You will be paid at the maturity of those Notes the full principal and accrued interest balance of the Note upon presentation for repayment, if a physical Term Note was issued, or if a Term Note was not issued, on written instructions to repay the investment. Alternatively, you may exchange such maturing or matured Term Note for a new Term Note then offered by The Fund by tendering the outstanding Term Note, if one has been issued, or written instructions if one has not, and a new signed “Application To Purchase A Note” to The Fund (see Appendix B). Until the physical Note or written instructions and new Application (as applicable) are received by The Fund, the matured Note will become an account payable of The Fund, earning interest at the rate then offered by The Fund on demand obligations, until such time as the matured Note is presented for repayment or a new Application has been received. The Fund will continue to attempt to contact you after the maturity of a Note and assist you in completing the necessary steps either to purchase a new Note or obtain repayment of the matured Note. If The Fund is unable to reach you, the account will be handled in accordance with applicable law, including the rules of escheat.

If you present your Term Notes for redemption prior to the stated maturity date, The Fund will not repay the principal in five (5) equal annual installments as provided in this Offering Circular. Instead, if The Fund, in its discretion, approves of a request for early redemption, The Fund will repay the principal amount on the Note in one lump sum payment, less the applicable early redemption penalty, as described under “Prepayment Penalties on Term Notes” on page 39.

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CALIFORNIA RESIDENTS: If you are a resident of California, your Term Notes will not be automatically renewed at maturity. You will be paid at the maturity of those Notes the full principal and accrued interest balance of the Note upon presentation for repayment, if a physical Term Note was issued, or if a Term Note was not issued, on written instructions to repay the investment. Alternatively, you may exchange such maturing or matured Term Note for a new Term Note then offered by The Fund by tendering the outstanding Term Note, if one has been issued, or written instructions if one has not, and a new signed "Application To Purchase A Note" to The Fund (see Appendix B). Until the physical Note or written instructions and new Application (as applicable) are received by The Fund, the matured Note will become an account payable of The Fund, earning interest at the rate then offered by The Fund on demand obligations, until such time as the matured Note is presented for repayment or a new Application has been received. The Fund will continue to attempt to contact you after the maturity of a Note and assist you in completing the necessary steps either to purchase a new Note or obtain repayment of the matured Note. If The Fund is unable to reach you, the account will be handled in accordance with applicable law, including the rules of escheat.

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If you demand repayment on a Flexible Investment Note, or your Term Note reaches maturity, and you elect not to re-invest, The Fund will not repay the principal in five (5) equal annual installments as provided in this Offering Circular. Instead, The Fund will repay the principal amount on the Note in one lump sum payment.

GEORGIA RESIDENTS: If you are a resident of Georgia, your Term Notes will not be automatically renewed at maturity. You will be paid at the maturity of those Notes the full principal and accrued interest balance of the Note upon presentation for repayment, if a physical Term Note was issued, or if a Term Note was not issued, on written instructions to repay the investment. Alternatively, you may exchange such maturing or matured Term Note for a new Term Note then offered by The Fund by tendering the outstanding Term Note, if one has been issued, or written instructions if one has not, and a new signed "Application To Purchase A Note" to The Fund (see Appendix B). Until the physical Note or written instructions and new Application (as applicable) are received by The Fund, the matured Note will become an account payable of The Fund, earning interest at the rate then offered by The Fund on demand obligations, until such time as the matured Note is presented for repayment or a new Application has been received. The Fund will continue to attempt to contact you after the maturity of a Note and assist you in completing the necessary steps either to purchase a new Note or obtain repayment of the matured Note. If The Fund is unable to reach you, the account will be handled in accordance with applicable law, including the rules of escheat.

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If you demand repayment on a Flexible Investment Note, or your Term Note reaches maturity, and you elect not to re-invest, The Fund will not repay the principal in five (5) equal annual installments as provided in this Offering Circular. Instead, The Fund will repay the principal amount on the Note in one lump sum payment.

IDAHO RESIDENTS: If you are a resident of Idaho and you present your Term Notes for redemption prior to the stated maturity date, The Fund will not repay the principal in five (5) equal annual installments as provided in this Offering Circular. Instead, if The Fund, in its discretion, approves of a request for early redemption, The Fund will repay the principal amount on the Note in one lump sum payment, less the applicable early redemption penalty, as described under "Prepayment Penalties on Term Notes" on page 39.

If you demand repayment on a Flexible Investment Note, or your Term Note reaches maturity, and you elect not to re-invest, The Fund will not repay the principal in five (5) equal annual installments as provided in this Offering Circular. Instead, The Fund will repay the principal amount on the Note in one lump sum payment.

INDIANA RESIDENTS: These are speculative securities. The Indiana Securities Division has not in any way passed upon the merits or qualifications of, or recommended or given approval to the securities hereby offered, or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

KENTUCKY RESIDENTS: These securities are issued pursuant to a claim of exemption from registration under section KRS 292.400 (9) of the Kentucky Securities Act.

If you are a resident of Kentucky, your Term Notes will not be automatically renewed at maturity. You will be paid at the maturity of those Notes the full principal and accrued interest balance of the Note upon presentation for repayment, if a physical Term Note was issued, or if a Term Note was not issued, on written instructions to repay the investment. Alternatively, you may exchange such maturing or matured Term Note for a new Term Note then offered by The Fund by tendering the outstanding Term Note, if one has been issued, or written instructions if one has not, and a new signed "Application To Purchase A Note" to The Fund (see Appendix B). Until the physical Note or written instructions and new Application (as applicable) are received by The Fund, the matured Note will become an account payable of The Fund, earning interest at the rate then offered by The Fund on demand obligations, until such time as the matured Note is presented for repayment or a new Application has been received. The Fund will continue to attempt to contact you after the maturity of a Note and assist you in completing the necessary steps either to purchase a new Note or obtain repayment of the matured Note. If The Fund is unable to reach you, the account will be handled in accordance with applicable law, including the rules of escheat.

LOUISIANA RESIDENTS: These securities, with the exception of the Flexible Investment Notes (The United Methodist Development Fund does not offer Flexible Investment Notes to Louisiana residents pursuant to this Offering Circular), have been registered with the Securities Commissioner of the State of Louisiana. The Securities Commissioner, by accepting registration, does not in any way endorse or recommend the purchase of any of these securities.

If you are a resident of Louisiana, your Term Notes will not be automatically renewed at maturity. You will be paid at the maturity of those Notes the full principal and accrued interest balance of the Note upon presentation for repayment, if a physical Term Note was issued, or if a Term Note was not issued, on written instructions to repay the investment. Alternatively, you may exchange such maturing or matured Term Note for a new Term Note then offered by The Fund by tendering the outstanding Term Note, if one has been issued, or written instructions if one has not, and a new signed "Application To Purchase A Note" to The Fund (see Appendix B). Until the physical Note or written instructions and new Application (as applicable) are received by The Fund, the matured Note will become an account payable of The Fund, earning interest at the rate then offered by The Fund on demand obligations, until such time as the matured Note is presented for repayment or a new Application has been received. The Fund will continue to attempt to contact you after the maturity of a Note and assist you in completing the necessary steps either to purchase a new Note or obtain repayment of the matured Note. If The Fund is unable to reach you, the account will be handled in accordance with applicable law, including the rules of escheat.

MICHIGAN RESIDENTS: These securities are offered pursuant to Section 3(a)(4) of the Securities Act of 1933 and registration under Section 304 of the Michigan Uniform Securities Act. A registration statement relating to these securities has not been filed with the Michigan Department of Licensing and Regulatory Affairs, Corporations, Securities & Commercial Licensing Bureau, Securities and Audit Division, P.O. Box 30018, Lansing, MI 48909, Telephone: 517-335-5237, or with the United States Securities and Exchange Commission. Neither the Bureau nor the Commission has passed on the value of these securities, made any recommendations as to their purchase, approved or disapproved the offering, or passed on the adequacy or accuracy of this prospectus. Any representation to the contrary is unlawful. Risk Factors are described beginning on page 5. The date of this Offering Circular is May 15, 2018.

If you present your Term Notes for redemption prior to the stated maturity date, The Fund will not repay the principal in five (5) equal annual installments as provided in this Offering Circular. Instead, if The Fund, in its discretion, approves of a request for early redemption, The Fund will repay the principal amount on the Note in one lump sum payment, less the applicable early redemption penalty, as described under "Prepayment Penalties on Term Notes" on page 39.

If you demand repayment on a Flexible Investment Note, or your Term Note reaches maturity, and you elect not to re-invest, The Fund will not repay the principal in five (5) equal annual installments as provided in this Offering Circular. Instead, The Fund will repay the principal amount on the Note in one lump sum payment.

MISSOURI RESIDENTS: In making an investment decision, investors must rely on their own examination of the person or entity creating the securities and the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

If you present your Term Notes for redemption prior to the stated maturity date, The Fund will not repay the principal in five (5) equal annual installments as provided in this Offering Circular. Instead, if The Fund, in its discretion, approves of a request for early redemption, The Fund will repay the principal amount on the Note in one lump sum payment, less the applicable early redemption penalty, as described under "Prepayment Penalties on Term Notes" on page 39.

If you demand repayment on a Flexible Investment Note, or your Term Note reaches maturity, and you elect not to re-invest, The Fund will not repay the principal in five (5) equal annual installments as provided in this Offering Circular. Instead, The Fund will repay the principal amount on the Note in one lump sum payment.

NORTH CAROLINA RESIDENTS: In making an investment decision, investors must rely on their own examination of the person or entity creating the securities and the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

OHIO RESIDENTS: If you are a resident of Ohio, your Term Notes will not be automatically renewed at maturity. You will be paid at the maturity of those Notes the full principal and accrued interest balance of the Note upon presentation for repayment, if a physical Term Note was issued, or if a Term Note was not issued, on written instructions to repay the investment. Alternatively, you may exchange such maturing or matured Term Note for a new Term Note then offered by The Fund by tendering the outstanding Term Note, if one has been issued, or written instructions if one has not, and a new signed "Application To Purchase A Note" to The Fund (see Appendix B). Until the physical Note or written instructions and new Application (as applicable) are received by The Fund, the matured Note will become an account payable of The Fund, earning interest at the rate then offered by The Fund on demand obligations, until such time as the matured Note is presented for repayment or a new Application has been received. The Fund will continue to attempt to contact you after the maturity of a Note and assist you in completing the necessary steps either to purchase a new Note or obtain repayment of the matured Note. If The Fund is unable to reach you, the account will be handled in accordance with applicable law, including the rules of escheat.

OKLAHOMA RESIDENTS: If you are a resident of Oklahoma and you present your Term Notes for redemption prior to the stated maturity date, The Fund will not repay the principal in five (5) equal annual installments as provided in this Offering Circular. Instead, if The Fund, in its discretion, approves of a request for early redemption, The Fund will repay the principal amount on the Note in one lump sum payment, less the applicable early redemption penalty, as described under "Prepayment Penalties on Term Notes" on page 39.

If you demand repayment on a Flexible Investment Note, or your Term Note reaches maturity, and you elect not to re-invest, The Fund will not repay the principal in five (5) equal annual installments as provided in this Offering Circular. Instead, The Fund will repay the principal amount on the Note in one lump sum payment.

OREGON RESIDENTS: If you are a resident of Oregon, your Term Notes will not be automatically renewed at maturity. You will be paid at the maturity of those Notes the full principal and accrued interest balance of the Note upon presentation for repayment, if a physical Term Note was issued, or if a Term Note was not issued, on written instructions to repay the investment. Alternatively, you may exchange such maturing or matured Term

Note for a new Term Note then offered by The Fund by tendering the outstanding Term Note, if one has been issued, or written instructions if one has not, and a new signed "Application To Purchase A Note" to The Fund (see Appendix B). Until the physical Note or written instructions and new Application (as applicable) are received by The Fund, the matured Note will become an account payable of The Fund, earning interest at the rate then offered by The Fund on demand obligations, until such time as the matured Note is presented for repayment or a new Application has been received. The Fund will continue to attempt to contact you after the maturity of a Note and assist you in completing the necessary steps either to purchase a new Note or obtain repayment of the matured Note. If The Fund is unable to reach you, the account will be handled in accordance with applicable law, including the rules of escheat.

At any time upon written notice and, if applicable, the return of your outstanding Flexible Investment Notes to The Fund, you may redeem your Flexible Investment Notes or may convert them into The Fund's One-, Two-, or Three, Four or Five-Year Term Notes.

PENNSYLVANIA RESIDENTS: These securities have not been approved or disapproved by the Pennsylvania Department of Banking and Securities, nor has the Department passed upon the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offense.

It is the position of the Pennsylvania Department of Banking and Securities that indemnification in connection with violations of the securities laws is against public policy and void.

If you are a resident of Pennsylvania and you present your Term Notes for redemption prior to the stated maturity date, The Fund will not repay the principal in five (5) equal annual installments as provided in this Offering Circular. Instead, if The Fund, in its discretion, approves of a request for early redemption, The Fund will repay the principal amount on the Note in one lump sum payment, less the applicable early redemption penalty, as described under "Prepayment Penalties on Term Notes" on page 39.

If you demand repayment on a Flexible Investment Note, or your Term Note reaches maturity, and you elect not to re-invest, The Fund will not repay the principal in five (5) equal annual installments as provided in this Offering Circular. Instead, The Fund will repay the principal amount on the Note in one lump sum payment.

If you purchase Notes from The United Methodist Development Fund, you have the right to withdraw from the purchase by electing, within two (2) business days after The United Methodist Development Fund has accepted your application to purchase Notes, to withdraw your purchase and receive a full refund, without incurring any liability to The United Methodist Development Fund or any other person. To accomplish this withdrawal, a letter should be sent to the issuer indicating your intention to withdraw. Such letter should be sent and postmarked prior to the end of the aforementioned second (2nd) business day. It is prudent to send it by certified mail, return receipt requested, to ensure that it is received and also to evidence the time when it was mailed. Should you make this request orally, you should ask for written confirmation that your request has been received. Letters are to be forwarded to The Fund at 11709 Boulder Lane, Suite 220, Austin, TX 78726.

The Fund has filed certain documents, including a Registration Statement, with respect to the Notes offered by this Offering Circular, in the office of the Pennsylvania Department of Banking and Securities. The Registration Statement includes certain exhibits only summarized or alluded to in this Offering Circular. Any person who wishes to obtain these additional documents may do so by requesting such information from the Pennsylvania Department of Banking and Securities, 17 North 2nd Street, Suite 1300, Harrisburg, PA 17101; Telephone 717-787-8061 (Office hours: 8:30 am to 5:00 pm, Monday through Friday). This Offering Circular does not contain all of the information that has been filed with states other than Pennsylvania, but that information is made a part hereof and may be inspected in the offices of the regulatory bodies of those states. Except as indicated herein, this Offering Circular is effective as of the date on its front cover.

SOUTH CAROLINA RESIDENTS: These securities have not been registered with the Securities and Exchange Commission, being exempt securities under Paragraph (4), Section 3(a) of the Securities Act of 1933, as amended, and have not been registered under the Securities Law of South Carolina, being exempt under Section 35-1-201(7) of that law. Flexible Investment Notes and IRA Notes are not offered to South Carolina residents pursuant to this Offering Circular.

If you were a resident of the State of South Carolina when you purchased a Term Note, you may declare an “event of default” on your Term Note only if one of the following occurs:

- We do not pay principal or interest on the Term Note for a period of sixty (60) days from the date of lawful demand by you, other than by clerical error or administrative oversight, provided that you do not waive the default and we do not lawfully contest the payment; or
- A South Carolina resident who owns a Term Note of the “same issue” as your Term Note (i.e., the same type, term and offering) has rightfully declared an event of default as to his or her Term Note.

To declare an event of default, you must submit a written declaration to us. The rightful declaration of an event of default as to any one Term Note of an issue constitutes an event of default on the entire issue in South Carolina. Upon a rightful declaration of an event of default on a Term Note:

- The principal and interest on your Term Note becomes immediately due and payable;
- If you request in writing, we will send you a list of names and addresses of all investors in the State of South Carolina who own a Term Note of the same issue as your Term Note; and
- The owners of 25% or more of the total principal amount of Term Notes of the same issue outstanding in the State of South Carolina can declare the entire issue in the State of South Carolina due and payable.

If you are a resident of South Carolina, your Term Notes will not be automatically renewed at maturity. You will be paid at the maturity of those Notes the full principal and accrued interest balance of the Note upon presentation for repayment, if a physical Term Note was issued, or if a Term Note was not issued, on written instructions to repay the investment. Alternatively, you may exchange such maturing or matured Term Note for a new Term Note then offered by The Fund by tendering the outstanding Term Note, if one has been issued, or written instructions if one has not, and a new signed “Application To Purchase A Note” to The Fund (see Appendix B). Until the physical Note or written instructions and new Application (as applicable) are received by The Fund, the matured Note will become an account payable of The Fund, earning interest at the rate then offered by The Fund on demand obligations, until such time as the matured Note is presented for repayment or a new Application has been received. The Fund will continue to attempt to contact you after the maturity of a Note and assist you in completing the necessary steps either to purchase a new Note or obtain repayment of the matured Note. If The Fund is unable to reach you, the account will be handled in accordance with applicable law, including the rules of escheat.

SOUTH DAKOTA RESIDENTS: These securities are offered pursuant to a claim of exemption from registration under SDCL 47-31B-201(7)(B) of the South Dakota securities act. Neither the South Dakota division of insurance (division) nor the United States Securities and Exchange Commission has passed upon the value of these securities, made any recommendations as to their purchase, approved or disapproved the offering, or passed upon the adequacy or accuracy of this offering circular. Any representation to the contrary is unlawful.

TENNESSEE RESIDENTS: In making an investment decision, investors must rely on their own examination of the issuer and the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

These securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act of 1933, as amended, and the applicable state securities laws, pursuant to registration or exemption therefrom. Investors should be aware that they may be required to assume the financial risk of this investment for an indefinite period of time.

VERMONT RESIDENTS: If you are a resident of Vermont and you present your Term Notes for redemption prior to the stated maturity date, The Fund will not repay the principal in five (5) equal annual installments as provided in this Offering Circular. Instead, if The Fund, in its discretion, approves of a request for early redemption, The Fund will repay the principal amount on the Note in one lump sum payment, less the applicable early redemption penalty, as described under “Prepayment Penalties on Term Notes” on page 39.

If you demand repayment on a Flexible Investment Note, or your Term Note reaches maturity, and you elect not to re-invest, The Fund will not repay the principal in five (5) equal annual installments as provided in this Offering Circular. Instead, The Fund will repay the principal amount on the Note in one lump sum payment.

WASHINGTON RESIDENTS: Any prospective purchaser is entitled to review financial statements of the issuer which shall be furnished upon request. Receipt of notice of exemption by the Washington Administrator of Securities does not signify that the Administrator has approved or recommended these securities, nor that the Administrator has passed upon the offering. Any representation to the contrary is a criminal offense. The return of the funds of the purchaser is dependent upon the financial condition of the issuer.

WISCONSIN RESIDENTS: The United Methodist Development Fund does not offer its Flexible Investment Notes or IRA Notes to Wisconsin residents pursuant to this Offering Circular.

If you are a resident of Wisconsin and you present your Term Notes for redemption prior to the stated maturity date, The Fund will not repay the principal in five (5) equal annual installments as provided in this Offering Circular. Instead, if The Fund, in its discretion, approves of a request for early redemption, The Fund will repay the principal amount on the Note in one lump sum payment, less the applicable early redemption penalty, as described under "Prepayment Penalties on Term Notes" on page 39.

If your Term Note reaches maturity, and you elect not to re-invest, The Fund will not repay the principal in five (5) equal annual installments as provided in this Offering Circular. Instead, The Fund will repay the principal amount on the Note in one lump sum payment.

SUMMARY

The United Methodist Development Fund ("The Fund") entered into an Agreement Providing for the Transfer of Operations and Governance, dated March 21, 2016 (the "Contract") with the General Board of Global Ministries of The United Methodist Church ("Global Ministries") and the Texas Methodist Foundation ("TMF"). Pursuant to the terms of the Contract, on January 1, 2017, TMF began to manage and administer The Fund's operations in accordance with the policies of The Fund's board of directors ("The Board") and established an endowment ("Endowment") for the benefit of Global Ministries. As its initial contribution, The Fund transferred $12.5 million of its net assets to the Endowment. If certain provisions of the Contract are fulfilled on or before July 1, 2020, TMF will assume control of the governance of The Fund and, concurrent with TMF's assumption of the governance of The Fund, The Fund will transfer an additional $12.5 million of The Fund's net assets to the Endowment for the benefit of Global Ministries. Each of the two transfers, by reducing The Fund's unrestricted net assets, may compromise The Fund's ability to repay noteholders. For a summary description of the Contract, refer to Appendix C of this Offering Circular.

The Notes issued by The Fund are unsecured. As unsecured obligations of The Fund, each noteholder will have a claim on the assets of The Fund equal to that of all other noteholders, both of Notes now outstanding and those which may be issued by The Fund in the future, as all noteholders are unsecured creditors of The Fund.

The Notes are not insured by the Federal Deposit Insurance Corporation (FDIC), the Securities Investor Protection Corporation (SIPC), or any other state or federally regulated institution or private insurance company. 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.

Under the circumstances described below, The Fund's liquid assets may not be sufficient, in the ordinary course, to pay the interest and principal that will become due on the Notes as they mature.

Key Risks to Investors in The United Methodist Development Fund's Notes

1. Noteholder Demand for Repayment at Note Maturity.

If a substantial number of holders of Flexible Investment Notes and IRA Notes (in the combined principal amount of $13,408,455 at December 31, 2017) demand repayment of their Notes, and a substantial number of holders of Term Notes (holding $18,476,461 of Notes that will mature in 2018) demand repayment of their Notes at maturity, and in each case, do not reinvest in the Notes, it may be difficult for The Fund to repay noteholders in the ordinary course.

2. Risk of Reduced Demand for Notes (or Loans) and Rising Interest Rates

The Fund borrows money from noteholders (via the issuance of the Notes) at one rate of interest, and attempts to lend the same funds to church borrowers at a higher rate, thereby generating sufficient income to pay maturing Notes.

In 2017, The Fund raised $7,749,406 from the sale of new Notes (i.e., sales that do not include roll-overs of outstanding Term Notes), and it lent $10,773,013 to borrowers. During periods in which The Fund places more funds in loans than it is able to raise from the sale of Notes, the reduced demand for Notes may be a reflection of the broader interest rate environment and a lack of demand for the Notes. Should this occur, and if general interest rates increase so that a substantial number of noteholders do not reinvest in the Notes in order to earn a higher rate of return elsewhere, The Fund's ability to repay noteholders could be compromised. During periods in which The Funds raises more money than it lends, the reduced demand for mortgage loans may reflect a more general decline in United Methodist Church membership. Should this occur and The Fund is unable to lend its funds from the sale of Notes (and thereby earn interest, from which it will repay noteholders), and if interest rates in general should increase so that a substantial number of noteholders do not reinvest in the Notes in order to earn a higher rate of return elsewhere, The Fund's ability to repay noteholders could be compromised.

3. <u>Inability of Borrowers to Repay Mortgage Loans</u>

The Fund depends on churches making prompt payment of their mortgage obligations to The Fund. Those mortgage payments are the primary source of funds for The Fund's payment of its obligations to noteholders. Churches most often rely on their receipt of contributions from parishioners to repay their mortgage loans. If a significant number of church borrowers should experience declines in church attendance, they may not receive sufficient contributions to make full scheduled payments of their mortgage debt.

4. <u>The Fund's Lending Standards and Forbearance Practices; Single Purpose Buildings Secure Loans</u>

The Fund's lending standards and its policies regarding the legal documentation of loans, particularly construction loans, are different than, and in some cases, less stringent than, those of commercial lenders. Moreover, The Fund's policies with regard to delinquencies are also less stringent than those of commercial lenders. As a result, The Fund may experience a greater incidence of defaulting loans than a commercial lender would experience.

If a borrower should default, The Fund may have greater difficulty than a commercial bank would have in recovering the full amount of its loan. The mortgaged properties that secure The Fund's loans often include church buildings which are "single purpose buildings" that have a limited market.

If The Fund should experience a significant number of delinquencies or defaults, it may not be able to recover the full amount of the outstanding mortgage debt due it. The repayment to The Fund of outstanding mortgage debt is material to The Fund's ability to discharge its obligations to noteholders.

Financial and Operational Characteristics of The Fund

The Fund is a Pennsylvania non-profit corporation that operates exclusively for religious purposes, and is a 501(c)(3) corporation under the Internal Revenue Code of 1986, as amended (including rulings, guidance and interpretations thereunder, the "Code"). The Fund's principal office is located at 11709 Boulder Lane, Suite 220, Austin, Texas 78726.

As of January 1, 2017, TMF administers The Fund's policies in accordance with the provisions of an Agreement Providing for the Transfer of Operations and Governance, among The Fund, Global Ministries, and TMF and under the governance of The Fund's Board and the current By-laws and Articles of The Fund.

TMF is a Texas nonprofit corporation that is exempt as a religious organization from the payment of federal income taxes under section 501(c)(3) of the Code. As manager of The Fund, TMF is responsible for the sale of The Fund's Notes, the management of The Fund's mortgage portfolio, the administrative procedure for reviewing loan applications and extending and documenting new loans, and for managing The Fund's investments. To provide TMF the operational ability to discharge its management responsibilities, The Fund has granted to TMF under the Contract extensive administrative authority. That authority includes among other things, the authority to install and utilize new hardware and software computer systems, develop new operational policies and procedures, and to establish and maintain reasonable accounting and reporting systems and internal controls designed to help The Fund protect its assets.

The Fund will not pay TMF a management fee to administer The Fund, but will reimburse TMF its expenses incurred in the operation of The Fund.

The Fund's policies, as they may be amended from time to time, will continue to be determined by The Fund's nine (9) member Board.

TMF has employees whose day-to-day work is to support the work of both TMF and The Fund. This includes persons in the lending operations of The Fund and TMF, persons in investor relations, and employees in management, accounting, regulatory compliance, and marketing.

In connection with The Fund's lending program, The Fund provides financial consultation, at no charge, to United Methodist churches and related agencies within the United States and its territories. This consultation includes understanding and facilitating the mission and ministry of the organization and analyzing the financial condition of a borrowing religious entity, including its ability to service debt, a discussion of construction alternatives that may be available, an evaluation of the entity's financial strengths and weaknesses, and other items that may affect the financial condition of the entity and its ability to engage in and expand its religious activities.

The Fund engages in two primary activities. First, it sells Notes to (i) entities within The United Methodist Church connectional system, and (ii) persons who are members of, contributors to, or participants in, The United Methodist Church or its connectional units, and persons who are successors in interest to such persons. Second, from the funds raised by the sale of its Notes, and from funds that it administers as custodian on behalf of Global Ministries, The Fund lends money to United Methodist churches, districts, city societies, district unions, mission institutions or conference church extension agencies to enable them to purchase, build, expand, or renovate and improve churches, parsonages, or mission buildings, and for other purposes closely related to the religious purposes of the local churches.

The Fund has no significant activities that are unrelated to the foregoing purposes.

Use of Proceeds

Prior to January 1, 2017, the offering of The Fund's Notes was intended to raise funds to be used to make the first mortgage loans mentioned in the preceding paragraphs.

Beginning January 1, 2017, The Fund began to offer additional loan facilities to local United Methodist churches, districts, city societies, district unions, mission institutions, annual conferences, and annual conference church extension societies which are closely related to the religious purposes of the local churches. These additional loan facilities include working capital and equipment purchases. Typically these loans will be secured by assignment of funds, mortgage liens, or a security agreement covering the equipment. Though The Fund will not purchase a note receivable from a church or other entity, The Fund may accept a collateral assignment of a note receivable among other pledged collateral if the borrower qualifies in other respects. Historical income from a note receivable may be added into the qualifying formula. The Fund may also make short-term unsecured loans under circumstances of an exceptionally strong borrower with significant assets and an established borrowing history with The Fund.

The Fund secures no fewer than ninety percent (90%) of its outstanding loans with real or personal property or by a guarantee of a third party.

Key Financial Data

The following summary reflects important financial data as of December 31, 2017:

Cash, Cash Equivalents & Investments (Combined)	$	34,962,179
Total Loans Receivable[1]	$	93,285,506
Amount of Unsecured Loans Receivable	$	0
Percentage of Unsecured Loans Receivable		0%
Loan Delinquencies as a Percentage of Loans Receivable		1.75%
Total Assets	$	122,521,201
Total Notes Payable	$	67,290,584
Amount of Notes Redeemed During the Fiscal Year	$	17,258,502
Other Long-Term Debt	$	0
Net Assets	$	35,138,860
Increase (decrease) in Net Assets[2]	$	(9,365,870)

[1] In addition to this sum, The Fund manages $1,381,847 in loans for GBGM, which is included in the total audited loan numbers. Please see "The Fund as Administrator for GBGM Loan Fund" in this Offering Circular.
[2] This figure represents The Fund's net assets following The Fund's transfer of $12.5 million to the Endowment. But for this transfer, there would have been an increase in The Fund's net assets of $3,134,130 in 2017.

RISK FACTORS

The Notes are Unsecured Debt Obligations

The Notes are unsecured debt obligations of The Fund. The payment of interest and the repayment of principal on the Notes is solely dependent upon the financial condition and operations of The Fund. Noteholders do not have an equity interest in The Fund and have no right on matters brought before The Board. As unsecured obligations, the Notes will have a claim on the assets of The Fund equal to that of all other Notes now outstanding and those which may be issued in the future and to all other unsecured creditors of The Fund.

No Sinking Fund or Trust Indenture

No sinking fund or trust indenture has been, or will be, established by The Fund to provide for the repayment of the Notes. Accordingly, no trustee monitors The Fund's affairs on noteholders' behalf, no agreement provides for joint action by noteholders in the event The Fund defaults on the Notes and noteholders do not have the other protections a trust indenture would provide. The absence of a sinking fund and a trust indenture may adversely affect The Fund's ability to make payments under the Notes.

The Notes are Not Insured

The Notes are not insured by the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC), or any other state or federally regulated institution or private insurance company. 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. A purchase of the Notes is subject to investment risks, including possible loss of the entire principal amount invested.

Reduction of The Fund's Unrestricted Net Assets As a Result of Contributions to TMF's Endowment

On January 1, 2017, and pursuant to the terms of an Agreement Providing for the Transfer of Operations and Governance among The Fund, Global Ministries and TMF, The Fund established the Endowment at TMF for the benefit of the religious and ministerial programs of Global Ministries. As its initial contribution, The Fund transferred $12.5 million of its unrestricted net assets to TMF for the Endowment. If certain provisions of the Contract are fulfilled on or before July 1, 2020, The Fund will contribute an additional $12.5 million of its unrestricted net assets to the Endowment for the benefit of Global Ministries. The transfer of those unrestricted net assets to TMF for the Endowment may compromise The Fund's ability to repay principal and/or pay interest on the Notes.

Sources of Funds to Pay Principal and Interest May be Constrained

The Fund's primary sources of cash are loan repayments from the local United Methodist churches and other borrowers, interest earned on those loans, income from other investments (see Note 4, "Investments," in The Fund's Notes to Financial Statements, which are found at Appendix A, for additional information regarding The Fund's investments), and the continued sale of new Notes. The amount of cash generated by The Fund could be reduced below the amount needed to pay interest and principal on the Notes in the ordinary course if The Fund: (i) experiences significant delinquencies or defaults, or resets the repayment terms on its mortgage loans in such a manner that significantly reduces its cash flow; (ii) fails to find borrowers for its funds; (iii) fails to continue the sale of its Notes; (iv) experiences a major increase in the demand for repayment of Flexible Investment Notes or Individual Retirement Account Notes; or (v) experiences a major decline in the roll-over rate of maturing Term Notes.

No Underwriting

There is no firm underwriting commitment for this offering. The Fund is offering the Notes directly and without a firm underwriting commitment. No assurance can be given as to the principal amount of the Notes that will be sold and whether the proceeds will be sufficient to accomplish the purposes of the offering.

The Fund May Sell Additional Debt

In addition to the Notes offered by this Offering Circular, The Fund may issue additional debt securities or promissory notes, or incur other debt obligations in the future, which debt securities, promissory notes or indebtedness may be pari passu in right of payment to the Notes, which could adversely impact The Fund's ability to repay the Notes upon maturity or at all. The total amount of $100,000,000 in Notes to be sold in this offering is not a limitation on the amount of Notes that The Fund may sell in this and other offerings that The Fund may conduct at any time. The Fund anticipates that it will continue to sell additional Notes as part of a continuous offering process. The Notes do not limit the total indebtedness that The Fund may incur. Accordingly, The Fund's ability to pay amounts due under the Notes may be impaired by its future indebtedness obligations.

The Fund May Have Debt Senior to the Notes

The Fund may pledge a portion of its loans or other assets as collateral for debt obligations that The Fund issues or incurs, which would rank senior to the Notes ("Senior Secured Indebtedness"). It is The Fund's policy, however, that the amount of Senior Secured Indebtedness may not exceed an amount equal to ten percent (10%) of The Fund's tangible assets. As of the date of this Offering Circular, The Fund had no outstanding Senior Secured Indebtedness.

The Fund May Securitize a Portion of its Loan Portfolio

It is the policy of The Fund that it may securitize up to ten percent (10%) of its loan portfolio, if all of the following conditions are met: (i) the loans are securitized and sold on a non-recourse basis predominately to entities not affiliated with The Fund; (ii) the proceeds from the sale of the securitized loans will be used to make additional loans to churches and other entities within The United Methodist Church connectional system; and (iii) the securitization will not hinder the ability of The Fund to make payments under the Notes when due. As of the date of this Offering Circular, The Fund has not securitized any portion of its loan portfolio and, further, has never in its history securitized any portion of its loan portfolio.

Dependence Upon TMF

As manager of The Fund, TMF is responsible for the sale of The Fund's Notes, the management of The Fund's mortgage portfolio, the administrative procedure for reviewing loan applications and extending and documenting new loans, and for managing The Fund's investments. To provide TMF the operational ability to discharge its management responsibilities, The Fund has granted to TMF under the Contract extensive administrative authority. If TMF were to terminate the Contract or otherwise be unable to perform under the Contract, The Fund may be unable to continue its activities and may be unable to repay the Notes. There can be no assurance that TMF will continue to act in such capacity or discharge its duties under the Contract effectively.

Competition with Other Institutions

Other institutions may offer notes or other securities with a higher rate of return and/or notes or other securities that provide greater security and less risk than the Notes. Also, in many instances, The Fund competes with commercial lenders with respect to loans to churches, which may lead to The Fund lending to less credit worthy borrowers or at lower interest rates than it otherwise would.

Policies and Procedures May Change

The Fund reserves the right to change its policies and procedures. At various points in this Offering Circular, The Fund describes or otherwise refers to its policies, such as its loan guidelines. These descriptions and references are intended to help investors understand The Fund's current operations. If The Fund changes its policies or procedures, including its loan guidelines, there may be an adverse impact on its ability to repay the Notes. The Fund does not require investor consent to change its policies or procedures.

Securities-Specific Risk

The Fund's liquid assets are subject to various market risks, which may result in losses if market values of investments decline. The Fund's investment portfolio is primarily invested in the Short Term Investment Fund and the Fixed Income Fund of Wespath Investment Management, whose investment risks are described in general below. The securities-specific risks that follow may owe to direct or indirect investments by The Fund.

1. <u>Wespath Investment Management Fixed Income Fund.</u>

The Fixed Income Fund (FIF) offered by Wespath Investment Management seeks to earn current income while preserving capital by investing in a broad mix of fixed income instruments. FIF investments carry some degree of risk that will affect their value, FIF's investment performance and the price of its units. As a result, loss of money is a risk of investing in FIF. FIF is subject to the following principal investment risks: credit risk, country risk, currency risk, derivatives risk, interest rate risk, investment style risk, liquidity risk, market risk, prepayment risk, security-specific risk and yield curve risk.

2. Wespath Investment Management Short Term Investment Fund.

The Short Term Investment Fund (STIF) offered by Wespath Investment Management holds cash and cash equivalents in the form of units of a daily cash sweep account. STIF investments carry some degree of risk that will affect STIF's investment performance and the price of its units. As a result, loss of money is a risk of investing in STIF. STIF is subject to the following principal investment risks through its exposure to its sweep account: credit risk, interest rate risk, investment style risk, liquidity risk, market risk, security-specific risk and yield curve risk.

3. Market Risk.

General economic conditions may affect The Fund's activities. Interest rates and general levels of economic activity may affect the value and number of investments made by The Fund or considered for prospective investment.

4. Fixed Income Securities Risk.

The Fund may invest in bonds or other fixed income securities, including without limitation, commercial paper and bank debt. The Fund will, therefore, be subject to credit, liquidity and interest rate risks and may also be subject to price volatility due to factors, such as interest rate sensitivity, duration, market perception of the creditworthiness of the issuer, general market liquidity, and issue level liquidity. It is likely that a major economic event, such as a recession or reduction of liquidity in the market could severely disrupt the market for such securities and may have an adverse impact on the value of such securities. In addition, it is likely that any such economic event could adversely affect the ability of issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities. Changes in interest rates may cause a decline in the market value of an investment. With bonds and other fixed income securities, a rise in interest rates typically causes a fall in values, while a fall in interest rates typically causes a rise in values. The risk of bonds can vary significantly depending upon factors such as the issuer and maturity. For example, the issuer of a security or the counterparty to a contract may default or otherwise become unable to honor a financial obligation. The bonds of some companies may be riskier than the stocks of others.

5. Money Market Risk.

Although a money market fund is designed to be a relatively low risk investment, it is not free of risk. Despite the short maturities and high credit quality of a money market fund's investments, increases in interest rates and deteriorations in the credit quality of the instruments the money market fund has purchased may reduce the money market fund's yield and can cause the price of a money market security to decrease. In addition, a money market fund is subject to the risk that the value of an investment may be eroded over time by inflation.

Risk of Reduced Demand for Notes (or Loans) and Rising Interest Rates

In 2017, The Fund raised $7,749,406 from the sale of new Notes (i.e., sales that do not include roll-overs of outstanding Term Notes), and it lent $10,773,013 to borrowers. During periods in which The Fund places more funds in loans than it is able to raise from the sale of Notes, the reduced demand for Notes may be a reflection of the broader interest rate environment and a lack of demand for the Notes. Should this occur, and if general interest rates increase so that a substantial number of noteholders do not reinvest in the Notes in order to earn a higher rate of return elsewhere, The Fund's ability to repay noteholders could be compromised. During periods in which The Funds raises more money than it lends, the reduced demand for mortgage loans may reflect a more general decline in United Methodist Church membership. Should this occur and The Fund is unable to lend its funds from the sale of Notes (and thereby earn interest, from which it will repay noteholders), and if interest rates in general should increase so that a substantial number of noteholders do not reinvest in the Notes in order to earn a higher rate of return elsewhere, The Fund's ability to repay noteholders could be compromised.

General Economic Outlook May Lead to Borrower Default

During a period of economic slowdown or recession, borrowers may experience increased difficulty in making timely payments of principal and interest on their loans, particularly if the period is prolonged. This could result in a need to restructure some loans to provide more flexible payment terms to borrowers or to rely upon the collateral for repayment, which may not be sufficient to satisfy all amounts owed. This could also result in a need to increase The Fund's provision for loan losses, which may negatively impact The Fund's ability to repay the Notes.

Loan Repayment Dependent on Contributions to Borrowers

The Fund's loans are made primarily to affiliated churches and related religious organizations, including local churches, whose ability to repay the loans depend primarily upon contributions that they receive from their members. Due to the lingering effects of the economic downturn that began in 2007-08, aging congregations, and particularly persistently high unemployment, members may not be able to meet their existing contribution pledges.

Loan Delinquencies

The Fund believes that its policies with regard to delinquencies are less stringent than those of commercial lenders due to The Fund sharing, in part, the missional purpose of the denomination entities which make up its borrowers. The Fund may be willing to accept partial, deferred, interest only or late payments. Tolerance of delinquencies by The Fund could lead to a greater delinquency rate than would be tolerated by a commercial lender. At December 31, 2017, there were loans representing 1.75% of The Fund's loan portfolio that were delinquent for a period of over ninety (90) days. The total principal balance of the delinquent loans was $1,629,658 with accrued past due interest in the amount of $14,528 for a delinquency period of up to and including one hundred fifty (150) days. Of these delinquencies, loans having a combined principal balance of $881,070 were more than ninety (90) days past due and were not accruing any interest with respect to the period of delinquency after ninety (90) days.

Legal Documentation Less Stringent for Borrowers than the Commercial Standard

The Fund's policies regarding the legal documentation of loans, particularly construction loans, are different than, and in some cases, less stringent than, those of commercial lenders. For example, The Fund may waive the requirement of an environmental study, appraisal, title policy (in lieu of a title search), or an updated survey.

Low Interest Rate on Notes Not an Indicator of Risk

The Fund focuses on church lending and as a result the interest rates paid on the Notes may be disproportionately low compared to the potential for loss. The Fund anticipates that investors will invest in the Notes for the primary purpose of supporting The Fund's and its borrowers' mission as non-profit, charitable organizations. Interest rates offered for the Notes may not be as high as those offered by other financial institutions operating on a for-profit basis for similar investments. As a result, the risk of investment and potential risk of loss in the Notes may be greater than implied by their relatively low interest rate. Generally, the loans financed by The Fund do not or cannot meet conventional lending standards. The Fund's ability to make payments on the Notes is dependent upon the economic success of its lending activities.

No Staggered Maturities

If a substantial portion of The Fund's repayment obligations under the Notes were to come due in a limited period of time, The Fund's ability to repay Notes that come due during any given period could be adversely impacted. The Fund is not obligated to limit the amount of debt that may mature in any given year or period.

The Fund May Buy and Sell Loan Participations

The Fund may participate in loans originated by other institutions throughout the United States as long as the loans comply with The Fund's lending policies (i.e., buy a loan participation). By doing so, The Fund would acquire some or all of the interest of a bank or other lending institution in a loan to a borrower. The purchase of a participation interest typically will result in The Fund's having a contractual relationship only with the lender, not the borrower. As a result, The Fund would assume the credit risk of the lender selling the participation, in addition to the credit risk of the borrower. By purchasing a participation interest, The Fund would typically have the right to receive payments of principal, interest and any fees owed on the loan only from the lender selling the participation and only upon receipt by the lender of the payments from the borrower. In the event of insolvency or bankruptcy of the lender selling the participation, The Fund may be treated as a general creditor of the lender and may not have a senior claim to the lender's interest in the loan. If The Fund only acquires a participation in the loan made by a third party, The Fund may not be able to control the exercise of any remedies that the lender would have under the loan. There can be no assurance that all or any portion of the principal or interest owed on the loan will be repaid.

Consistent with the financial integrity and religious purposes of The Fund, The Fund may also seek to have another financial institution or United Methodist Foundation participate in a portion or all of a loan commitment (i.e., sell a loan participation). Typically, the participation agreement will be without recourse to The Fund.

Risk From Lending to Single Borrower

The Fund's lending limit to any one borrower is twenty-five percent (25%) of The Fund's unrestricted net assets. The lending limit is an aggregate amount and includes all debt to a borrowing entity of The Fund, including funded and unfunded loans. Standard guidelines for the lending limit may be modified by the Board from time to time, which means that this limit may be increased. The greater the amount lent by The Fund to a single borrower, the greater the risk that member contributions alone will not be sufficient to repay the loan. Furthermore, the greater the amount lent by The Fund to a single borrower, the greater the pressure on The Fund's net reserves in the event of a default by such borrower. As of December 31, 2017, the largest single borrower holds 6.2% of The Fund's unrestricted net assets.

Risk From Large Note Balances Held by Limited Number of Noteholders

At December 31, 2017, there were 1,532 holders of The Fund's $67,290,584 in outstanding investment obligations, ranging in principal amount from approximately $100 to $2,000,000. If the noteholders holding a substantial portion of the Notes payable balance were to not re-invest in the Notes, or if they were permitted, under extreme circumstances and in The Fund's sole discretion, to redeem their Term Notes early, those Note proceeds would not be available to The Fund.

Loans Secured by Single-Purpose Buildings

Mortgages held by The Fund to secure loans to its borrowers most often are mortgages that are recorded against properties that contain "single purpose" buildings. Single purpose buildings have a restricted resale market. Accordingly, if The Fund were to foreclose on a mortgage secured by such a property, it may not be able to realize sufficient proceeds from the foreclosure sale to pay off the borrower's loan to The Fund.

Security for First Mortgage Loans; The Fund May Not Obtain Appraisals for Secured Properties

Prior to January 1, 2017, all of The Fund's loans were secured by a first mortgage on real property. On and after January 1, 2017, The Fund continues to secure most, but not all, of its loans with a first mortgage on real estate. The Fund may not require the borrowing church to obtain independent appraisals of such secured properties. Accordingly, the loan amount could exceed the value of the property securing it. (See "Loan Policies" beginning on page 26).

Loans Secured by Equipment

The Fund may make equipment loans to borrowers and secure those loans by perfecting a security interest in the equipment that is being purchased together with other secured interests. The equipment that secures those loans includes, but is not limited to, computers, copiers, vehicles, pianos, and organs, and will normally have a limited life expectancy. Accordingly, if The Fund were to have to seize the equipment to pay a loan deficiency, the market value of the equipment may not be sufficient to pay off the borrower's loan to The Fund. As of December 31, 2017, The Fund has made no equipment loans.

Construction Loans

Borrowers often use The Fund's loans to construct new facilities or renovate existing facilities. Approximately 35.54% of the dollars The Fund disbursed in loans during 2017 were to finance construction projects, which are riskier than loans made to finance existing properties. If any of the unique risks associated with construction and renovation are realized, including but not limited to costs associated with environmental and other regulations, the effects of economic slowdowns or service interruptions and/or legal challenges due to environmental or operational or other mishaps, they could adversely affect a borrower's ability to repay its loan by increasing construction costs or delaying or preventing completion of the project, and their failure to repay their loan could adversely affect The Fund's ability to make payments under the Notes.

Loans for Working Capital

The Fund may make loans to churches to provide working capital to those borrowers. The loans will be secured by an interest in real estate or pledged funds or both. In the event of a default, repayment to The Fund will depend on the adequacy of the security and the costs to liquidate the security interest.

Loans Secured by an Obligation Due to the Borrower

The Fund may lend money to a borrower and take an assignment of a note payable to the borrower as additional collateral to secure the repayment of the loan. The value of the note is only as good as the debtor's ability to pay it. If the debtor is unable to pay the note, The Fund's ability to recover the debt due it by the borrower will not be greater than any other unsecured creditor and will depend on the value of the collateral taken to secure the note. As of December 31, 2017, The Fund has made no such loans.

Unsecured Loans

The Fund may make short-term unsecured loans available to some borrowers. That means that the borrower will not provide any collateral to secure the debt due The Fund. In such cases, The Fund will be dependent entirely on the financial ability of the borrower to repay the loan. The Fund will not have any greater right to payment than any other unsecured creditor. In addition, there may be secured creditors, which The Fund would be behind in priority of repayment in a bankruptcy or default of the borrower. Please see page 31 for additional information regarding the making of unsecured loans. As of December 31, 2017, The Fund has made no unsecured loans.

Loans Subject to Bankruptcy Risk

The Fund's remedies as a creditor upon default by any of the borrowers will be subject to various laws, regulations and legal principles that provide protections to borrowers. The Fund's legal and contractual remedies, including those specified in loan agreements and collateral documents, typically require judicial actions, which are often subject to discretion and delay. Under existing laws (including, without limitation, the Federal Bankruptcy Code), the remedies specified by loan agreements and collateral documents may not be readily available or may be limited. A court may refuse to order the specific performance of the covenants contained in the loan agreements and collateral documents. In addition, the laws of a particular jurisdiction may change or make it impractical or impossible to enforce specific covenants in the loan agreements and collateral documents.

Collateral May Be Impaired

The various security interests established under The Fund's mortgages and deeds of trust may be subject to other claims and interests. Examples of these claims and interests are statutory liens; rights arising in favor of the United States or any agency thereof; constructive trusts or equitable liens imposed or conferred by any state or federal court; and bankruptcy or receivership laws affecting amounts earned by the borrower after institution of bankruptcy or receivership proceedings by or against the borrower.

Limited Environmental Audits

There is potential environmental-related risk associated with the loans The Fund makes. The Fund may, but does not typically conduct an environmental audit to a long-standing church entity absent other indications of potential environmental risk before approving a loan. If environmental pollution or other contamination is found on or near property securing a loan, The Fund's security for the loan could be impaired. In addition, changes in environmental regulations could require the borrower to incur substantial unexpected expenses to comply with such regulations, and this could impair both the value of the collateral and the borrower's ability to repay The Fund.

Borrowers May Prepay Borrowed Funds

A borrower may decide to prepay its borrowed funds. There is no prepayment penalty for borrowers who prepay their loans. If borrowers choose to prepay their loans, The Fund may not receive the interest payments on its loans, which may impair The Fund's ability to meet its payment obligations under the Notes.

No Public Market for the Notes; Restrictions on Transfer

No public market exists for the Notes and none will develop. The marketability of the Notes is limited and restricted. The Notes are only transferable to (i) entities within The United Methodist Church connectional system, and (ii) persons who are members of, contributors to, or participants in, The United Methodist Church or its connectional units, and persons who are successors in interest to such persons.

Recourse for Noteholders Limited to The Fund

None of the denomination known as The United Methodist Church or any of its connectional units, or TMF, will be liable for the repayment of The Fund's Notes.

The Fund as Administrator for GBGM Loan Fund

In 2012, Global Ministries transferred $17,150,000 of its loan funds ("Global Ministries Funds") to The Fund. The Fund administers, invests and lends Global Ministries Funds on the basis of priorities established by The Fund.

At December 31, 2017, the total Global Ministries Funds' balance was $20,018,853, and is presented as "Amounts held on behalf of others – GBGM Loan Fund" under "Liabilities" in The Fund's current audited financial statements. This figure represents funds available to make loans (recorded as investments in the amount of $18,637,006) and outstanding loan balances of Global Ministries Funds (recorded as mortgage loans in the amount of $1,381,847). The interest earned on mortgage loans issued from Global Ministries Funds and the gains or losses on investments of Global Ministries Funds are reported as an increase or decrease to "Amounts held on behalf of others – GBGM Loan Fund" and are not reported as gains or losses of The Fund. Similarly, since these assets are held for the benefit of others, The Fund has not established an allowance for potential losses on loans made from Global Ministries Funds. The assets held as Global Ministries Funds should not be considered assets of The Fund since they are assets held for others and would not be available for payment of The Fund's creditors, including investors in the Notes.

See the Risk Factor, "The Fund as Trustee for Certain Trusts" on page 14, and Note 7, "Global Ministries Loan Fund," in The Fund's Notes to Financial Statements, which are found at Appendix A, for additional information regarding Global Ministries Funds.

The Fund as Trustee for Certain Trusts

The Fund administers, as trustee, trusts for several non-profit organizations that are invested in Term Notes, as described in Note 9, "Other Related Party Transactions" in The Fund's Notes to Financial Statements, which are found at Appendix A. Term Notes outstanding as of December 31, 2017, which represent trust assets for which The Fund serves as trustee, totaled $298,413. These assets are held in trust for the benefit of the trust beneficiaries and are not available to repay holders of the Notes. See also the Risk Factor, "Risks from Trustee and Administrator Activities" on page 14.

Risks from Trustee and Administrator Activities

The Fund administers and lends Global Ministries Funds on the basis of priorities established by The Fund. The Fund also administers, as trustee, trusts for several non-profit organizations that are invested in Term Notes. See Risk Factors, "The Fund as Administrator for GBGM Loan Fund" on page 13, and "The Fund as Trustee for Certain Trusts" on page 14, respectively. In these roles, The Fund could be held liable for any breach of its duties as trustee or administrator, which could negatively affect The Fund's ability to repay the Notes. Further, while The Fund is a separate entity from Global Ministries and such non-profit organizations, and is generally not liable for claims against them, it is possible that claimants against them might contend that The Fund is also liable. If a claim like this were made or upheld, The Fund's financial condition may be negatively affected.

Restrictions on Early Redemptions

There is no right to early redemption of a Term Note. The Fund retains the right to reject any request for early redemption. Except as to residents of certain states, The Fund may repay the principal amount of a Term Note presented for early redemption in five (5) equal annual installments, together with interest payable annually at the rate being offered on The Fund's Flexible Investment Note. Consequently, noteholders may experience a delay in their receipt of the full principal amount of a Term Note presented for early redemption. The preferred repayment status for redeeming noteholders who reside in those states where The Fund does not repay principal in installments, and consequent subordinated status of noteholders who reside in all of the remaining states where the Notes are sold, may increase the risk that The Fund will not be able to meet its obligation to repay the Notes on a timely basis to noteholders who live in such other states. See "State Specific Information" beginning on page iv for information regarding the repayment of principal in five (5) equal annual installments for certain states.

Early Redemption Penalty

If the holder of a Term Note presents the Note for early redemption, The Fund, subject to its right to pay the principal in five (5) equal annual installments (except as to residents of certain states), will repay the principal amount of the Term Note, together with interest payable annually at the rate being offered on The Fund's Flexible Investment Notes during the remainder of the payout, and charge an early redemption penalty. See "Prepayment Penalties on Term Notes" on page 39, as well as the Risk Factor, "Restrictions on Early Redemptions" on page 14 for information regarding penalties and restrictions regarding an early redemption. See "State Specific Information" beginning on page iv for information regarding the repayment of principal in five (5) equal annual installments for certain states.

Automatic Rollover of Notes

1. <u>Notes Sold Prior to January 1, 2017.</u>

Except as to residents of certain states, if a holder of a maturing Term Note that was sold prior to January 1, 2017 does not present it for payment or give The Fund written instructions to pay or redeem it, that Note will automatically be renewed or "rolled over" into a like Term Note at the prevailing interest rate paid on the same kind of Term Note as that being rolled over, which interest rate may be lower than the interest rate offered on the expiring Note.

2. <u>Notes Sold On or After January 1, 2017.</u>

If The Fund does not receive written instructions from a noteholder to redeem a Term Note purchased on or after January 1, 2017 at maturity (unless the Note is redeemed early or a new Term Note is established by the noteholder), The Fund will (except as to residents of certain states) automatically convert the Term Note into a Flexible Investment Note. See "State Specific Information" beginning on page iv for information regarding the treatment of Term Notes at maturity for residents of certain states.

Recall of Notes

The Fund shall have the right to call any of its Notes at any time upon three (3) months prior written notice by payment of the principal amount of the Note together with accrued interest plus a premium equal to one and one-half percent (1.5%) of the principal sum of the Note.

Operations Dependent Upon Technology and Related Services

The Fund's operations are dependent upon technology and related services, some of which are provided by third party vendors. The majority of The Fund's business records are stored and processed electronically, including records of The Fund's loans receivable, Notes payable, and most other business records. The Fund relies to a certain extent upon third party vendors for providing hardware, software, and services for processing, storing and delivering information. The Fund's electronic records include confidential customer information and proprietary information of The Fund's organization. Electronic processing, storage and delivery has inherent risks such as the potential for hardware failure, virus or malware infection, input or programming errors, inability to access data when needed, permanent loss of data, unauthorized access to data or theft of data. While The Fund and its vendors take measures to protect against these risks, it is possible that these measures will not be 100% effective and that there may be other risks, that have not been identified because they are different or unknown, that may emerge in the future. If The Fund were to experience large scale data inaccuracy, inability to access data for an extended time period, permanent loss of data, data breach, failure of The Fund's vendors to perform as contracted, or other significant issues regarding data it could adversely affect all aspects of The Fund's operations.

Future Litigation May Occur

From time to time, The Fund may become involved in litigation in the ordinary course of its activities. Litigation can be time consuming and costly, and there can be no assurance that The Fund will not become involved in litigation that could have a material adverse effect on its activities or its ability to repay the Notes when due or at all.

Change in Laws

Pursuant to current federal and state exemptions relating to certain securities offered and sold by non-profit charitable organizations, the Notes will not be registered with the Securities and Exchange Commission and may not be registered with any state securities regulatory body in certain states. Federal and state securities laws are subject to change and frequently do change. Future changes in federal or state laws, rules or regulations regarding the sale of securities by charitable or other non-profit organizations may make it more costly and difficult for The Fund to offer the Notes and adversely affect The Fund's ability to sell the Notes. Such an occurrence could result in a decrease in the amount of Notes sold, which could affect The Fund's operations and The Fund's ability to meet its obligations under the Notes. If The Fund does not continue to qualify the Notes in any particular state, noteholders in such states may not be able to reinvest at maturity. The Fund is not subject to regulation as a bank. Although The Fund believes that its activities are in compliance in all material respects with applicable local, state and federal laws, rules and regulations, there can be no assurance that this is the case or that more restrictive laws, rules and regulations governing The Fund's lending activities will not be adopted in the future which could make compliance much more difficult or expensive, restrict The Fund's ability to originate loans, further limit or restrict the amount of interest and other charges earned under loans The Fund originates, or otherwise adversely affect The Fund's operations or prospects, which could adversely affect its ability to operate and to make payments under the Notes and potentially lead to the termination of the offering of Notes or termination, winding-up or liquidation of The Fund.

Income Tax Considerations

There is risk that the federal, state, and local income tax results of your owning Notes may not be as you expect. Additionally, there is always a risk that changes may be made in the tax laws, which changes could have an adverse effect on your ownership of Notes. (See "Tax Considerations" beginning on page 43 for a more detailed discussion).

Forward-Looking Statements

Certain sections of this Offering Circular contain forward-looking statements based on management's expectations, estimates, projections and assumptions. Words such as “expects,” “anticipates,” “plans,” “believes,” “scheduled,” “estimates,” and other such expressions are intended to identify forward-looking statements, which include but are not limited to projections of revenues, income, cash flows, and other financial items. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Accordingly, actual future results and trends may differ materially from what is forecast in forward-looking statements. All forward-looking statements speak only as of May 15, 2018, the date of this Offering Circular. The Fund does not update or revise forward-looking statements to reflect circumstances or changes in expectations after May 15, 2018.

HISTORY AND OPERATIONS

The Issuer

The Issuer is The United Methodist Development Fund. The Issuer is a Pennsylvania non-profit corporation that was incorporated on January 25, 1960 as "The Methodist Investment Fund." Its principal business address is 11709 Boulder Lane, Suite 220, Austin, Texas 78726. The Fund is exempt from federal income tax under Section 501(c)(3) of the Code, as a religious organization and no portion of its earnings inures to the benefit of any person or private shareholder.

The Fund is an autonomous legal entity, the obligations of which are not guaranteed by The United Methodist Church (Church) or any local church, annual conference, council, general board, agency, or any unit forming the organizational structure of the Church, including Global Ministries. The Fund does not guarantee, and management believes it is not legally responsible for, the liabilities or obligations of the Church or any of its connectional units; and, vice versa, the Church and its connectional units are not legally responsible for, the liabilities or obligations of The Fund.

History and Relationship of The Fund with the Church

The Church established its roots in America in the 18th century. It represents the confluence of three streams of religious tradition: Methodism, the Church of the United Brethren in Christ, and the Evangelical Association. The present United Methodist Church as organized in 1968 with the merger of the Methodist Church and the Evangelical United Brethren Church. The Church has approximately 11 million members worldwide, and comprises approximately 36,100 organized churches within the United States and 6,800 churches outside the United States. The Church is a religious denomination. It is not a legal entity.

The Church is neither hierarchical nor congregational. It is a "connectional structure" maintained through its chain of conferences. The Church comprises individuals, local churches, districts, annual conferences, jurisdictional conferences, the General Conference, and other organizations that are connected by their common religious heritage and by their desire to further the purposes and work of the denomination. Some of these organizations function within a particular geographical area, while others have responsibilities that are national or international in scope.

The organizations that comprise the connectional system are referred to in this Offering Circular as "connectional units." Unless there is a contractual agreement to the contrary, each connectional unit is legally responsible only for its own activities and affairs. It does not have responsibility for, nor assume the liability of, any other connectional unit.

Because the Church is not hierarchical, it does not have a centralized administration. But it does have a constitution, and its constitution provides that a General Conference comprising up to approximately 1,000 delegates (one half of whom are clergy, one half of whom are lay members, and all of whom are elected by the annual conferences) shall meet once every four (4) years. The General Conference has full legislative power over all matters related to the connectional structure of the Church. The cumulative product of over 200 years of legislative decisions of the various General Conferences is recorded in

The Book of Discipline of The United Methodist Church (The Book of Discipline), which is commonly considered to be the book of law of the Church.

Religious Purposes and Nature of Operations

The Fund was organized and is operated exclusively for religious purposes. The general purposes of The Fund are to raise funds from the sale of Notes and to use those funds to assist The United Methodist Church to spread the Gospel by providing financial assistance to churches and mission institutions that are related to the Church. Specifically, The Fund lends money to borrowers who wish to build, expand, renovate and improve United Methodist churches and mission buildings related to the work of the Church and for other purposes closely related to the religious purposes of local churches. The Fund also provides financial consultation at no charge to United Methodist churches and related agencies within the United States and its territories. This consultation will include understanding and facilitating the mission and ministry of the organization and an analysis of the financial condition of a borrowing religious entity, including its ability to service debt, a discussion of construction alternatives, the evaluation of the borrower's financial strengths and weaknesses, and other items that may affect the financial condition of the borrower and its ability to engage in and expand its religious activities.

Offering

This offering of $100,000,000 of Flexible Investment Notes, Term Notes, and IRA Notes is intended to raise funds that will be used to make loans to local United Methodist churches and other connectional units, for the purpose of purchasing, refinancing, constructing, expanding, and making renovations and major improvements to churches, parsonages, and mission buildings. A portion of the funds will also be used for other purposes closely related to the religious purposes of the local churches. The Fund offers these Notes on a nationwide basis to (i) entities within The United Methodist Church connectional system, and (ii) persons who are members of, contributors to, or participants in, The United Methodist Church or its connectional units, and persons who are successors in interest to such persons.

The Notes, which provide general obligation financing for The Fund, shall not be specifically secured by particular loans to specific borrowing entities.

None of the proceeds of this offering are to be escrowed pending completion of the offering. Sales proceeds are temporarily invested pending their disbursement (primarily in the form of first mortgage loans to local churches), and some of the proceeds may be used to pay The Fund's maturing investment obligations.

Current Operation and Principal Activities

The Fund lends money to United Methodist churches, districts, city societies, district unions, mission institutions and conference church extension agencies. All of The Fund's loans that were made prior to January 1, 2017 are secured by first mortgages on real estate. In most cases, those loans are secured by property owned by the borrower, but in some cases loans are secured by a mortgage on properties owned by another connectional unit of The Church.

Beginning January 1, 2017, The Fund authorized the use of funds realized from the sale of its Notes also to make: (i) equipment loans that will be secured by security interests in and liens on equipment purchased with the proceeds of those loans; (ii) working capital loans; (iii) loans secured by the borrower's notes receivable; and (iv) unsecured loans.

TMF employs 14 employees whose day-to-day work is to support the work of both TMF and The Fund. These include 7 persons in the lending operations of The Fund and TMF; 2 persons in investor relations; and 5 employees in management, accounting, regulatory compliance, and marketing.

Administrative expenses, which are primarily for services rendered by Global Ministries and TMF, are reimbursed by The Fund under agreements with Global Ministries and TMF. The Fund also provides certain support to the Global Ministries' Mission Programs as provided for within its Bylaws. For the years ended December 31, 2017, 2016, and 2015, The Fund disbursed $149,440, $889,447, and $882,850, respectively, to Global Ministries for administrative expenses and program support. For the year ended December 31, 2017, The Fund disbursed to TMF $525,000 to TMF for administrative expenses.

USE OF PROCEEDS

It is intended that most of the proceeds from the offering of the Notes will be used to make: (i) first mortgage loans, (ii) equipment loans which will be secured by a security interest in and lien on the equipment that is purchased, (iii) working capital loans; (iv) loans secured by notes receivables, and (v) unsecured loans. The Fund will lend funds to local United Methodist churches, districts, city societies, district unions, mission institutions, annual conferences, and annual conference church extension societies. Part of the proceeds from this offering also may be used to pay The Fund's maturing investment obligations. The proceeds of this offering will not be allocated to any specific loan or loans.

At December 31, 2017, The Fund had outstanding loans totaling $93,285,506[3], and nine (9) outstanding loan commitments or loan contracts totaling $10,392,887. The proceeds of this offering may be used to fund some portion of the applications in process and outstanding loan commitments and loan contracts.

The Fund may use a portion of the proceeds of the offering to invest in short-term marketable interest bearing securities in order to maintain reasonable liquid reserves. (See the Risk Factor "Securities-Specific Risk," beginning on page 7, and "Liquidity Policies and Liquidity Status" at page 33).

If repayments from The Fund's loans receivable are less than anticipated, or if repayment demands on maturing outstanding investment obligations are greater than projected, it may be necessary to use a portion of the proceeds of the offering, along with other available funds, to meet such requirements.

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[3] In addition to this sum, The Fund manages $1,381,847 in loans for GBGM, which is included in the total audited loan numbers. Please see "The Fund as Administrator for GBGM Loan Fund" in this Offering Circular.

FINANCIAL AND OPERATIONAL ACTIVITIES

The Fund's principal sources of cash inflows are proceeds that it receives from the sale of its Notes, and interest and principal payments received by it on its outstanding mortgage loans and investment.

Outstanding Investment Obligations

At December 31, 2017, there were 1,532 holders of The Fund's $67,290,584 in outstanding investment obligations, ranging in principal amount from approximately $100 to $2,000,000.

At December 31, 2017, the classification of holders and balances payable of these outstanding investment obligations were as follows:

	Amount
Individuals	$38,972,007
Local Churches & Related Organizations	$14,873,578
Annual Conference & Related Organizations	$8,207,830
Colleges and Universities	$463,599
General Agencies of The United Methodist Church	$2,513,600
Institutions and Agencies	$452,573
Cemetery Accounts	$198,127
Foundation Accounts	$1,463,445
Finance and Community Organizations	$72,077
Scholarship Funds	$73,747
Total	**$67,290,584**

A breakdown of the type of investment obligations that make up the total of $67,290,584 of outstanding investment obligations at December 31, 2017, is as follows:

One Year Term Notes	$ 5,908,631
Two Year Term Notes	9,830,601
Three Year Term Notes	35,059,162
Four Year Term Notes	1,367,314
Five Year Term Notes	1,686,827
Flexible Investment Notes	8,952,073
IRA Notes	4,456,382
Certificates of Participation	29,594
	$ 67,290,584

At December 31, 2017, the maturity dates and amounts of The Fund's outstanding Term Notes are reflected in the following schedule:

Year Ending December 31,	
2018	$18,476,461
2019	25,420,364
2020	6,866,584
2021	1,402,299
2022	1,686,827
Total	**53,852,535**

In addition, as of December 31, 2017, The Fund has $8,952,073 outstanding in Flexible Investment Notes and $4,456,382 outstanding in IRA Notes.

Receipts from Sales of Notes and Redemption Payments to Investors

Annual sales proceeds and redemption payments on the Notes for each of the last five (5) years are reflected in the following table:

Year	Sales Proceeds	Repayments
2013	$13,015,834	$25,047,355
2014	$15,231,272	$18,430,012
2015	$17,186,583	$31,198,548
2016	$7,328,699	$15,893,840
2017	$7,749,406	$17,258,502

Gains and Losses on Investments

The aggregate realized and unrealized gains (losses) from investments for the last three fiscal years were $611,066, $(1,190,619), and $(692,830), respectively.

Outstanding Loans Receivable

At December 31, 2017, The Fund held mortgage loans with an aggregate principal balance of $93,285,506[4]. The mortgage loans bear rates of interest that do not exceed 7.25% per annum. These loans were outstanding in nearly every state of the United States and most annual conference areas.

The following table shows the approximate maturity of the outstanding mortgage loans, as of December 31, 2017, and has been calculated on the basis of regularly scheduled contract payments:

[4] In addition to this sum, The Fund manages $1,381,847 in loans for GBGM, which is included in the total audited loan numbers. Please see "The Fund as Administrator for GBGM Loan Fund" in this Offering Circular.

2018	$4,669,312
2019	$4,850,876
2020	$4,863,746
2021	$5,670,852
2022	$4,963,473
2023 and thereafter	$69,649,094
Total	**$94,667,353**

All loans made by The Fund may be prepaid. Accordingly, expected future cash flows may differ from the contractual amounts indicated above.

At December 31, 2017:

Loans Secured by First Mortgages Only	$ 85,175,676
Loans Secured by First Mortgages and Guarantees	$ 8,109,830
Individually Material Outstanding Loans Receivable	$5,714,048

The policy of The Fund requires it to secure at least ninety percent (90%) of its outstanding loans by real or personal property or by guarantees of third parties. The Fund has always exceeded that standard.

Income and Expenses Unrelated to Operations

The Fund does not have any direct or indirect material expenses or revenues that are unrelated to its operations.

Loan Delinquencies

	Number of Loans	Past Due Amount	Principal Balance
2013	10	$ 353,507	$ 4,011,279
2014	8	162,264	2,199,726
2015	8	221,383	4,620,001
2016	16	572,216	6,125,176
2017	7	93,674	1,629,658

The delinquent loans at December 31, 2017 represent approximately 1.75% of The Fund's total outstanding loans.

The Fund has established an allowance of $7,400,000 for possible loan losses[5], but its history of operations of The Fund has charged only $551,163 against the loan loss reserve. It is the policy of The Fund to aid its borrowers in meeting their debt repayments. Such efforts have included, but are not limited to, providing consultation regarding fundraising, financial management and church growth, and working with the governing body of a mortgagor to re-set the terms for repayment. Accordingly, the delinquency

[5] The Fund's allowance for loan losses does not include any provision for potentially uncollectible loans made from Global Ministries Funds.

experience of The Fund is not comparable with that of a commercial lender. However, The Fund may not be able or willing to continue such policies.

LENDING ACTIVITIES OF THE FUND

Nature and Types of Loans

The Fund primarily makes first mortgage loans to United Methodist churches, districts, city societies, district unions, mission institutions or conference church extension agencies for the purchase, construction, expansion, major improvement, renovation and repair of churches, parsonages, or mission buildings, and the refinancing of loans made for those purposes. First mortgage loans mean that the loans are secured by a first mortgage on real estate.

Prior to January 1, 2017, Note proceeds were only used to make the first mortgage loans mentioned in the preceding paragraph. Beginning on January 1, 2017, The Fund's policies were changed to allow for the following additional loan facilities to local United Methodist churches, districts, city societies, district unions, mission institutions, annual conferences, and annual conference church extension societies: (i) equipment loans which will be secured by a security interest in and a lien on the equipment that the borrower purchases with the loan proceeds; (ii) working capital loans; (iii) loans that will be secured only by a borrower's notes receivables; and (iv) unsecured loans of not more than $100,000. However, The Fund secures no fewer than ninety percent (90%) of its outstanding loans with real or personal property or by a guarantee of a third party.

Most of The Fund's loans are made to churches, and most of the loans to churches have been made to build, expand, or renovate church facilities or to refinance existing debt. However, The Fund may also lend money to districts, city societies, district unions, mission institutions or annual conference church extension agencies to purchase, build, expand or renovate their facilities.

A table showing The Fund's mortgage loans receivable and the dates of maturities of its mortgage loans may be seen at "Outstanding Loans Receivable" beginning on page 23.

Loan Policies

All loan activity of The Fund is for religious purposes. Under circumstances where applications for loans exceed the available liquidity of The Fund, the priorities for allocation of resources will be guided by the underlying purpose to help the Church become more purposeful and more clearly focused on her God-appointed mission through the integration of financial and leadership resources. Among the considerations that will be given to the appropriation of funds for available loans are the following: 1) to assist racial or ethnic minority churches for the uses hereafter described; 2) for the construction of a new congregation's first church property or facility; 3) for the renovation, expansion and/or remodeling of existing church facilities or mission institutions; 4) for site purchases and purchases of properties for the relocation of churches; 5) for the purchase, refinancing and remodeling of parsonages; and 6) for the refinancing of existing mortgages and loans.

1. <u>Financial Information Required for All Loan Applicants.</u>

The Fund will determine on a case-by-case basis the credit information that The Fund will require a loan applicant to submit to The Fund. The information that The Fund may require includes the following: (i) financial information including the applicant's statements of assets and liabilities and income and expenses for the prior three (3) years; (ii) the applicant's most recent two (2) years Local Church Annual Report Form to the Annual Conference; (iii) the applicant's Annual Report of Trustees to the Church/Charge Conference for the most recent two (2) years; (iv) the applicant's Annual Report of the Committee on Finance to the Administrative Board for the most recent two (2) years; (v) the applicant's current year budget; and (vi) such other credit information as may be determined by The Fund.

In some cases, a representative of The Fund's Loan Department may visit the entity requesting a loan to interview the borrower's leadership, review, understand and provide consultation if asked on the borrower's mission and ministry. The representative will also evaluate the collateral and determine if any additional information is required before making a credit decision.

2. <u>Creditworthiness of Borrower.</u>

The Fund will not rely upon specific qualifying ratios in evaluating the creditworthiness of potential borrowers. Rather, The Fund will evaluate the creditworthiness of each borrower by relying on tools and analyses available to The Fund to determine whether the borrower can repay a loan from its cash flow without materially affecting the missions and ministries offered by the borrower. The Fund in most instances will require that an applicant's debt service be twenty (20%) percent or less of its budget, which ratio includes the loan funds being requested. However, The Fund may depart from this debt service requirement under circumstances based on the historical performance and financial strength of the borrowing church.

3. <u>Term of Loan.</u>

Except with respect to working capital, equipment and unsecured loans, all loans will have a maturity of twenty-three (23) years or less and will be amortized over a period not to exceed twenty (20) years. The exception to these terms will be loans approved for the purchase of a parsonage. Parsonage loans will have a term not to exceed thirty (30) years.

4. <u>Interest Rates.</u>

Rates charged by The Fund will be set by the Staff Loan Committee ("The Committee"). Rates charged by The Fund may be fixed or floating. Floating rate loans will be adjusted monthly and may allow for a ceiling and a floor. Loans with a fixed rate will allow for periodic adjustments under the terms of the loan agreement. This adjustment period will generally not exceed five (5) years. Individual loan rates will be based on factors outstanding at the time which will include general economic conditions, competitive lending environment, liquidity needs of The Fund and other factors deemed necessary by The Committee.

The Fund also has the discretion to charge an applicant origination, discount, legal or other fees associated with the loan process.

5. Lending Limit.

The Fund will not lend funds to any one borrower that exceeds twenty-five percent (25%) of The Fund's financial reserves not pledged to funding a current loan or received from the sales of Notes ("Lending Limit"). The Lending Limit is an aggregate amount and includes all debt to a borrowing entity of The Fund, including funded and unfunded loans. Standard guidelines for the Lending Limit may be modified by the Board of Directors from time to time and will not constitute an exception to this policy.

Other Loan Policies

Loan commitments issued to applicants prior to May 2005 provided that interest rates would be reviewed every four (4) years from the closing of the loan. Beginning in May 2005, the terms of each loan commitment to a new borrower provided that at each fourth (4^{th}) year anniversary of the loan, the Board may increase or decrease the interest rate on the loan to the then prevailing rate being charged by The Fund, but any increase could not exceed one percent (1%). The Fund may increase the interest rates by more than one percent (1%) on loan commitments made on or after March 13, 2014.

The Fund sometimes reduces interest rates from the rate set on its loans to prevailing market rates. For example, on July 1, 1987, all loans bearing interest rates in excess of ten percent (10%) were reduced to ten percent (10%), and on January 1, 1999, The Fund reduced the interest rate on existing loans in excess of eight percent (8%) to eight percent (8%).

The Fund may purchase loans originally made by Global Ministries, provided such loans have been made upon substantially the same terms and conditions as loans which are made by The Fund, and further provided that the present financial condition of the borrower meets the guidelines of The Fund. It is The Fund's policy to acquire only loans which are not in default and to receive from the lender an assignment of the lender's loan documents, including the lender's lien on the real property securing the loan.

The Fund may, from time to time, advance funds on a previously approved loan, provided (i) the financial condition of the borrower has not materially changed since the initial approval; (ii) use of the funds is authorized by the appropriate committee of the borrower; (iii) use of the funds is allowable by the Book of Discipline; and (iv) the amount of the advance does not exceed $100,000.

Renewal of loans that conform to the criteria of the prior approval by the Board do not require additional approval, provided the financial condition of the borrower has not deteriorated since the prior approval.

The Fund is prohibited from making loans: (i) to individuals; (ii) to organizations that do not have a clear connection to the United Methodist Church; (iii) where the ability to repay the loan is unlikely; (iv) that do not conform to the restrictions of the Book of Discipline; (v) that are not allowed by law; or (vi) for speculative land buying or the purchase of land by a connectional entity where there is no congregation or fellowship in existence to develop the land for use.

Loan Application and Review

Requests for loans are made by a written application which includes a review and recommendation of the applicant's proposed project by the applicant's annual conference and all district and conference boards required by The Book of Discipline.

Each loan application will be assigned to the Staff Loan Committee, which includes the Executive Directors and Treasurer of The Fund, and such additional TMF officers and personnel as may be appointed by the president of TMF. The Committee will review each application.

Provided that a new loan applicant's combined outstanding debt does not exceed $100,000, The Committee, without the Board's approval, may approve or reject the following loan applications:

1. A request for a loan (which must be secured with a security interest in collateral) of not more than $100,000 aggregate debt if (i) a majority of the members of The Committee approve the loan, and (ii) The Fund's Executive Director's vote was one of the votes that formed the majority approving the loan. Loans approved in this manner will be reported to the Board at its next meeting.

2. A request for an unsecured loan of not more than $50,000.

The Board must review and approve or reject applications for loans that: (i) are submitted by a new loan applicant that has aggregate outstanding debt exceeding $100,000; (ii) request loans in excess of $100,000 that are to be secured with a security interest in collateral; or (iii) request an unsecured loan in excess of $50,000.

For those loans that must be approved by the Board, the Board reviews each application and respective recommendations of The Staff Loan Committee and determine whether to approve the request for a loan. In making its determination, the Board considers The Fund's loan policies (described in the preceding section beginning on page 26) and, where relevant, the cost of the applicant's proposed construction, major improvement, renovation or repair project, and the financial ability of the borrower to repay the loan.

The Fund does not in every instance require that the borrower provide The Fund an independent appraisal of the property that an applicant proposes as security for the loan; nor does The Fund, in the ordinary course, inspect the property upon which an applicant's construction or renovation is to take place.

LOANS AND LOAN DOCUMENTATION

General Requirements

Each applicant that has been approved for a loan must execute a Loan Agreement that establishes the terms and conditions on which The Fund is willing to extend the loan.

The Fund's Loan Agreement may provide that each borrower, as a condition to The Fund's disbursement of mortgage loan proceeds to it, submit the following documents to The Fund for its review and approval: (i) a note that reflects the terms of the loan; (ii) a mortgage or deed of trust covering the property that secures the loan, consented to by the pastor and district superintendent; (iii) a fire and storm extended coverage insurance policy; (iv) flood certificates (unless the appraisal otherwise indicates) and, when applicable, flood insurance; (v) evidence of property value acceptable to The Fund; (vi) a Lender's Title Insurance Policy or other such document that verifies that the lien of the mortgage or deed of trust of The Fund will be a first lien against the mortgaged property; and (vii) other documentation as deemed necessary by The Fund.

Capital improvement loans will be closed and documented in accord with the Book of Discipline of The United Methodist Church, including the approval of the District Board of Church Location and Building when required.

1. <u>Loan Participations</u>

Consistent with the financial integrity and religious purposes of The Fund, The Fund may seek to have another financial institution or United Methodist Foundation participate in a portion or all of a loan commitment. Whenever possible, the participating agreement will be without recourse to The Fund. The Fund may also purchase loan participations from other institutions throughout the United States as long as the loans comply with The Fund's lending policies.

2. <u>Working Capital and Equipment Loans</u>

The Fund may make loans for working capital and equipment purchases including, but not limited to, the purchase of computers, copiers, vehicles, pianos, and organs. The Fund will require that these loans be documented with a note that reflects the terms of the loan and that the loan be secured with a perfected security agreement in equipment, together with other security interests as The Fund may deem appropriate. The term of the loan will generally not exceed the life of the equipment that is being purchased, or one (1) year in the case of a working capital loan. Interest will be payable monthly. As of December 31, 2017, The Fund has made no equipment loans.

3. <u>Loans Secured by Note Receivables</u>

The Fund will consider extending loans to qualified borrowers and securing the loan by taking a collateral assignment of a note receivable, if The Fund believes that the note receivable provides adequate security for the loan. In such cases, The Fund will review the creditworthiness of the maker of the note receivable, including its repayment history, as well as the collateral and the legal documentation of the note prior to accepting this type of collateral to secure a loan.

4. Unsecured Loans

The Fund will only consider unsecured loans to entities with impeccable financial strength and an identifiable source of repayment. These loans will generally not exceed three (3) years in maturity and interest is generally collected monthly. Unsecured loans will be a documented with a note that reflects the terms of the loan.

The approval of unsecured loans are as follows:

Amount of Request	Approval Required
$1.00 - $50,000	Staff Loan Committee
$50,001 - Policy Limit	Board of Directors

Loans Not Secured By Property or Guarantee

The Fund secures no fewer than ninety percent (90%) of its outstanding loans with real or personal property or by a guarantee of a third party.

Exceptions

If the Board is asked to make exceptions to The Fund's lending policies, The Committee is required to identify the recommended exceptions on the loan summary that The Committee presents to the Board, and provide the Board with a statement detailing the reason for the exception.

Material Loan to a Single Borrower

The Fund has not made any loan to a single borrower that is material to The Fund's financial condition. The term "material" for this purpose is defined as ten percent (10%) or more of The Fund's total assets. However, under its loan policies, The Fund may lend funds to any one borrower not to exceed twenty-five percent (25%) of The Fund's financial reserves not pledged to funding a current loan or received from the sales of Notes.

Loan Delinquencies

The Fund has not experienced a material loan delinquency in its last three (3) fiscal years. (See "Loan Delinquencies" at page 9). As of December 31, 2017, borrowers with principal balances due in the amount of $1,629,658 were delinquent more than ninety (90) days. The Fund does not consider the delinquencies to be material in the context of total outstanding mortgage loans due to The Fund in the amount of $93,285,506[6].

Loan Impairment and Loan Modifications

The Fund considers a loan to be impaired when, based on current information and events, it is probable that The Fund will be unable to collect all principal and interest payments due in accordance with the contractual terms of a loan agreement. In these situations, The Fund commonly offers a variety of loan modifications to borrowers depending upon

[6] In addition to this sum, The Fund manages $1,381,847 in loans for GBGM, which is included in the total audited loan numbers. Please see "The Fund as Administrator for GBGM Loan Fund" in this Offering Circular.

the individual circumstances of the loan, which may include a change of the interest rate; the maturity date, timing of payment or frequency of payment; the dollar amount payable; or a combination of such changes.

During 2017, The Fund modified the interest rates on two impaired mortgage loans totaling $2,742,915 in unpaid principal balance. At December 31, 2017, The Fund had a total of $15,729,944 in unpaid principal balance of mortgage loans classified as impaired, with a related allowance for loan losses of $2,983,497 and a recorded total investment of $15,729,944. Of this amount, $14,545,827 was on accrual status and classified as troubled debt restructurings due to loan modifications. There were no restructured loans with a payment default which occurred within 12 months of the restructuring date during 2017.

Loan Losses

The Fund has not experienced a material loan loss in its last three (3) fiscal years. (See "Loan Delinquencies" at page 9). The term "material" is defined for this purpose as losses, which exceed ten percent (10%) of The Fund's total loan portfolio.

INVESTING ACTIVITIES

Nature and Amount of Invested Funds

In accordance with its policy of maintaining reasonable reserves to meet normal interest payments as they accrue and to repay principal amounts on outstanding investment obligations, The Fund's investment portfolio is primarily invested in the Short Term Investment Fund and the Fixed Income Fund of Wespath Investment Management, a division of the General Board of Pension and Health Benefits of The United Methodist Church, 1901 Chestnut Avenue, Glenview, Illinois 60025-1604. The Short Term Investment Fund seeks to maximize current income consistent with preservation of capital. The Fixed Income Fund seeks to earn current income while preserving capital by investing in a broad mix of fixed income securities.

At December 31, 2017, investments consisted of:

	Book Value	Market Value	% of Total Investment
Fixed Income Mutual Fund	$317,846	$317,698	0.9%
Fixed Income Fund - Wespath	$19,370,066	$21,563,662	63.0%
Short Term Investment Fund - Wespath	$12,184,449	$12,324,999	36.0%
Total	**$31,872,361**	**$34,206,359**	**100%**

Liquidity Policies and Liquidity Status

The Fund's liquidity policies require that at the end of each recent fiscal year, The Fund's cash, cash equivalents, readily marketable securities and available lines of credit shall have a value of at least eight percent (8%) of the principal balance of its total outstanding Notes, except that the value of available lines of credit for meeting this standard shall not exceed two percent (2%) of the principal balance of its total outstanding Notes.

The Fund's policies require The Fund to maintain a liquidity reserve of at least eight percent (8%) of the principal amount in investments easily converted to cash without adverse effect on principal. This allocation is subject to revision in response to the needs of The Fund.

Investment Policies

The investment policies of The Fund require:

- Reasonable and prudent diversification.
- Invest cash through investment managers in short- and intermediate-term securities based on cash flow needs.
- ≥ eighty-five percent (85%) in securities with S&P AAA rating and ≤ fifteen percent (15%) in securities with S&P A or AA rating, unless otherwise approved on a case-by-case basis.
- No more than ten percent (10%) of The Fund's assets in a single "credit," except U.S. government and agency securities.
- Maximum maturity of any asset may not exceed five (5) years from time of purchase.

- No securities issued by a corporation whose social activities do not conform to the Social Action Standards of the GBGM.

Quality of Investment and Limitations on Investments

1. Investment Objective

The Fund administers its investment policies to provide for reasonable and prudent diversification and preservation of its cash, cash equivalents, and readily marketable securities.

The Fixed Income Fund (FIF) seeks to earn current income while preserving capital by investing in a broad mix of fixed income instruments. The Short Term Investment Fund (STIF) holds cash and cash equivalents in the form of units of a daily cash sweep account.

2. Responsibility for Making Policy

The Fund's investment policies are set by the Board.

3. Responsibility for Managing Investments

The Fund's investment in the Fixed Income Investment Fund and the Short Term Investment Fund is managed by Wespath Investment Management, a division of the General Board of Pension and Health Benefits of The United Methodist Church, 1901 Chestnut Avenue, Glenview, Illinois 60025-1604.

SELECTED FINANCIAL DATA

Financial Data

The following tables set forth certain selected financial data with respect to The Fund's Statements of Financial Position for the most recent five (5) fiscal years and its Statements of Activities for the most recent three (3) fiscal years, respectively. Management has compiled this data from The Fund's current audited financial statements, and it should be read in conjunction with The Fund's current audited financial statements, which are found at Appendix A, and "Key Risks to Investors in The United Methodist Development Fund's Notes" beginning on page 1.

The Fund's "Statements of Cash Flows" for its three (3) most recent fiscal years can also be found with The Fund's current audited financial statements, which are found at Appendix A.

Summary of Statements of Financial Position

Description	2017	2016	2015	2014	2013
Cash, Cash Equivalents and Investments (Combined)	$34,962,179	$54,437,028	$55,916,101	$67,457,847	$71,570,640
Accrued Interest Receivable	291,669	436,757	344,581	471,755	452,712
Mortgage Loans to Churches, Less Allowance for Loan Losses	87,267,353	85,590,730	86,639,230	87,757,507	82,871,683
TOTAL ASSETS	122,521,201	140,464,515	142,899,912	155,687,109	154,896,647
Investment Obligations (Total Notes Payable)	67,290,584	76,799,680	85,364,821	99,376,786	102,575,326
Amounts Held on Behalf of Others (GBGM Loan Fund)	20,018,853	19,041,230	17,964,901	17,823,316	17,035,431
TOTAL LIABILITIES	87,382,341	95,959,785	103,516,599	117,395,428	119,738,490
TOTAL NET ASSETS	35,138,860	44,504,730	39,383,313	38,291,681	35,158,157

For additional information please see “Statements of Financial Position” in The Fund’s current audited financial statements and The Fund’s Notes to Financial Statements, which are found at Appendix A.

Certain amounts in the prior years have been reclassified to conform to the presentation adopted in the current year. There was no impact on net assets.

Summary Statements of Activities

	Years Ended December 31				
Description	2017	2016	2015	2014	2013
Interest on Mortgage Loans (Income)	$4,360,503	$4,444,376	$4,696,483	$4,819,529	$5,094,033
Interest on Investment Obligations (Expense)	1,143,318	1,235,865	1,517,544	1,854,608	2,458,551
Net Interest Income	3,217,185	3,208,511	3,178,939	2,964,921	2,635,482
Reduction in Provision for Loan Losses	(616,963)	(2,279,850)	0	0	0
Net Interest Income after Provision for Loan Losses	3,834,148	5,488,361	3,178,939	2,964,921	2,635,482
Total Non-Interest Expenses	(1,392,848)	(1,582,739)	(1,488,107)	157,193	(2,338,415)
Change in Unrestricted Net Assets Before Transfer to TMF Related to Endowment for Benefit of Global Ministries	3,134,130	5,096,241	1,079,766	3,122,114	297,067
Transfer to TMF Related to Endowment for Benefit of Global Ministries	(12,500,000)	-	-	-	-
CHANGE IN UNRESTRICTED NET ASSETS	(9,365,870)	5,096,241	1,079,766	3,122,114	297,067

For additional information please see “Statements of Activities” in The Fund’s current audited financial statements and The Fund’s Notes to Financial Statements, which are found at Appendix A.

Certain amounts in the prior years have been reclassified to conform to the presentation in the current year. There was no impact on net assets.

DESCRIPTION OF THE NOTES

The Fund is offering up to $100,000,000 in unsecured notes to (i) entities within The United Methodist Church connectional system, and (ii) persons who are members of, contributors to, or participants in, The United Methodist Church or its connectional units, and persons who are successors in interest to such persons.

This offering consists of three types of Notes: (i) Flexible Investment Notes; (ii) Term Notes; and (iii) Individual Retirement Account Notes.

Flexible Investment Notes (not offered to residents of certain states)

Interest is computed from the date of issue and is paid either semi-annually or at maturity depending on the form of Note selected by the noteholder (see "Accrual and Payment of Interest on page 41). If economic conditions in the market should warrant, the interest rate offered on Flexible Investment Notes may be increased or decreased after thirty (30) days' prior written notice to noteholders by The Fund. Principal and interest are payable at any time within fifteen (15) days of written demand from the noteholder accompanied by a bank guarantee of his or her signature.

Except as otherwise noted in this paragraph, The Fund has the right to repay the principal in five (5) equal annual installments beginning fifteen (15) days after demand with respect to a Flexible Investment Note. In such cases, interest will be payable annually at the current rate as The Fund, from time to time, pays on its Flexible Investment Notes. The Fund has waived its right to repay the principal on an installment basis with respect to Flexible Investment Notes issued to residents of certain states (as described more fully in "State Specific Information" beginning on page iv). Although The Fund has always repaid promptly on demand the full amount of the principal on all outstanding investment obligations since The Fund's inception in 1960, no assurance can be given that The Fund will be willing or able to make repayments without invoking these rights in the future.

Term Notes

Term Notes have a fixed duration of One, Two, Three, Four or Five Years. All Term Notes accrue interest daily from the date of issue and interest is paid semi-annually or at maturity depending on the form of Note selected by the noteholder (see "Accrual and Payment of Interest on page 41. Each Term Note will bear the interest stated in the Note for the full term of the Note. Any changes in interest rates by the Board affect only new Term Notes issued after the change in rate.

The interest rate payable on each Term Note will be established by The Fund's Executive Directors at the time an investment is made and will remain in effect until the maturity date of the Note. Investors may not increase the size of their Term Note after the initial investment.

1. <u>Maturity of Term Note</u>

The Fund, more than thirty (30) days prior to maturity, will provide the current Offering Circular and written notice to the holder of a Term Note that the Note is approaching maturity and that the holder has the option to redeem the Note or have it extended prior to its maturity.

The Fund may repay at maturity the full principal and interest due on a Term Note to holders who, on or prior to the maturity date, have given The Fund written notice that they wish to redeem their Note. The Fund reserves the right to request additional identification and attestation in connection with a redemption.

In the alternative, if it shall elect to do so, and except as otherwise noted in this paragraph, The Fund is given the right to: (i) repay the principal in five (5) equal annual installments beginning thirty (30) days after demand; (ii) deduct an redemption penalty if applicable from the first annual payment; and (iii) accrue interest on balances of the principal during the remainder of the payout at the same rate as The Fund is then paying on its Flexible Investment Notes. The Fund has waived its right to repay the principal on an installment basis with respect to Term Notes issued to residents of certain states (as described more fully in "State Specific Information" beginning on page iv). Although The Fund has always repaid promptly on demand the full amount of the principal on all outstanding investment obligations since The Fund's inception in 1960, no assurance can be given that The Fund will be willing or able to make repayments without invoking these rights in the future.

2. <u>Roll Over of Term Notes Sold Prior to January 1, 2017</u>

Except as to residents of certain states, if a holder of a maturing Term Note that was sold prior to January 1, 2017 does not present it for payment or give The Fund written instructions to pay or redeem it, that Note will automatically be renewed or "rolled over" into a like Term Note at the prevailing interest rate paid on the same kind of Term Note as that being rolled over, which interest rate may be lower than the interest rate offered on the expiring Note.

3. <u>Roll Over of Term Notes Sold On or After January 1, 2017</u>

If The Fund does not receive written instructions from a noteholder to redeem a Term Note purchased on or after January 1, 2017 at maturity (unless the Note is redeemed early or a new Term Note is established by the noteholder), The Fund will (except as to residents of certain states) automatically convert the Term Note into a Flexible Investment Note. See "State Specific Information" beginning on page iv for information regarding the treatment of Term Notes at maturity for residents of certain states.

4. <u>Prepayment Penalties on Term Notes</u>

If a holder of a Term Note presents the Note for early redemption, the early redemption penalty will be four (4) months interest (at the rate of interest for the Note) on the principal amount being redeemed; or the entire interest accrued on the Note if the Note has been issued for less than four (4) months. The penalty will be charged first against any interest already accrued, which has yet to be paid, and then from the principal that would otherwise be returned to the noteholder. This early redemption penalty will be waived if (i) the noteholder has died or has been declared incompetent, or (ii) the Note is held by an IRA and the request for redemption is made within seven (7) days of establishing the IRA; in which event the entire principal amount will be returned, without payment of interest.

Individual Retirement Account (IRA) Notes (not offered to residents of certain states)

IRA Notes are issued only to custodians for individual retirement plans set up by investors, pursuant to Section 408 of the Code. If economic conditions in the market should warrant, the interest rate offered on Individual Retirement Account Notes may be increased or decreased after thirty (30) days' prior written notice to noteholders by The Fund. All or part of the principal and interest is payable at any time within thirty (30) days of written demand by the IRA custodian to The Fund. Interest is computed from the date of issue and is paid accrued daily and compounded monthly.

If you invest through your IRA, you should consider, at a minimum, (a) whether the investment is in accordance with the documents and instruments governing your IRA, plan or other account, (b) whether the investment satisfies the fiduciary requirements associated with your IRA, plan or other account, (c) whether the investment will generate unrelated business taxable income, or a UBTI, to your IRA, plan or other account, (d) whether there is sufficient liquidity for that investment under your IRA, plan or other account, (e) the need to value the assets of your IRA, plan or other account annually or more frequently, and (f) whether the investment would constitute a non-exempt prohibited transaction under applicable law. Consultation with a financial and tax adviser is recommended.

GENERAL TERMS APPLICABLE TO ALL NOTES

Application to Purchase Notes

All Notes are issued pursuant to the Application to Purchase a Note, which is found at Appendix B and Interest Rate Sheet. Applications are accepted via U.S. mail to The Fund.

New Notes may be purchased in increments of $100. Payment may be made by check or ACH wire transfer, in U.S. funds.

The Fund will not sell a Note to an applicant unless The Fund has provided the applicant with The Fund's most current Offering Circular and Interest Rate Sheet.

Special Notice – Notes are Un-Certificated

The Notes will be issued in book-entry form as un-certificated securities to be held and recorded in the book-entry-only system maintained by The Fund. After purchase of any Note, the purchaser will not receive a physical Note but will receive a registration confirmation acknowledging payment for the Note. The Note will be registered in book-entry form by The Fund. The Fund will issue a physical Note to any investor upon request.

Accrual and Payment of Interest

For Term Notes and Flexible Investment Notes, each form of Note may be purchased either as a Note on which interest is accrued daily, and paid, semi-annually within fifteen (15) days after June 30 and December 31 (a "semi-annual interest payment Note"), **or** as a Note on which interest is accrued daily, and compounded monthly until maturity (a "compound interest payment Note"). Holders of Term Notes and Flexible Investment Notes will have the option, at any time upon thirty (30) days written notice to The Fund, to convert either a semi-annual interest payment Note to a compound interest payment Note or vice versa, without penalty.

For IRA Notes, investors must purchase compound interest payment Notes, which accrue interest daily and compound interest monthly.

Right to Call

The Fund has the right to call any of the outstanding Notes at any time upon three (3) months prior written notice by payment of the principal amount of the Notes together with accrued interest plus a premium equal to one and one-half percent (1.5%) of the principal sum of the Note. An early redemption penalty will not be imposed on any Notes called. In April of 1996, The Fund redeemed virtually all outstanding Certificates of Participation. In September 2003, The Fund recalled all seven percent (7%), seven and one-half percent (7.5%), and eight percent (8%) Four Year Term Notes held by The Fund's directors and staff, by Global Ministries and its related entities, except amounts designated by a charitable donor for investment in The Fund, by the General Council on Finance and Administration of The United Methodist Church, and by churches that held $100,000 or more of such notes.

PLAN OF DISTRIBUTION

Offers to Sell

Notes will be offered and sold only through officers and employees of The Fund.

The Fund's Executive directors and sales agents will solicit offers to buy the Notes only in states which permit them to solicit offers. In addition, when the opportunity arises, other officers and directors of The Fund may speak generally with regard to the nature and purpose of The Fund's work.

Notes will be offered for sale through advertising in national and regional United Methodist publications, and by distributing the Offering Circular to prospective and existing investors. On occasion, the Offering Circular will be distributed at United Methodist meetings, generally those held on a conference-wide or national basis. All advertising states that it is not an offer for sale and that an offer can be made only through the Offering Circular. As a rule, the advertising contains the toll-free phone number for The Fund so that a request for an Offering Circular can be made at no expense to the prospective investor. No funds are accepted for the purchase of a Note, nor will any Note be issued, until The Fund has received an executed application from the investor.

No Underwriting or Selling Agreements

There are no underwriting or selling agreements, no commissions (direct or indirect), and no remuneration being paid to any individual or organization in connection with the offer and sale of the Notes.

Expenses of Offer

The expenses of this offering, which The Fund expects to be less than 0.15% of the total offering amount, are paid from The Fund's operating capital.

Annual Reports and Statement of Balances

Each investor will be provided with an Offering Circular, including The Fund's financial statements audited by an independent auditor upon request. A written notice is sent at least semi-annually to each noteholder showing the principal and interest balance of each of the noteholder's Notes.

Withdrawal, Suspension or Reduction of Offering by The Fund

The Fund reserves the right at any time, and without prior notice or consent of investors or noteholders, to withdraw or suspend the offering or reduce the amount of Notes offered. There is no minimum amount which must be raised, and if the entire amount of the offering is not needed for the purposes intended, the offering may be withdrawn or suspended.

TAX CONSIDERATIONS

Although we are a 501(c)(3) organization, you will not be entitled to a charitable contribution deduction for the Note you purchase. Except for the IRA Notes, interest is fully taxable to you as ordinary income. You have the right to either receive periodic payments of interest or have those interest payments reinvested with your Note. The interest will be taxable to you whether you actually receive it or reinvest it, as of the time it is received or reinvested, as the case may be. You will not be taxed on the return of any principal amount of your Note or on the receipt by you of interest that was previously taxed and reinvested. Payments of principal and interest may be subject to “back-up withholding” of federal income tax if you fail to furnish us with a correct Social Security Number or either tax identification number, or if you or the IRS has informed us you are subject to back-up withholding.

In addition, if you (or you and your spouse together) have invested or loaned more than $250,000 in the aggregate with or to us and other charitable organizations that control, are controlled by or under common control with us, you may be deemed to receive additional taxable interest under Section 7872 of the Code if the interest paid to you is below the applicable federal rate, which is a minimum rate of interest which the Internal Revenue Service requires be included in certain loan transactions. In that situation, the Internal Revenue Service may impute income up to that applicable federal rate. If you believe this applies to you, you should consult your tax advisor.

If the law creating the tax consequences described in this summary changes, this summary could become inaccurate. This summary is based on the Code, the regulations promulgated under the Code and administrative interpretations and court decisions existing as of the date of this Offering Circular. These authorities could be changed either prospectively or retroactively by future legislation, regulations, administrative interpretations, or court decisions. Accordingly, this summary may not accurately reflect the tax consequences of an investment in the Notes after the date of this Offering Circular.

Finally, this summary does not address every aspect of tax law that may be significant to your particular circumstances. For instance, it does not address special rules that may apply if you are a financial institution or tax-exempt organization, or if you are not a citizen or resident of the United States. Nor does it address any aspect of state or local tax law that may apply to you.

LITIGATION AND OTHER INFORMATION

At the date of this Offering Circular, there were no suits, actions, or other legal proceedings or claims pending or threatened against The Fund or its officers or directors. There has been no material legal proceeding against The Fund since its inception in 1960.

NO MATERIAL DEFAULT

Since its inception in 1960, The Fund has not had any material default in the payment of any principal, interest, dividends or sinking fund installments on any security or indebtedness for borrowed money or on any rentals under material leases with terms of three years or more.

MANAGEMENT

Organizational Structure

The management of the affairs of The Fund is vested in its Board. Currently, there are nine (9) directors, five (5) of whom were elected by the out-going members of the Board. The remaining four (4) directors are elected by Global Ministries. The directors meet at least twice each year.

The directors are elected for a four (4)-year term until their successors are elected. The directors cannot serve more than a total of eight (8) consecutive years. Service of more than one (1) year in filling an unexpired or vacated position is considered a full four (4)-year term. At least one (1) director is elected from each jurisdictional area of the Church. At present, no more than eight (8) of the elected directors may be directors of Global Ministries.

Elected Directors

Ruby D. Anderson was born August 30, 1946, and currently resides at 25180 Thorndyke Street, Southfield, Michigan. Ms. Anderson was awarded a Bachelor of Science degree in Elementary Education in 1970, by Lincoln University, Jefferson City, Missouri, and earned a Master of Science degree in Elementary Education in 1979 from Indiana University NW Campus, Gary, Indiana. In 2003, she received an Education Administrative Certification in Secondary Education from Wayne State University, Detroit, Michigan. Ms. Anderson retired as a middle school social studies teacher from the Southfield Public School system in 2007, where she had worked from 1995 to 2007. Since 1983, she has been licensed as a real estate agent, and since 1995, has acted as a real estate broker for the State of Michigan. In 2007, Ms. Anderson served as a United Methodist Church volunteer-in-mission to Liberia in 2009-2010, as mission ambassador for the Detroit Annual Conference to Sudan in 2011 and 2013, as a volunteer-in-mission to Haiti; and in 2013, as the leader of a volunteer-in- mission team to Northern Ireland. Ms. Anderson serves as a volunteer at several local nursing homes in the Detroit metropolitan area, and as a local and state officer of Church Women United. Ms. Anderson is a newly elected Director of the United Methodist Women national office for the 2016-2020 quadrennium. Ms. Anderson’s term of office as an elected director of The Fund will expire in 2020.

Keith M. Cox was born on July 11, 1956. He currently resides at 165 Willow Brook Drive, in Roswell, Georgia. He earned a Bachelor of Science degree in Accounting from Auburn University in 1979, and a Master’s in Business Administration from University of Southern Mississippi in 1988. He is a Certified Treasury Professional by the Association of Financial Professionals. Since February 2001, Mr. Cox has served as the Treasurer and Director of Administrative Services of the North Georgia Conference. From 1981 to 2001, he served as the CFO and CEO of various for-profit hospitals and health systems throughout the southeast United States. Mr. Cox is a member of the Dunwoody United Methodist Church and serves on the SPRC and previously served on the Finance Committee of the Church. He served as the past president and is the current treasurer of the Brookhaven Rotary Club. Mr. Cox’s term of office as an elected director of The Fund will expire in 2020.

Charles W. Foster, III was born July 2, 1940. He resides at 1030 Rock Harbor Pt., Hercules, California. In 1962, Mr. Foster graduated with a Bachelor of Science degree in Agricultural Science from University of Maryland, Eastern Shore and in June 1973, received a Master's Degree in Public Administration from Golden Gate University, 536 Mission Street, San Francisco, California. In June 1998, Mr. Foster was awarded honorary Doctorate degrees from Golden Gate University and University of Maryland, Eastern Shore. Charles W. Foster retired in 2013 as President of C Foster Consultant Service. Prior to his consultant practice, Mr. Foster served as Executive Director of the Port of Oakland, 530 Water Street, Oakland, California from 1995 to 2001, Deputy Executive Director from 1992 to 1995 and Director of Aviation from 1986 to 1995. He retired from the Port of Oakland in October 2001. Mr. Foster served as a commissioned officer on active duty in the U.S. Navy from August 1962 until December 1969, and as a commissioned officer on Ready Reserve Status in the U.S. Navy from January 1970 until September 1984. Mr. Foster retired from the U.S. Navy Reserve as a Captain in December 1984. Mr. Foster has served on the board of directors of numerous organizations, including: the Regional Trade Development Alliance of Northern California; International House, University of California, Berkeley; Economic Development Alliance for Business; and the California Council for International Trade. Mr. Foster's term of office as a director of The Fund will expire in 2020.

George E. Johnson, Jr. was born September 14, 1947 and raised in Port Arthur, Texas. He currently resides at 3318 Breckinridge Lane, Missouri City, Texas. Mr. Johnson received Bachelor's Degrees in Sociology and Political Science from Lamar University. He has earned numerous certificates and certifications in finance, real estate appraisals and real estate management. Mr. Johnson has also served as Adjutant Professor in Commercial Real Estate at Texas Southern University and is a Certified Mediator. Mr. Johnson is the current President of George E. Johnson Development, Inc., a brokerage and real estate investment firm he founded in 1974. Mr. Johnson also serves as the Owner Representative for Corinthian Pointe, a 234 acre development viewed as a national model for community based development projects. This development is the vision of Windsor Village United Methodist Church and its pastor, Kirbyjon Caldwell. Mr. Johnson serves on numerous Boards including Fort Bend Housing Finance Corporation, Texas Association of Housing Finance Association, the Fort Bend Commercial Broker Association, the United Methodist Emerging Leader Endowment, the Episcopacy Committee of the Texas Annual Conference, the Houston and Southeast Texas Chapter of the Alzheimer's Association, and is a former Board member of the Texas Methodist Foundation. Mr. Johnson's term of office as an elected director of The Fund will expire in 2020.

Kristi Kinnison was June 23, 1965. She currently resides at 5246 East Weaver Avenue, Centennial, Colorado. Ms. Kinnison earned a Bachelor's of Science in Mathematics from Mesa College in Grand Junction, Colorado in 1988 and a Master's of Business Administration from the University of Colorado (Denver) in 1999. Ms. Kinnison has more than 15 years of business management experience in mortgage banking, starting as a loan officer at Pacific Republic Mortgage from 2000-2001, as an account executive at GMAC Homecomings Financial from 2002-2008, and she has been Executive Director of the Rocky Mountain United Methodist Foundation since 2010. A life-long United Methodist, she and her 13-year-old daughter are members of Trinity United Methodist Church in Denver. Ms. Kinnison's term of office as an elected director of The Fund will expire in 2020.

Reverend Rene A. Perez was born on March 1, 1968. He current resides at 53 Birchwood Drive, Holden, Massachusetts. Rene graduated from Temple University in Philadelphia, PA with a BA in liberal arts with a concentration in Psychology; and a Masters of Divinity Degree from Drew Theological School in Madison, NJ. He served as Director of Latino Ministries and Director of Congregational Development in the Eastern Pennsylvania Conference from 2000 to 2008. Before then, Rene served with his wife Wanda, as co-pastors of a multicultural congregation in Philadelphia, PA from 1993 to 2000. From 2008 to 2011, Rene served as the Senior Pastor of the Lititz United Methodist Church in Lititz, PA. During his time at Lititz, the church built a medical clinic, a trade school and a drinking well in Musese, Kenya. Rene has also served as delegate to General and Jurisdictional Conferences in 2004, 2008 and 2016. In 2004 and 2008, he was a delegate representing the Eastern Pennsylvania Conference; and in 2016, he was representing the New England Annual Conference. Rene is a certified professional coach and is currently serving in the United Methodist Northeast Jurisdictional Committee on Appeals as secretary. In the Annual Conference, he serves as dean of cabinet, the conference connectional table, the conference board of community and congregational development, the conference JFON board, and the conference committee on nominations. Rene's term of office as an elected director of The Fund will expire in 2020.

Reverend Carlo A. Rapanut was born on June 10, 1974 in Baguio City, Philippines. He currently resides with his wife and two sons at 1660 Patterson Street, Anchorage, Alaska, where he's serves as Conference Superintendent of the Alaska United Methodist (Missionary) Conference. He immigrated to the United States with his family in 2008 to serve as pastor of the United Methodist Church of Chugiak in Alaska. He was appointed Conference Superintendent in 2014. Prior to moving to the U.S., Reverend Rapanut served in the Philippines in the following settings: Pastor of Philex Mines United Methodist Church in Tuba, Benguet (1998-2000); Baguio City First United Methodist Church as Associate Pastor (2000-2003) and as Senior Pastor (2003-2005); Assistant to the Bishop of the UMC Baguio Episcopal Area (2005-2008). Reverend Rapanut holds a Bachelor of Science degree in Mathematics (1994) and a Masters in Management major in Business Management (equivalent to an MBA) degree (2000) from the University of the Philippines. He finished his Master of Divinity, magna cum laude, (2003) from Wesley Divinity School in Cabanatuan City, Philippines. Reverend Rapanut is a clergy member of the Pacific Northwest Annual Conference. He served as delegate to the 2016 General Conference of the UMC and headed the Alaska delegation. He was also a delegate to the 2016 Western Jurisdictional Conference and is currently a member of the Western Jurisdiction Mission Cabinet and Committee on Episcopacy. Reverend Rapanut's term of office as an elected director of The Fund will expire in 2020.

Carmen FS Vianese was born on June 17, 1966, and currently resides at 87 Mill Street in Nunda, New York with her Husband - Mark Vianese. In May 1986, Ms. Vianese graduated from Herkimer County Community College in Herkimer, New York with an Associates of Applied Science degree in the field of Occupational Therapy. In 1999, Ms. Vianese received an Associates of Applied Science degree in Massage Therapy from the New York Institute of Massage in Buffalo, New York. Since November 1986, Ms. Vianese has been employed in Perry, New York, as a staff therapist in the Occupational Therapy Department of the Finger Lakes Developmental Disabilities Service Office of New York State. From 1999 until 2009, Mrs. Vianese also owned and operated Hands of Grace, a private clinical practice engaged in massage therapy, in Nunda New York. Ms. Vianese has served as a member of the board of directors of the Nunda Community Home, the chair of Light House Ministries and as a volunteer therapist for Livingston County Hospice Services. She is currently beginning her second four year term as a director of Global Ministries, and will be serving GBGM as their Chair of finance. Mrs. Vianese also continues to serve the UMC through her position as the Upper New York Annual Conference's Chair of its Camp and Retreat Ministries Board; as well as, being the current Vice President of the National Association of Conference Directors of Lay Servant Ministries. Ms. Vianese's term of office as an elected director of The Fund will expire in 2020.

Reverend Sara A. White was born on August 14, 1956 in York, South Carolina. She currently resides in Columbia, South Carolina. Reverend White received her Bachelor of Arts degree in History from the University of South Carolina in 1978 and in 1982 was awarded a Master of Divinity degree from Lutheran Theological Seminary South, Columbia, South Carolina. Reverend White has served as Director of Congregational Development for the South Carolina Annual Conference of The United Methodist Church since September 1, 2012. From 2006-2012, she held the position of District Superintendent of the South Carolina United Methodist Church in the Rock Hill District, and from 2001-2006, was the lead pastor of John Wesley United Methodist Church in Charleston, South Carolina. Reverend White served as delegate to the 2008 and 2013 General Conferences of The United Methodist Church and has also served as a Jurisdictional Conference delegate for the Southeastern Jurisdiction Conference. Her Annual Conference service includes membership on the Southeastern Jurisdiction Council on Finance and Administration; South Carolina Annual Conference CFA; and the Board of Trustees of the Epworth Children's Home. Reverend White's term of office as an elected director of The Fund will expire in 2020.

None of the directors has ever worked for or managed another company in the same business as The Fund.

Officers

Charles Foster III, who is also a director of The Fund, is the current **president** of The Fund; Keith Cox, who is also a director of The Fund, is its current **vice-president**; as of the date of this Offering Circular, the position of **secretary** is vacant**;** Roland Fernandes is its current **treasurer.** J. David McCaskill is an executive director. These officers will serve until their successors are elected.

Roland Fernandes is the treasurer of The Fund, having been elected to that position in 1999. Mr. Fernandes was born on December 11, 1963. He currently resides at 2600 Milscott Drive, Apartment 2539, Decatur, Georgia. He attended St. Xavier's College, Calcutta, India and was graduated in 1985 with a Bachelor of Commerce degree. After completing his Masters he qualified as a Chartered Accountant with the Institute of Chartered Accountants of India in 1987. He worked as the Chief Auditor of the Methodist Church in India from 1988 till 1994 before serving two years as a short term missionary in India and Philippines. From January 1997 until his election as General Treasurer of Global Ministries in August 2004, Mr. Fernandes was employed as an associate comptroller, an associate treasurer, and as interim general treasurer of Global Ministries. In 2016, the role of Chief Operating officer was added to his title and portfolio.

J. David McCaskill is executive director of The Fund, elected to serve in that position beginning October 11, 2016 by the Directors. He is also Senior Vice President of the Texas Methodist Foundation ("TMF") appointed to that position in 1999. Mr. McCaskill was born on May 28, 1956 and resides at 2605 Belaire East Lane, Granite Shoals, Texas. He received a Bachelor of Business Administration in 1978 from Texas A&M University. He was employed as a National Bank Examiner for Office of the Comptroller of the Currency in 1978 until he took a position at First National Bank of Georgetown in 1984 as President and COO. FNB was acquired in 1990 by what would become Bank of America. Mr. McCaskill worked within the retail division responsible for branch operations, loan and deposit growth and community outreach all within the Austin, TX area before he took the position at TMF. Mr. McCaskill was instrumental in TMF's expansion to over $325,000,000.00 in loans to United Methodist churches and closely affiliated non-profits. Mr. McCaskill, in his position at TMF, also supervises the investor services activities of TMF. He has passed the NASAA Series 6, 63, and 26 examinations.

Paula L. Sini is Executive Director of Loan Operations of The Fund, elected to serve in that position beginning November, 2017 by the Directors. She is an Assistant Vice President of the Texas Methodist Foundation ("TMF") appointed to that position in 2015. Ms. Sini was born on July 15, 1963 and resides at 306 Golden Bear Drive, Austin, Texas. She has 30 years experience in consumer, real estate, and commercial lending and prior to her appointment at TMF was Senior Vice President, National Manager for BBVA Compass with responsibility for Commercial and Industrial, Public Finance, and Global Wealth Loan Documentation and Funding Control. In the course of her career in commercial banking she was involved in compliance and training and supervised work teams of 40 or more persons. Ms. Sini has been instrumental at TMF and UMDF in developing loan documentation procedures to comply with the laws of all 50 states.

Criminal and Civil Proceedings

During the past ten (10) years, no officer or director has been convicted of any criminal matter (other than for traffic violations and other minor misdemeanors) or has been the subject of any order, judgment, or decree of any court enjoining such person from any activities associated with the offer or sale of securities or limiting the right of the person to engage in any activity in connection with the purchase or sale of any security or to be associated with persons engaged in that activity.

Compensation

Officers and Directors. Because The Fund's operations are managed and administered by TMF pursuant to the Contract described in the "Summary" section on page 1, The Fund does not pay any compensation or other remuneration to the officers or directors of The Fund. The total aggregate direct and indirect remuneration, including without limitation, salaries, health and other insurance benefits, and pension or retirement plans, paid by TMF to the officers of the Fund for their services to the Fund in 2017, was $263,150. The Fund will be operated with one fewer officer in 2018, so the Fund anticipates that total remuneration paid by TMF will decrease in 2018. The Fund estimates that the aggregate remuneration paid by TMF to the officers of the Fund in 2018 will be approximately $164,000. The Fund or TMF may also reimburse officers and directors for expenses incurred in the performance of their responsibilities.

Administrative Expenses. Administrative expenses, which are primarily for services rendered by Global Ministries and TMF, are reimbursed by The Fund under agreements with Global Ministries and TMF. The Fund also provides certain support to the Global Ministries' Mission Programs as provided for within its Bylaws. For the years ended December 31, 2017, 2016, and 2015, The Fund disbursed $149,440, $889,447, and $882,850, respectively, to Global Ministries for administrative expenses and program support. For the year ended December 31, 2017, The Fund disbursed to TMF $525,000 to TMF for administrative expenses.

Conflict of Interest

Other than Notes that have been purchased by officers and directors of The Fund, there have been no material transactions, nor any proposed, between The Fund and any director or officer of The Fund; or between The Fund and any family member of an officer or director of The Fund; or between The Fund and any entity in which an officer or director or a family member of an officer or director has a material interest.

The executive director, sales agents, and treasurer of The Fund are compensated by TMF in connection with the Contract.

No officer, director, or member of the staff of The Fund shall hold more than two (2%) percent of the total Notes sold by The Fund. Officers and directors of The Fund may only purchase Flexible Investment Notes.

INVESTOR REPORTS

The Fund's current audited financial statements will be made available to any investor upon written request, and will be mailed to all noteholders within one hundred twenty (120) days of the end of The Fund's last fiscal year.

INDEPENDENT AUDITORS

The financial statements at December 31, 2016 and 2017 and for the years ended December 31, 2015, 2016 and 2017, are included in Appendix A in this Offering Circular. Financial statements at December 31, 2017 and the year ended December 31, 2017, have been audited by Maxwell Locke & Ritter LLP, independent auditors. Financial statements at December 31, 2016 and for the years ended December 31, 2015 and 2016, were audited by another independent auditor.

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<u>APPENDIX A</u>

AUDITED FINANCIAL STATEMENTS

THE UNITED METHODIST DEVELOPMENT FUND

Financial Statements as of December 31, 2017 and 2016 and for the Years Ended December 31, 2017, 2016, and 2015 and Independent Auditors' Report

MAXWELL & LOCKE & RITTER

THE UNITED METHODIST DEVELOPMENT FUND

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MAXWELL LOCKE & RITTER LLP
Accountants and Consultants
An Affiliate of CPAmerica International
tel (512) 370 3200 fax (512) 370 3250
www.mlrpc.com

Austin: 401 Congress Avenue, Suite 1100
Austin, TX 78701

Round Rock: 411 West Main Street, Suite 300
Round Rock, TX 78664

INDEPENDENT AUDITORS' REPORT

The Audit Committee of
The General Board of Global Ministries of The United Methodist Church,

To the Board of Directors of
The United Methodist Development Fund,

We have audited the accompanying financial statements of The United Methodist Development Fund (a nonprofit organization) (the "Fund"), which comprise the statement of financial position as of December 31, 2017, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of December 31, 2017 and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of the Fund as of and for the year ended December 31, 2016 and the change in its net assets and its cash flows for the year ended December 31, 2015, were audited by other auditors whose report dated March 6, 2017, expressed an unmodified opinion on those statements.

Maxwell Locke & Ritter LLP

Austin, Texas
March 2, 2018

THE UNITED METHODIST DEVELOPMENT FUND

STATEMENTS OF FINANCIAL POSITION
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS:		
Cash and cash equivalents	$ 755,820	$ 4,146,570
Investments	34,206,359	50,290,458
Accrued interest receivable	291,669	436,757
Mortgage loans to churches, less allowance for loan losses of $7,400,000 and $8,000,000 at 2017 and 2016, respectively	87,267,353	85,590,730
TOTAL ASSETS	$ 122,521,201	$ 140,464,515
LIABILITIES AND NET ASSETS:		
LIABILITIES:		
Investment obligations	$ 67,290,584	$ 76,799,680
Accounts payable and accrued expenses	64,104	24,648
Due to General Board of Global Ministries	8,800	94,227
Amounts held on behalf of others- General Board of Global Ministries Loan Fund	20,018,853	19,041,230
Total liabilities	87,382,341	95,959,785
NET ASSETS:		
Unrestricted	34,840,447	44,206,317
Temporarily restricted	298,413	298,413
Total net assets	35,138,860	44,504,730
TOTAL LIABILITIES AND NET ASSETS	$ 122,521,201	$ 140,464,515

See notes to financial statements.

THE UNITED METHODIST DEVELOPMENT FUND

STATEMENT OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015

	2017	2016	2015
CHANGE IN UNRESTRICTED NET ASSETS:			
Interest income-			
Interest on mortgage loans	$ 4,360,503	$ 4,444,376	$ 4,696,483
Interest expense-			
Interest on investment obligations	1,143,318	1,235,865	1,517,544
Net interest income	3,217,185	3,208,511	3,178,939
Reduction in provision for loan losses	(616,963)	(2,279,850)	-
Net interest income after provision for mortgage loan losses	3,834,148	5,488,361	3,178,939
Non-interest income (expense):			
Contributions	11,111	-	-
Other income	41,174	87,912	123,665
Administrative expenses	(1,445,133)	(1,470,651)	(1,451,772)
Support for General Board of Global Ministries mission programs	-	(200,000)	(160,000)
Total non-interest expense	(1,392,848)	(1,582,739)	(1,488,107)
Total interest and non-interest income	2,441,300	3,905,622	1,690,832
Appreciation (depreciation) in fair value of investments	692,830	1,190,619	(611,066)
Change in unrestricted net assets before: Transfer to TMF related to endowment for the benefit of Global Ministries	3,134,130	5,096,241	1,079,766
Transfer to TMF related to endowment for the benefit of Global Ministries (Note 8)	(12,500,000)	-	-
Change in unrestricted net assets	(9,365,870)	5,096,241	1,079,766
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS:			
Net appreciation in fair value of investments	-	25,176	11,866
Change in temporarily restricted net assets	-	25,176	11,866
CHANGE IN NET ASSETS	(9,365,870)	5,121,417	1,091,632
NET ASSETS, beginning of year	44,504,730	39,383,313	38,291,681
NET ASSETS, end of year	$ 35,138,860	$ 44,504,730	$ 39,383,313

See notes to financial statements.

THE UNITED METHODIST DEVELOPMENT FUND

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015

	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:			
Change in net assets	$ (9,365,870)	$ 5,121,417	$ 1,091,632
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:			
Reduction in provision for loan losses	(616,963)	(2,279,850)	-
Charged-off interest on loans	16,963	-	-
Unrealized loss (gain) on investments	124,509	(740,739)	1,084,608
Realized gain on investments	(817,339)	(449,880)	(473,542)
Changes in assets and liabilities:			
Accrued interest receivable	145,088	(92,176)	127,174
Due to General Board of Global Ministries	(85,427)	3,790	11,737
Accounts payable and accrued expenses	28,043	(71,792)	(20,185)
Net cash (used in) provided by operating activities	(10,570,996)	1,490,770	1,821,424
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from maturities and sale of investments	24,150,000	13,738,532	30,464,303
Purchases of investments	(6,410,533)	(16,041,668)	(12,548,689)
Mortgage loan repayments received	9,696,390	13,565,193	13,810,569
Mortgage loans made to churches	(10,773,013)	(10,236,843)	(12,692,292)
Net cash provided by investing activities	16,662,844	1,025,214	19,033,891
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of investment obligations	7,749,406	7,328,699	17,186,583
Repayments of investment obligations	(17,258,502)	(15,893,840)	(31,198,548)
Amounts held on behalf of others- General Board of Global Ministries Loan Fund	26,498	100,156	141,584
Net cash used in financing activities	(9,482,598)	(8,464,985)	(13,870,381)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,390,750)	(5,949,001)	6,984,934
CASH AND CASH EQUIVALENTS, beginning of year	4,146,570	10,095,571	3,110,637
CASH AND CASH EQUIVALENTS, end of year	$ 755,820	$ 4,146,570	$ 10,095,571
SUPPLEMENTAL NONCASH DISCLOSURE-			
Cash paid for interest	$ 674,779	$ 536,649	$ 670,086

See notes to financial statements.

1. ORGANIZATION AND NATURE OF OPERATIONS

The United Methodist Development Fund (the "Fund") is incorporated as a not-for-profit organization and is classified as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Fund was administered by Financial Services Unit of the General Board of Global Ministries of The United Methodist Church ("Global Ministries") in accordance with the policies set by Global Ministries through December 31, 2016. Effective January 1, 2017, the Texas Methodist Foundation ("TMF") assumed responsibility for management and administration of the Fund's operations, which is further discussed in Note 8.

The Fund provides first mortgage loans to United Methodist churches and other United Methodist organizations for the purchase, construction, expansion, or major improvement of churches, parsonages, or mission buildings. The Fund's primary activities include the sale of its investment obligations to United Methodist individuals and organizations and the lending of those funds to local churches and other United Methodist organizations. Beginning in 2012, the Fund began administering Global Ministries' loan program which is further discussed in Note 7.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The accompanying financial statements of the Fund have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles in the United States of America ("U. S. GAAP") as defined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Fund and changes therein are classified and reported as follows:

Unrestricted **-** Net assets not subject to donor-imposed stipulations.

Temporarily Restricted **-** Net assets subject to donor-imposed stipulations, which limit their use by the Fund to a specific purpose and/or the passage of time.

At December 31, 2017 and 2016, temporarily restricted funds totaled $298,413. The income related to these funds is allocated to three beneficiaries per the donor's restrictions. In 2018, per donor's stipulations, the entirety of these funds will no longer be restricted and will become available to the Fund to grant or lend to struggling churches.

Permanently Restricted **-** Net assets subject to donor-imposed stipulations, which require them to be maintained permanently by the Fund. The Fund has not received any permanently restricted contributions.

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value Measurements - Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

Level 1 **-** Inputs based on quoted prices in active markets for identical assets or liabilities. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 **-** Observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

Level 3 **-** Unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value: 1) market approach **-** uses prices generated by market transactions involving identical or comparable assets or liabilities, 2) cost approach **-** uses the amount that currently would be required to replace the service capacity of an asset (replacement cost), and 3) income approach **-** uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Cash and Cash Equivalents - Cash and cash equivalents include interest-bearing time deposits and demand notes with original maturities of three months or less that are readily convertible to known amounts of cash, except for short-term investments held by the Fund's investment managers as part of a long-term strategy.

Investments - Investments are recorded at fair value. Any changes in fair value are reported in the statements of activities as unrealized gains or losses. Realized gains and losses are recorded as the difference between historical cost and the proceeds received from the sale of the investment.

Mortgage Loans - Mortgage loans are stated at outstanding principal balances, less the allowance for loan losses. Mortgage loans are made primarily to United Methodist churches and are secured by a first mortgage on single purpose religious structures. While the mortgagors and the collateral are widely disbursed geographically, the mortgagors are all United Methodist organizations, which rely on contributions to service such debt.

Allowance for Loan Losses - The allowance for loan losses is established to reflect management's best estimate of the losses inherent in the mortgage portfolio. Management establishes the allowance based on various analyses. These analyses consider factors such as church membership, loan payment history, current financial information, local economic conditions, geographic location, demographic changes, and other relevant factors. In establishing the adequacy of the allowance for loan losses, management performs periodic reviews of the mortgage portfolio. Loans are risk-weighted based upon a past due (aging) schedule. All loans which are at least 90 days past due are evaluated individually for collectability and a risk factor is assigned to each. This generally results in an allocation of the allowance for these loans.

Risk factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

A loan is considered to be impaired when, based on current information and events, it is probable that the Fund will be unable to collect all principal and interest payments due in accordance with the contractual terms of the loan agreement. Impaired loans include loans that have been modified in a troubled debt restructuring and loans placed on nonaccrual status. Impairment is measured on a loan-by-loan basis based on fair value of the collateral since all loans are mortgage dependent.

Troubled debt restructurings generally result from the Fund’s loss mitigation activities and occur when a concession is granted to a borrower that is experiencing financial difficulty in order to minimize the financial loss and avoid foreclosure or repossession of collateral. Once modified in a troubled debt restructuring, a loan is generally considered impaired until its contractual maturity, regardless of the borrower performance under the modified terms. While the modified loan may return to accrual status if it meets the Fund’s criteria do to so, nevertheless, the loan will continue to be evaluated for the allowance for loan losses and the loan will continue to be reported as being impaired in the accompanying financial statements.

Impaired loans are classified as nonperforming and, consequently, income is only recognized on these loans when actually received from the borrower. Partial payments of contractual amounts due on impaired loans are treated as interest income on a cash basis until such time as the loan is restored to performing status.

The Fund’s practice is to charge off any loan or portion of a loan when the loan is determined by management to be uncollectible due to the borrower’s failure to meet repayment terms, the borrower’s deteriorating or deteriorated financial condition, the depreciation of the underlying collateral, or for other reasons. There were no charge offs of any loans and no foreclosures during the years ended December 31, 2017, 2016 and 2015.

At December 31, 2017 and 2016, $8,006,100 and $6,407,901, respectively, of mortgage loans were guaranteed by conferences of The United Methodist Church. Mortgage loans committed but not funded at December 31, 2017 and 2016 were $10,392,887 and $12,585,189, respectively.

Investment Obligations - The Funds’ outstanding investment obligations consist of one-year, two-year, three-year, four-year, and five-year Term Notes (“Term Notes”), IRA Notes and Flexible Investment Notes, as well as untendered Certificates of Participation. Investment obligations are carried at cost. Since no public market exists (or is expected to develop) for the Fund’s investment obligations, an estimate of fair value is not practicable to obtain. However, because of the relatively short duration of the obligations and annual reset for new obligations, fair value is not believed to be significantly different than carrying value.

Interest Income - Interest income on mortgage loans is accrued based on the principal balance outstanding. The accrual of interest on loans is discontinued when there is a significant deterioration in the financial condition of the borrower and full repayment of principal and interest is not expected, or interest is more than 90 days past due. Generally, all interest income accrued, but not collected for loans that are placed on non-accrual status, is reversed against current income. Interest income is subsequently recognized only to the extent cash payments are received or after the borrower establishes a reasonable basis to expect future payments.

Contributions - All contributions are recorded at their fair value and are considered to be available for operations of the Fund unless specifically restricted by the donor. Unconditional promises to give cash and other assets are reported as temporarily restricted net assets, if they are received with donor stipulations that limit the use of donated assets. When donor restrictions expire, that is, when a stipulated time restriction ends or restricted purpose is accomplished, the related temporarily restricted net assets are reclassified to unrestricted net assets. This is reported in the statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire within the fiscal year in which the contributions are received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Administrative Expenses and Program Support - Administrative expenses, which are primarily for services rendered by Global Ministries and TMF, are reimbursed by the Fund under agreements with Global Ministries and TMF. The Fund also provides certain support to the Global Ministries' Mission Programs as provided for within its Bylaws. For the years ended December 31, 2017, 2016, and 2015, the Fund disbursed $149,440, $889,447, and $882,850, respectively, to Global Ministries for administrative expenses and program support. For the year ended December 31, 2017, the Fund disbursed to TMF $525,000 to TMF for administrative expenses.

Support for General Board of Global Ministries Mission Programs - The Fund's Board is permitted to annually distribute up to 15% of the Fund's most recent audited change in unrestricted net assets, excluding the provision for loan losses and the net appreciation (depreciation) in fair value of investments to support mission programs of Global Ministries.

Advertising Costs - Advertising costs are expensed as incurred and totaled $27,740, $16,427, and $31,300 for the years ended December 31, 2017, 2016, and 2015, respectively.

Reclassifications - Certain amounts in the prior year have been reclassified to conform to the presentation adopted in the current year. There was no impact on net assets.

Income Taxes - The Fund is covered under The General Council on Finance and Administration of the United Methodist Church ("GCFA") group determination letter from the Internal Revenue Service indicating that it is a nonprofit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except to the extent of any unrelated business income. The Fund did not incur any significant tax liabilities due to unrelated business income during the years ended December 31, 2017, 2016 and 2015. Due to the IRS designation as an association of a church, the Fund is exempt from filing an annual Form 990 tax return in the U.S. federal jurisdiction.

Recently Issued Accounting Pronouncements - In May 2014 and August 2015, the FASB issued Accounting Standards Updates ("ASU") No. 2014-09 and No. 2015-14, *Revenue from Contracts with Customers*, which supersede the revenue recognition requirements in ASC 605, *Revenue Recognition*, and most industry-specific guidance included in the ASC. The standard requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. The standard is effective retrospectively for fiscal years beginning after December 15, 2018 and early adoption is permitted. The Fund is currently evaluating the impact the standard will have on its financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires the recognition of lease assets and lease liabilities by lessees for all leases, including leases previously classified as operating leases, and modifies the classification criteria and accounting for sales-type and direct financing leases by lessors. Leases continue to be classified as finance or operating leases by lessees and both classifications require the recognition of a right-of-use asset and a lease liability, initially measured at the present value of the lease payments in the statement of financial position. Interest on the lease liability and amortization of the right-of-use asset are recognized separately in the statement of activities for finance leases and as a single lease cost recognized on the straight-line basis over the lease term for operating leases. The standard is effective using a modified retrospective approach for fiscal years beginning after December 15, 2019 and early adoption is permitted. The Fund is currently evaluating the impact the standard will have on its financial statements.

In August 2016, the FASB issued ASU No. 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*, which requires presentation on the face of the statement of financial position amounts for two classes of net assets at the end of the period, net assets with donor restrictions and net assets without donor restrictions, rather than the currently required three classes. The standard also requires the presentation on the face of the statement of activities the amount of the change in each of these two classes of net assets. The standard will no longer require the presentation or disclosure of the indirect method of reporting cash flows if an entity elects to use the direct method. Entities will be required to provide enhanced disclosures about liquidity in the footnotes to the financial statements. The standard is effective for fiscal years beginning after December 15, 2017 and early adoption is permitted. The Fund is currently evaluating the impact the standard will have on its financial statements.

3. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Fund to credit risk consist of cash and cash equivalents, investments, and mortgage loans receivable. The Fund places its cash and cash equivalents with a limited number of high quality financial institutions and may exceed the amount of insurance provided on such deposits. Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain securities, it is at least reasonably possible that changes in the near-term could materially affect the amounts reported in the statement of financial position. The Fund provides mortgage loans solely to United Methodist Churches and other United Methodist organizations. The church borrower's ability to repay their mortgage loan obligation is dependent on the parishioners' financial support of their local church. Factors such as unemployment, aging concentrations, and declining church attendance can result in a reduction in the church borrower's contribution income, which could impair their ability to repay their mortgage loan obligation.

4. INVESTMENTS

The cost and estimated fair value of investments are as follows at December 31, 2017:

	Cost	Fair Value	Realized Gains	Unrealized Gains (Loss)
Fixed Income Mutual Fund	$ 317,846	$ 317,698	$ -	$ -
Short-Term Investment Fund - Wespath	12,184,449	12,324,999	57,314	56,760
Fixed Income Fund - Wespath	19,370,066	21,563,662	760,025	(181,269)
	$ 31,872,361	$ 34,206,359	$ 817,339	$ (124,509)

The cost and estimated fair value of investments are as follows at December 31, 2016:

	Cost	Fair Value	Realized Gains	Unrealized Gains
Fixed Income Mutual Fund	$ 317,422	$ 306,285	$ 3,131	$ 3
Short-Term Investment Fund - Wespath	19,527,135	19,581,876	-	53,405
Fixed Income Fund - Wespath	28,949,508	30,402,297	446,749	687,331
	$ 48,794,065	$ 50,290,458	$ 449,880	$ 740,739

Investments were classified as follows under the fair value hierarchy at December 31, 2017:

		Fair Value Measurements Using:		
	Fair Value	Level 1	Level 2	Level 3
Fixed income mutual fund	$ 317,698	$ 317,698	$ -	$ -
Short-term investment fund - Westpath (1)	12,324,999	-	-	-
Fixed income fund - Wespath (1)	21,563,662	-	-	-
Total investments	$ 34,206,359	$ 317,698	$ -	$ -

Investments were classified as follows under the fair value hierarchy at December 31, 2016:

		Fair Value Measurements Using:		
	Fair Value	Level 1	Level 2	Level 3
Fixed income mutual fund	$ 306,285	$ 306,285	$ -	$ -
Short-term investment fund - Westpath (1)	19,581,876	-	-	-
Fixed income fund - Wespath (1)	30,402,297	-	-	-
Total investments	$ 50,290,458	$ 306,285	$ -	$ -

(1) In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Further information on these investments is as follows at December 31:

2017	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Short-Term Investment Fund - Wespath	$ 12,324,999	None	No limits	One day
Fixed Income Fund - Wespath	21,563,662	None	No limits	Up to 15 days

2016	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Short-Term Investment Fund - Wespath	$ 19,581,876	None	No limits	One day
Fixed Income Fund - Wespath	30,402,297	None	No limits	Up to 15 days

The Fund’s investment portfolio is primarily invested in the Wespath Short-Term Investment Fund (“STIF”) and the Wespath Fixed Income Fund (“FIF”).

The STIF seeks to achieve its investment objective by exclusively holding cash and cash equivalents in the form of units of the Sweep Account. The Sweep Account holds primarily a broad range of investment grade securities, which include U.S. government bonds, agency bonds, corporate bonds, securitized products, commercial paper, certificates of deposit and other similar types of investments.

The FIF seeks to achieve its investment objective by investing primarily in fixed income securities such as U.S. and non-U.S. government bonds, agency bonds, corporate bonds and securitized products. Up to 5% of FIF may be invested in alternative investments for which daily price valuation data is not generally available. An estimate of fair value of such investments is provided quarterly by Investment Managers. The corporate bonds held are primarily of companies that are domiciled in the United States and are primarily investment grade. FIF also holds loan participation interests secured by mortgages and other types of loan participations originated through the fund manager's Positive Social Purpose Lending Program.

As of December 31, 2017 and 2016, the effective duration of the STIF was 0.4 and 1.5 years, respectively, and the FIF was 5.66 and 5.54 years, respectively.

As of December 31, the appreciation (depreciation) in fair value of investments was as follows:

	2017	2016	2015
Appreciation (depreciation) in fair value of investments	$ 692,830	$ 1,190,619	$ (611,066)

5. MORTGAGE LOANS TO CHURCHES AND ALLOWANCE FOR LOAN LOSSES

Mortgage loans made by the Fund are subject to prepayments, as such, expected future cash flows may differ from contractual amounts.

Future mortgage payments scheduled to be collected on outstanding mortgage loans as of December 31, 2017 and 2016 was as follows:

Amount Due Within	2017	2016
1 year	$ 4,669,312	$ 4,582,066
2 years	4,850,876	4,658,311
3 years	4,863,746	4,792,389
4 years	5,670,852	4,961,864
5 years	4,963,473	5,004,973
Thereafter	69,649,094	69,591,127
	94,667,353	93,590,730
Allowance for loans losses	(7,400,000)	(8,000,000)
	$ 87,267,353	$ 85,590,730

Mortgage loans are generally approved for terms ranging from 10 to 20 years, but occasionally, to accommodate a particular situation, a term of up to 30 years may be approved. The Fund's Board may increase or decrease the interest rates to the prevailing rate.

During 2017 and 2016, the mortgage loans bore annual interest rates ranging as follows:

Interest Rate	2017	2016
0.00%	$ 881,070	$ -
4.00%	55,285	60,168
4.25%	385,860	-
4.50%	50,899,193	45,406,050
4.70%	1,942,380	-
4.75%	34,512,105	39,302,943
5.00%	626,941	-
5.75%	319,557	366,776
6.49%	2,970,589	4,022,347
6.50%	846,474	2,358,006
6.90%	83,919	95,081
6.95%	1,106,680	1,333,706
7.00%	5,092	344,313
7.25%	32,208	262,041
7.75%	-	3,507
8.00%	-	35,792
	$ 94,667,353	$ 93,590,730

As discussed in Note 2, the Fund individually reviews each mortgage loan balance where all or a portion of the balance exceeds 90 days past due. Based on the assessment of the borrower's current creditworthiness, the Fund estimates the portion, if any, of the balance that will not be collected. Additionally, on the aggregate remaining loan receivables, the Fund estimates an additional allowance covering those amounts not specifically identified.

At December 31, 2017, 2016 and 2015, changes in the allowance for loan losses are as follows:

	2017	2016	2015
Balance, beginning of year	$ 8,000,000	$ 10,279,850	$ 10,279,850
Charged-off interest on loans	16,963	-	-
Reduction in provision for loan losses	(616,963)	(2,279,850)	-
Balance, end of year	$ 7,400,000	$ 8,000,000	$ 10,279,850

The Fund's allowance for loan losses does not include any provision for potentially uncollectible loans made from the Global Ministries loan fund.

At December 31, 2017 and 2016, the allowance for loan losses established on mortgage loans evaluated individually and mortgage loans evaluated collectively are as follows:

	2017	2016
Ending balance: Individually evaluated for impairment	$ 15,729,944	$ 20,216,596
Allowance for loan losses	(2,983,497)	(4,121,897)
Ending balance: Collectively evaluated for impairment	78,937,409	73,374,134
Allowance for loan losses	(4,416,503)	(3,878,103)
Ending balance	$ 87,267,353	$ 85,590,730

The following table presents an aging analysis of Fund's past due loans at December 31, 2017:

31 - 60 Days Past Due	60 - 89 Days Past Due	Recorded Investment > 90 Days and Accruing	Total Past Due	Non-accruals	Current	Total Loans
$ 821,639	$2,652,433	$ 748,588	$ 4,222,660	$ 881,070	$89,563,623	$94,667,353

The following table presents an aging analysis of Fund's past due loans at December 31, 2016:

31 - 60 Days Past Due	60 - 89 Days Past Due	Recorded Investment > 90 Days and Accruing	Total Past Due	Non-accruals	Current	Total Loans
$ 8,389,541	$2,190,160	$ 3,670,455	$14,250,156	$2,454,491	$76,886,083	$93,590,730

The Fund does not consider the delinquencies to be material in the context of total outstanding mortgage loans due to the Fund, in consideration of the allowance for loan losses as of December 31, 2017 and 2016.

The following table presents the Fund's impaired loans at December 31, 2017:

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Mortgage loans	$ 6,134,431	$ 6,134,431	$ -	$ 6,310,320	$ 283,641
With an allowance recorded:					
Mortgage loans	9,595,513	9,595,513	2,983,497	9,719,236	472,531
Total	$15,729,944	$15,729,944	$ 2,983,497	$16,029,556	$ 756,172

The following table presents the Fund's impaired loans at December 31, 2016:

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Mortgage loans	$ 6,793,613	$ 6,793,613	$ -	$ 6,961,039	$ 287,140
With an allowance recorded:					
Mortgage loans	9,301,086	13,422,983	4,121,897	13,650,956	652,979
Total	$16,094,699	$20,216,596	$ 4,121,897	$20,611,995	$ 940,119

No additional funds are committed to be advanced in connection with impaired loans at December 31, 2017 and 2016.

The Fund offers a variety of loan modifications to borrowers, and modifications are dependent upon the individual circumstances surrounding the loan. Certain loan modifications are considered to be troubled debt restructurings. These loans are evaluated collectively for impairment in the estimate for the allowance for loan losses. The modification categories offered can generally be described in the following categories:

Rate Modification - A modification in which the interest rate is changed.

Term Modification - A modification in which the maturity date, timing of payment, or frequency of payment is changed.

Payment Modification - A modification in which the dollar amount of the payment is changed.

Combination Modification - Any other type of modification, including the use of multiple categories above.

The following table present troubled debt restructurings at December 31, 2017:

	Accrual Status	Nonaccrual Status	Total Troubled Debt Restructurings
Mortgage loans	$ 14,545,827	$ -	$ 14,545,827

The following table present troubled debt restructurings at December 31, 2016:

	Accrual Status	Nonaccrual Status	Total Troubled Debt Restructurings
Mortgage loans	$ 14,091,650	$ 949,386	$ 15,041,036

The following table presents all restructured loans, broken down by type of modification, which occurred during the years ended December 31, 2017 and 2016:

Troubled debt restructuring:
Mortgage loans
2017

Number of Contracts	Rate Modification	Term Modification	Payment Modification	Combination Modification	Total Modifications
2	$ 2,742,915	$ -	$ -	$ -	$ 2,742,915

Troubled debt restructuring:
Mortgage loans
2016

Number of Contracts	Rate Modification	Term Modification	Payment Modification	Combination Modification	Total Modifications
2	$ 428,935	$ -	$ -	$ 1,119,360	$ 1,548,295

There were no restructured loans with a payment default which occurred within 12 months of the restructuring date during the years ended December 31, 2017 and 2016.

6. INVESTMENT OBLIGATIONS

The amounts outstanding as of December 31, 2017 and 2016, including reinvested interest by type of obligation, are as follows:

	2017	2016
Five-year Term Notes	$ 1,686,827	$ -
Four-year Term Notes	1,367,314	-
Three-year Term Notes	35,059,162	38,595,296
Two-year Term Notes	9,830,601	13,212,057
One-year Term Notes	5,908,631	10,399,834
IRA Notes	4,456,382	4,763,154
Flexible Investment Notes	8,952,073	9,775,549
Certificates of Participation	29,594	53,790
	$ 67,290,584	$ 76,799,680

Term Notes bear interest at rates established at their issuance. At December 31, 2017 and 2016, the term notes bore interest as follows:

	2017	
	Interest Rate Per Annum	Weighted Average Interest Rate
Five-year Term Notes	1.75% - 2.70%	2.54%
Four-year Term Notes	1.50%- 2.50%	2.25%
Three-year Term Notes	1.75% - 2.50%	1.78%
Two-year Term Notes	0.90% -2.50%	1.53%
One-year Term Notes	1.25% - 1.65%	1.33%

	2016	
	Interest Rate Per Annum	Weighted Average Interest Rate
Three-year Term Notes	1.75%	1.75%
Two-year Term Notes	1.50%	1.50%
One-year Term Notes	1.25%	1.25%

At the maturity date of a Term Note, an investor may redeem principal and unpaid accumulated interest by written demand. If demand for payment is not made and where permitted by state regulations, the Term Note will be extended for continuous identical terms at the then prevailing interest rate offered for like Term Notes until demand for payment upon the extended maturity date is made. In accordance with the provisions of Term Notes and where permitted by state regulations, the Fund reserves the right to repay the principal amount of Term Notes in five equal annual installments beginning 30 days after the maturity date (such deferral is not available to residents of Alabama, Arkansas, California, Georgia, Idaho, Michigan, Missouri, Oklahoma, Pennsylvania, and Wisconsin).

At December 31, 2017, the Term Notes' maturity amounts were as follows:

Year Ending December 31,	
2018	$ 18,476,461
2019	25,420,364
2020	6,866,584
2021	1,402,299
2022	1,686,827
Total	$ 53,852,535

IRA Notes are those which are intended by the purchaser for his/her personal individual retirement account.

The rate of interest on IRA Notes at December 31, 2017 and 2016, was 1.90% and 1.75% per annum, respectively, and may be increased or decreased from time to time by the Board of Directors. In the event there is to be any change in the interest rate, 30 days' written notice to the holders of the IRA Notes must be given. IRA Notes are repayable at any time upon 30 days' written notice by the holder.

During the years ended December 31, 2017 and 2016, Flexible Investment Notes ("Notes") bore interest at a rate of 0.90% and 0.75% per annum, respectively. The Board of Directors may change the rate of interest from time to time upon one month's written notice to all investors holding such Notes. The Notes are payable on demand; however, in accordance with the provisions of the Notes and where permitted by state regulations, the Fund reserves the right to require 30 days' written notice and to repay the principal amount of the Notes in five equal annual installments (such deferral is not available to residents of Alabama, Arkansas, California, Georgia, Idaho, Michigan, Missouri, Oklahoma, Pennsylvania, and Wisconsin).

The Fund may recall any of its investment obligations upon six months' written notice to the investor and the payment of a 1.50% premium of the face amount of the investment.

Effective April 1, 1996, the Fund recalled all of its outstanding Certificates of Participation (the "Certificates") for redemption. As of September 30, 1996, outstanding Certificates no longer earned interest. The Certificates may be redeemed for the principal amount of the Certificates plus interest accrued through September 30, 1996, and a premium of 2.50% of the principal in accordance with the provisions of the Certificates. At December 31, 2017 and 2016, there were untendered Certificates of $29,594 and $53,790, respectively.

As of December 31, 2017 and 2016, various agencies and divisions of Global Ministries held $1,750,090 and $1,911,455, respectively, of the Fund's investment obligations.

7. GLOBAL MINISTRIES LOAN FUND

During 2012, Global Ministries transferred $17,150,000 of its loan funds to the Fund for the purpose of making "missional" loans. The Global Ministries loan fund is comprised of funds available to make loans and outstanding loan balances. At December 31, 2017 and 2016, the total Global Ministries loan fund balance was $20,018,853 and $19,041,230, respectively, and is reported as assets held for others in the accompanying statements of financial position.

Mortgage loan balances of the Global Ministries loan fund are reported as mortgage loans in the accompanying statements of financial position. Funds available to make loans are invested by the Fund and are reported as investments in the accompanying statements of financial position. Investment earnings on the Global Ministries loan fund investments are reported as increases or decrease to the Global Ministries loan fund and assets held for others and are not reported in the statements of activities of the Fund.

At December 31, 2017, there were eleven loans outstanding with a total balance of $1,381,847. At December 31, 2016 there were twelve loans outstanding with a total balance of $1,461,535. Interest on mortgage loans issued from the Global Ministries loan fund are reported as increases to the Global Ministries loan fund and assets held for others and are not reported in the statements of activities of the Fund.

8. AGREEMENT PROVIDING FOR TRANSFER OF THE FUND'S OPERATIONS AND GOVERNANCE

In 2016 the Boards of Directors of the Fund, Global Ministries, and TMF unanimously agreed to enter into an agreement providing for the transfer of operations and governance of UMDF from Global Ministries to TMF. Following a due diligence and transition period (known as "Period 1") from approximately April 1, 2016 through December 31, 2016, Global Ministries and the Fund appointed TMF to be its sole and exclusive agent to manage and administer all operations of the Fund.

TMF began this role (known as "Period 2") effective January 1, 2017. With the commencement of Period 2 and TMF's management of the Fund, the Fund transferred $12.5 million to TMF to be held and administered by TMF as the fiduciary for an endowment for the benefit of Global Ministries. The stream of income provided by the new endowment would be in lieu of the annual distributions previously made by the Fund to Global Ministries that were based on the change in net assets of the Fund.

The agreement further stipulated that Period 2 will end no later than July 1, 2020 when TMF will assume the governance of the Fund and determine its corporate structure (known as "Period 3").

On November 19, 2017 the Board, on the recommendation of the Global Ministries cabinet, advanced the end of the Period 2 date to January 1, 2019. For Period 3 to be made effective, the Board of Directors of Global Ministries will be required to approve revised Bylaws of the Fund which will be presented by the fall of 2018. Upon such approval, the additional $12.5 million funding will be transferred to TMF for the above- mentioned endowment to benefit Global Ministries.

9. OTHER RELATED PARTY TRANSACTIONS

The Fund administers, as trustee, trusts for several non-profit organizations that are invested in the Fund's Term Notes, as described in Note 6. Term Notes outstanding as of December 31, 2017 and 2016, which represent trust assets for which the Fund is the trustee, totaled $340,910 and $325,623, respectively.

10. FUNCTIONAL ALLOCATION OF EXPENSES

The expenses of the Fund's various programs and supporting services have been allocated between program and supporting services based on direct expenses and estimates made by management as follows for the years ended December 31:

	2017	2016
Programs - loans and investor services	$ 1,433,547	$ (223,000)
General and administrative	537,941	849,665
Total	$ 1,971,488	$ 626,665

The expenses for programs related to loans and investor services includes the reduction in provision for loan losses of $616,963 and $2,279,850 for the years ended December 31, 2017 and 2016, respectively.

11. SUBSEQUENT EVENTS

The Fund has evaluated subsequent events through March 2, 2018 (the date the financial statements were available to be issued) and no events have occurred from the statement of financial position date through that date that would impact the financial statements.

The United Methodist Development Fund
11709 Boulder Lane, Suite 220
Austin, TX 78726

Date:______________

APPLICATION TO PURCHASE A NOTE
(Includes Required Information for IRS Form W-9)

I enclose a check in full payment for the following indicated Note(s) in the principal amount of $_______________.

MAKE ALL CHECKS PAYABLE TO: The United Methodist Development Fund
(Check one below)

Description	Investment	Current Rates
__Flexible Investment Note	$______	1.20%
__One Year Term Note	$______	1.60%
__Two Year Term Note	$______	1.85%
__Three Year Term Note	$______	2.35%
__Four Year Term Note	$______	2.70%
__Five Year Term Note	$______	2.90%

Interest rates shown are those in effect at May 15, 2018, the date of the Offering Circular of The Fund, of which this Application is a part. The Fund may change the current interest rate payable on Flexible Investment Notes upon 30 days prior written notice to the holders of such Notes. The Fund may also change the rate of interest on Notes to be sold in the future.

Check one below: (A different form of Note will be used depending on how you direct that the interest be handled.)

❒ **Please send me interest payments semi-annually.**

❒ **Please reinvest interest payments semi-annually.**

Note: Investors purchasing Individual Retirement Accounts (IRA) must fill out a separate application form, which can be obtained by calling The Fund at **1-800-862- 8633**.

The Notes will be issued in book-entry form as uncertificated securities to be held and recorded in the book-entry-only system maintained by The Fund. After purchase of any Note, the purchaser will not receive a physical Note, but will receive a registration confirmation acknowledging payment for the Note. The Note will be registered in book-entry-only form by The Fund. The Fund will issue a physical Note to any Note holder upon request.

Withdrawal of Purchase By Investor

If you have accepted an offer to purchase these securities made pursuant to an Offering Circular which contains a notice explaining your right to withdraw your acceptance pursuant to section 207(m) of the Pennsylvania Securities Act of 1972 (70 P.S. section 1-207(m)), you may elect, within two business days after the first time you have received this notice and an Offering Circular, to withdraw from your purchase agreement and receive a full refund of all monies paid by you. Your withdrawal will be without any further liability to any person. To accomplish this withdrawal, a letter should be sent to the issuer indicating your intention to withdraw. Such letter should be sent and postmarked prior to the end of the aforementioned second business day. It is prudent to send it by certified mail, return receipt requested, to ensure that it is received and also to evidence the time when it was mailed. Should you make this request orally, you should ask for written confirmation that your request has been received. Letters are to be forwarded to The Fund at 11709 Boulder Lane, Suite 220, Austin, TX 78726.

Redeeming and Rolling Over Notes

Except as to Arkansas, California, Georgia, Kentucky, Louisiana, Oregon, and South Carolina residents, if a holder of a maturing Term Note that was purchased before January 1, 2017, does not present it for payment or give The Fund written instructions to pay or redeem it, that Note will automatically be renewed or "rolled over" into a like Term Note at the prevailing interest rate paid on the same Term Note as that being rolled over. If a holder of a maturing Term Note purchased on or after January 1, 2017, does not present it for payment or give The Fund written instructions to pay or redeem it, The Fund will automatically convert a Term to a Flexible Investment Note, ***provided*** the regulations of the forum state where the investor resides permit this practice. If The Fund is not permitted to roll over the Term Note under the securities laws of the state where the investor resides, The Fund shall comply with the requirements of the securities laws of that state to determine its course of action with respect to the extended Note. The rate of interest that The Fund pays on the Note issued as a result of the roll-over may be less than the rate of interest paid on this Note. If, at the Maturity Date, The Fund is not permitted to sell its Notes in the state where the holder resides, The Fund will redeem this Note and send the principal and interest due on the Note to the holder.

Upon the expiration of Term Notes held by residents of Arkansas, California, Kentucky, Louisiana, and South Carolina, The Fund will pay the full principal and accrued interest balance due upon presentation of the Term Note for repayment. Alternatively, the holder of a maturing or matured Term Note may exchange such Note for a new Term Note then offered by The Fund by tendering the outstanding Term Note and a new Application to Purchase Notes to The Fund.

Upon the expiration of a Term Notes by a resident of Oregon, if The Fund has not received written instructions regarding the redemption or renewal of the maturity Note, the investment may be automatically rolled over into a Flexible Investment Note at the prevailing interest rate.

With regard to Georgia residents who hold Term Notes**,** if, prior to the maturity date of a Term Note, a Georgia resident has not informed The Fund, in writing, that he or she wishes to renew his or her investment, The Fund will send the Georgia resident a check for the full principal and accrued interest balance due at the maturity of the Note.

If the holder of a Term Note purchased prior to January 1, 2017 presents a Note for prepayment, The Fund will charge an early withdrawal penalty. The early withdrawal penalty shall be calculated on the original principal amount if the full investment is withdrawn, or if the investor makes a partial withdrawal, on the sum withdrawn, at the following penalty rates: On One Year Term Notes, 0.75% per annum; on Two Year Term Notes, 1.00% per annum; and on Three Year Term Notes, 1.25% per annum. The withdrawal penalty shall be assessed on a per diem basis (calculated on a 360 day year) from the date of the Note to the date of withdrawal. The Fund reserves the discretionary right to change the early withdrawal penalty.

If a holder of a fixed rate Note purchased on or after January 1, 2017, presents that Note for prepayment, the early withdrawal penalty will be four (4) months interest on the principal amount withdrawn; or the interest accrued on funds invested for a period less than four (4) months.

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. For persons holding notes purchased prior to January 1, 2017 who seek to present a note for payment prior to maturity, The Fund will calculate the penalty under both penalties and assess the penalty which favors the investor.

Not Insured

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.

Please issue the Note in accordance with one of the following investment options:
(Print or Type Information; please choose only one investment option)

(1) **INDIVIDUAL OR CHURCH OWNER** (The Note is to be registered only in the name of one person or church)

Name	Social Security No. or Federal ID No.	Telephone No.

Please give us the name, relationship and address of your nearest relative who does not live with you. This person will be contacted only if we are unable to locate you.

Name	Relationship	Address	Telephone No.

(2) **JOINT OWNER** (Registration of the Note in the names of two individuals under this designation): Both individuals listed here will own the Note in joint tenancy with right of survivorship. Interest will be reported to Internal Revenue Service using the social security number of the first named person unless otherwise directed.

Primary Owner: ____________________ ____________________
Name Social Security No. or Federal ID No.

Joint Owner: ____________________ ____________________
Name Social Security No. or Federal ID No.

(3) **CUSTODIAN FOR A MINOR ACCOUNT**: Interest will be reported to the Internal Revenue Service using the social security number of the minor.

____________________ ____________________
Name of Custodian Social Security No.

as custodian for ____________________ ____________________
Name of Minor Social Security No. of Minor

under the ____________________ Uniform Transfers to Minor Act
Name of State

(4) **TOTTEN TRUST ACCOUNT**:

(a) **INDIVIDUAL OR CHURCH OWNER** (The Note is to be registered only in the name of one person or church)

Name	Social Security No. or Federal ID No.	Telephone No.

Interest will be paid to the Owner for life. Until the death of the Owner, the Owner owns the Note and all interest earned on it. Interest will be reported to the Internal Revenue Service using the social security number of the Owner. In order to designate an individual to receive ownership of your Note upon your death, please fill in the information below. If you would like to designate multiple beneficiaries, please attach a page setting forth each beneficiary's name, social security number, and the percentage of the Note you would like that person to receive. Be sure the percentages you wish for each to receive do not add to a number greater than 100. If the percentage amount is not filled in, The Fund will split the benefit evenly between the beneficiaries. Upon death of the Owner the account will become the property of the beneficiary(ies) subject to: (i) the rights of creditors should the Owner's estate have insufficient funds to pay the debts of the Owner, and
(i) applicable inheritance taxes.

____________________ ____________________
Name of Beneficiary Social Security No. or Federal ID No.

(b) **JOINT OWNER**(Registration of the Note in the names of two individuals under this designation)

Primary Owner: ____________________ ____________________
Name Social Security No. or Federal ID No.

____________________ ____________________

APPENDIX B

Name　　Social Security No. or Federal ID No.

Interest will be paid to the Owners for life. Both individuals listed here will own the Note in joint tenancy with right of survivorship. Interest will be reported to Internal Revenue Service using the social security number of the first named person unless otherwise directed. If you would like to designate an individual to receive ownership of your Note upon the last of your deaths, please fill in the information below. In order to designate multiple beneficiaries, please attach a page setting forth each beneficiary's name, social security number, and the percentage of the Note you would like that person to receive. Be sure the percentages you wish for each to receive do not add to a number greater than 100. If the percentage amount is not filled in, The Fund will split the benefit evenly between the beneficiaries. Until the death of the surviving Owner, the surviving Owner owns the Note and all interest earned on it. Upon death of the surviving Owner, the account will become the property of the beneficiary(ies) subject to: (i) the rights of creditors should the surviving Owner's estate have insufficient funds to pay the debts of the surviving Owner, and (ii) applicable inheritance taxes.

Name of Beneficiary　　Social Security No. or Federal ID No.

(5) **FORMAL TRUST ACCOUNT**: Interest will be payable only to the Trustee. A copy of the written trust agreement ***must*** be enclosed.

Name of Trustee　　Taxpayer Identification No. of Trust Social

(Form continues on next page)

Mailing Address:____

City:________________________State:________________________Zip:__________

Home Telephone:(___)_______________Business Telephone:(___)_____________

Name of Church:____

Location of Church:____

Annual Conference of your United Methodist Church:__________________________

I hereby acknowledge receipt of the Offering Circular of The United Methodist Development Fund dated May 15, 2018. I represent that I am 18 years of age or older. I further represent that prior to receipt of the Offering Circular, I was a member of, contributor to, or participant in The United Methodist Church or a connectional unit of the Church (as defined in the Offering Circular), or I was a successor in interest to such person.

☐ Please check the box IF YOU HAVE BEEN NOTIFIED by the Internal Revenue Service that you are subject to backup withholding.

CERTIFICATE: Under the penalties of perjury, I certify that the social security number and the information regarding backup withholding on this form are true, correct, and complete.

Signature:___________________________Signature:____________________________

FOR ADDITIONAL INFORMATION, PLEASE CALL THE FUND AT 1-800-862-8633.

INSTRUCTIONS FOR SUBSTITUTE FORM W-9

PAYER'S REQUEST FOR TAXPAYER IDENTIFICATION NUMBER CERTIFICATION

The Fund (as well as all other payers of interest or dividends) must generally withhold 28% of taxable interest or dividends if:

(1) you fail to provide The Fund with your Social Security number, or
(2) the Internal Revenue Service notifies The Fund that you furnished an incorrect Social Security number, or
(3) you are notified by the Internal Revenue Service that you are subject to backup withholding, or
(4) you fail to certify by signing this form that you are not subject to backup withholding under (3) above, or fail to certify your Social Security number.

To prevent backup withholding on interest paid, you must certify that you have provided your correct Social Security number to The Fund for all certificates owned by you, and you must certify that you are not subject to backup withholding.

PENALTIES

Certain civil and criminal penalties may be imposed if you:

(1) fail to furnish your Social Security number, or
(2) fail to report properly any portion of an includible payment of interest or dividends on your tax return, or
(3) provide false information with respect to backup withholding, or
(4) falsify certifications or affirmations.

INVESTORS EXEMPT FROM BACKUP WITHHOLDING

Investors specifically exempted from backup withholding on all payments include organizations exempt from tax under Section 501 (a), such as a local church of The United Methodist Church. However, such investors are still required by The Fund to complete and sign the Application in order to avoid erroneous backup withholding.

All interest which accrues or is paid on any Note is subject to federal income tax in the year it is paid or accrued even if the interest is automatically added to the principal of the Note. See “Tax Considerations” on page 41.

(Ohio residents continue to the next page)

NOTICE TO OHIO RESIDENTS:

Ohio residents ***must*** sign and return this form in order to purchase a Note.

1. I have received and read this Offering Circular.

2. I understand that this investment is unlike other bond investments in that the structures being financed by this issue may not be resold if necessary in an amount equal to or exceeding its costs of construction.

3. I further understand that the likelihood of recovery of the principal and payment of interest is dependent largely upon the future generosity of Church members. This income stream cannot be predicted with any certainty.

_______________ DATE _______________________________ SIGNATURE

_______________________________ SIGNATURE

(End of application form)

APPENDIX C

SUMMARY OF CONTRACT WITH TEXAS METHODIST FOUNDATION

The Fund entered into an Agreement Providing for the Transfer of Operations and Governance, dated March 21, 2016 (the "Contract") with Global Ministries and the Texas Methodist Foundation ("TMF").

Operation and Management (January 2017 – June 2020)

Pursuant to the terms of the Contract, on January 1, 2017, TMF began to manage and administer The Fund's operations in accordance with the policies of the Board and established an endowment (the "Endowment") for the benefit of Global Ministries.

General Management Authority

During the period from January 1, 2017 to July 1, 2020 ("The Period"), all of The Fund's net revenues must be available for distribution, assignment, or utilization under TMF's management for religious purposes as approved through The Fund's budget process.

With the Boards' approval of a budget presented by TMF, TMF will be authorized to make and enter into any contracts it deems necessary to further The Fund's mission, if the costs of those contracts are reflected in the approved budget.

TMF is also responsible for establishing adequate accounting system, internal controls, and reporting systems, as well as maintaining full and complete books and records.

Administration of Outstanding Loans

TMF, under the direction of the Board, administers The Fund's loans that were outstanding or in process as of January 1, 2017 according to the terms agreed by The Fund and its borrowers, as well as all loans entered into thereafter.

To the extent that applications for loans exceed The Fund's available liquidity, TMF must allocate The Fund's resources by weighing the following considerations: (1) to assist racial or ethnic minority churches; (2) to construct a new congregation's first church; (3) to renovate, expand or remodel existing churches; (4) for site purchases and purchases of properties for relocation of churches; (5) for the purchase, refinancing and remodeling of parsonages; and (6) for refinancing existing mortgages and loans.

Joint Board Meetings

The Fund, Global Ministries and TMF intend that during The Period, the Board and TMF's board of directors will meet semiannually, and that members of the Board will have the opportunity to participate in TMF committees.

Executive Director of The Fund

Pursuant to the terms of the Contract, David McCaskill, the current Senior Vice President of TMF with supervisory authority over the loans and investor services divisions at TMF, was elected by the Board to serve as Executive Director effective January 1, 2017.

The Executive Director and other employees of TMF subject to his supervision report to the Board and to the general treasurer of Global Ministries. The Executive Director is under a duty to provide timely, accurate and relevant information on all aspects relating to The Fund's business. The Executive Director acts on behalf of the Board to implement all of the Board's governance decisions.

TMF and The Fund waived any conflicts of interest that arise by virtue of the Executive Director's simultaneous employment by TMF and appointment as Executive Director. The Executive Director must report any actual conflicts that arise from his dual roles to the Board in a prompt and timely manner. The Contract sets forth a process for resolving any such conflicts.

Global Ministries Permanent Endowment

Simultaneously with TMF's assumption of management duties on January 1, 2017, The Fund, Global Ministries and TMF entered into a separate Endowment Agreement for the funding of a permanent endowment under TMF's control for the benefit of Global Ministries (the "Endowment"). As its initial contribution under the Endowment Agreement, The Fund transferred $12.5 million of its net assets to the Endowment.

The Endowment Agreement requires annual distributions on December 31, in an amount calculated by multiplying (x) the greater of 3.5% or the then-existing annual distribution rate established by TMF's board of directors, by (y) $12.5 million.

Assumption of Corporate Governance (Beginning July 2020)

If certain provisions of the Contract are fulfilled on or before July 1, 2020, TMF will assume control of the governance of The Fund. Global Ministries will no longer have any governing interest in or control of operations of The Fund (except as and to the extent that TMF provides for it). Concurrent with TMF's assumption of the governance of The Fund, The Fund will transfer an additional $12.5 million of The Fund's net assets to the Endowment.

Termination

If TMF determines that it will resign from management duties and refuse to accept the transfer of governance on July 1, 2020 without cause, then it will be deemed to be in breach of the Contract. Under such circumstances, TMF will not be entitled to the payment of costs and expenses from The Fund (but must continue to manage The Fund for up to 31 days after giving notice of its intent to withdraw). In addition, TMF must cooperate in the transfer of operations, registrations, books and records back to The Fund (or its designated agent) for 180 days.

If any of The Fund, Global Ministries, or TMF fails to maintain its respective status as a 501(c)(3) tax-exempt religious entity, engages in substantial activities contrary to their tax-exempt purposes, merges with or converts into another entity that is not a 501(c)(3) organization, or distributes assets to a member who is not a 501(c)(3) organization, then either or both of the other parties may terminate the Contract.

If The Fund fails to maintain its exemption from registration under the Investment Company Act of 1940 or under the Securities Act of 1933, then either TMF or Global Ministries may terminate the Contract.

Finally, either The Fund or TMF may terminate the Contract for a material breach of the Contract (after notice and a reasonable cure period), the bankruptcy or receivership of any party, or a material adverse change of circumstances that would substantially affect either party's interest.

Indemnification

Under the Contract, each party must indemnify the other parties and their directors, officers, employees and agents against all claims and liabilities against any of them arising out of the willful, reckless, or grossly negligent conduct of the indemnifying party.

In order to be eligible for such indemnification, the indemnifying party must have been promptly notified in writing of any claims and must be given the opportunity to control the defense and settlement of such claims, provided such settlement offers are bona fide offers of settlement that (i) release the party against whom the claim is brought, (ii) are made in good faith, (iii) are reviewed by and discussed with the party against whom the claim is brought, and (iv) do not include terms that would impose an obligation that would have a significant financial or operational impact on the party against whom the claim is brought.

Miscellaneous

The Fund must maintain director liability insurance policies, public liability insurance and fidelity bonds in amounts and with carriers acceptable to TMF. TMF must maintain public liability insurance in amounts and with carriers acceptable to The Fund.

Beginning with fiscal year 2017, TMF must identify and suggest to The Fund an audit firm.

Loan opportunities that arise out of The Fund's marketing, brand and relationships and that would be funded by the investments arising out of non-TMF fund investors are deemed to be The Fund's business opportunities, without regard to geographical limitation. TMF, meanwhile, is not barred from entering into participations or originating loans outside of Texas and New Mexico arising out of its current relationships with Methodist entities, provided that the volume of such loans does not materially adversely impact The Fund.

In the event a dispute related to the Contract arises, the parties must first attempt to resolve the dispute by good faith negotiation and compromise. If the parties are unsuccessful in doing so, they must submit the dispute to non-binding mediation before an agreed-upon mediator, under agreed-upon procedures, at an agreed-upon location, and at equal cost. If mediation fails too, then the parties agree that any proceeding must be brought in Pennsylvania courts.

The United Methodist Development Fund

11709 Boulder Lane, Suite 220
Austin, Texas 78726
800-862-8633

INTEREST RATE SHEET
DATED JUNE 1, 2018
MAY 1, 2018 OFFERING CIRCULAR

$100,000,000 OF UNSECURED NOTES

Type of Note	Interest Rate	Minimum Investment Amount
Flexible Investment Notes	1.20%	$100.00
One Year Term Notes	1.60%	$100.00
Two Year Term Notes	1.85%	$100.00
Three Year Term Notes	2.35%	$100.00
Four Year Term Notes	2.70%	$100.00
Five Year Term Notes	2.90%	$100.00
Individual Retirement Account Notes	2.00%	$100.00

Interest rates currently available on new issuances of Notes offered by The United Methodist Development Fund (“The Fund”) pursuant to the May 1, 2018 Offering Circular are as set forth above. This Interest Rate Sheet may be amended from time to time by the Treasurer and Executive Directors of The Fund, with review and consent of the board of directors of The Fund. Current interest rates may also be obtained by calling The Fund at 800-862-8633, e-mailing The Fund at invest@umdevelopmentfund.org, or visiting The Fund’s website at http://www.umdevelopmentfund.org/. If economic conditions in the market should warrant, the interest rate offered on Flexible Investment Notes and Individual Retirement Account Notes may be increased or decreased after thirty (30) days’ prior written notice to noteholders by The Fund. Unless the noteholder re-invests in a Term Note at maturity, interest rates for Term Notes are fixed for the life of the Term Note, once issued.

Notes are offered pursuant to an Offering Circular, which contains essential information about the issuer (The United Methodist Development Fund). Persons are advised to read the Offering Circular carefully prior to making any decision to purchase these securities.

THESE SECURITIES MAY EITHER BE REGISTERED OR EXEMPT FROM REGISTRATION IN THE VARIOUS STATES OR JURISDICTIONS IN WHICH THEY ARE OFFERED OR SOLD BY THE ISSUER. THE OFFERING CIRCULAR HAS BEEN FILED WITH THE SECURITIES ADMINISTRATORS IN SUCH STATES OR JURISDICTIONS THAT REQUIRE IT FOR REGISTRATION OR EXEMPTION.

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.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT DETERMINED THE ACCURACY, ADEQUACY, TRUTHFULNESS, OR COMPLETENESS OF THE OFFERING CIRCULAR AND HAVE NOT PASSED UPON THE MERIT OR VALUE OF THESE SECURITIES, OR APPROVED, DISAPPROVED OR ENDORSED THE OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE DISCLOSURE, MERITS, AND RISKS INVOLVED.

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.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THIS OFFERING OTHER THAN THOSE CONTAINED IN THE OFFERING CIRCULAR, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED ON AS HAVING BEEN MADE BY THE FUND OR ANY OF ITS AFFILIATES, EMPLOYEES OR AGENTS.

INVESTORS ARE ENCOURAGED TO CONSIDER THE CONCEPT OF INVESTMENT DIVERSIFICATION WHEN DETERMINING THE AMOUNT OF NOTES THAT WOULD BE APPROPRIATE FOR THEM IN RELATION TO THEIR OVERALL INVESTMENT PORTFOLIO AND PERSONAL FINANCIAL NEEDS.

Special Notice – Notes are Un-Certificated

The Notes will be issued in book-entry form as un-certificated securities to be held and recorded in the book-entry-only system maintained by The Fund. After purchase of any Note, the purchaser will not receive a physical Note but will receive a registration confirmation acknowledging payment for the Note. The Note will be registered in book-entry form by The Fund. The Fund will issue a physical Note to any investor upon request.

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58 Years of Investing in Church Growth

The United Methodist Development Fund

Write, call, or visit our Web page.

The United Methodist Development Fund
11709 Boulder Lane, Suite 220
Austin, TX 78726
1 (800) 862-8633
e-mail: invest@umdevelopmentfund.org
Web page: http://www.umdevelopmentfund.org