



HMC

Financial Investing with Kingdom Results

Offering Circular & Financial Report

JULY 1, 2023

Home Mission Council of the Eastern Regional Conference of the Churches of God, General Conference

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HMC
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PENNSYLVANIA OFFERING CIRCULAR

HOME MISSION COUNCIL OF THE EASTERN REGIONAL CONFERENCE
OF THE CHURCHES OF GOD, GENERAL CONFERENCE

113 South Second Street
Wormleysburg, PA 17043
(A Pennsylvania Non-Profit Corporation)
Telephone: (717) 652-0255

SECURITIES BEING OFFERED

The following summary of the securities being offered should be reviewed in conjunction with the more detailed description set forth in "Description of Certificates of Investment" elsewhere in this Offering Circular:

| Type | Interest Rate^{(1) (2)} | Minimum Required Purchase |
|--|--|----------------------------------|
| \$3,000,000 OF CERTIFICATES OF INVESTMENT | | |
| 1 Year Maturity | Prime less 4%; minimum 1% | \$500 ⁽³⁾ |
| 2 Year Maturity | Prime less 3¾%; minimum 1¼% | \$500 ⁽³⁾ |
| 3 Year Maturity | Prime less 3½%; minimum 1½% | \$500 ⁽³⁾ |
| 4 Year Maturity | Prime less 3%; minimum 2% | \$500 ⁽³⁾ |
| 5 Year Maturity | Prime less 2¾%; minimum 2¼% | \$500 ⁽³⁾ |

(1) The prime rate used with respect to the issuance of any security is the U.S. prime rate published by *The Wall Street Journal* as of the May 1 or November 1 (or the next following business day if such date is a Saturday, Sunday or holiday) most immediately preceding the date of issuance of the security. See "Description of Certificates of Investment – Interest Rate Determination; Accrual and Payment."

(2) An additional ¼% interest is paid for a certificate if the principal amount thereof is \$100,000 or more.

(3) Certificates of investment may be purchased in any amount, subject to a \$500 minimum.

The expenses to be incurred in connection with this offering are estimated to be \$16,000. Assuming the sale of all the securities offered hereby, the estimated net proceeds of this offering would be \$2,984,000.

THE CERTIFICATES BEING OFFERED ARE SUBJECT TO SUBSTANTIAL RISK FACTORS DISCUSSED HEREIN. In particular, primarily because the offering proceeds will be loaned to church borrowers for longer terms than the maturity terms of the certificates, it is possible that Home Mission Council of the Eastern Regional Conference of the Churches of God, General Conference ("Home Mission Council") may in the future experience difficulty in making timely payments of interest and of principal on the certificates. The Risk Factors begin on page 2.

One or more of the above certificates may not be available from time to time at the option of Home Mission Council. No person has been authorized to give information or to make any representations concerning this offering other than as contained in this Offering Circular, and if given or made, such other information or representations must not be relied upon as having been authorized by Home Mission Council.

This offering is being sold on a best efforts basis, without the payment of any commissions, and there is no assurance that all of the certificates being offered will be sold. The offering is being made to congregations, or

persons, who are members of, contributors to (including previous investors), or participants in congregations of, The Eastern Regional Conference of the Churches of God, General Conference, or in any program, activity or organization which constitutes a part of The Eastern Regional Conference of the Churches of God, General Conference, or in other religious organizations that have a programmatic relationship with The Eastern Regional Conference of the Churches of God, General Conference, all of whom will be residents of Pennsylvania. There is no public market in the certificates, and none is expected to develop in the future. In accordance with a policy adopted by the Board of Trustees, in the event that a holder desires to transfer his or her certificate, or in the event of the death of a holder, Home Mission Council reserves the right either to accept the transfer and issue a new certificate to the transferee (including transferees in accordance with directions received from the representative of the estate of a deceased holder) or instead to redeem the certificate by paying the principal amount and accrued interest to the redemption date.

The certificates offered hereby are unsecured obligations of Home Mission Council and are not secured by a pledge or mortgage of specific assets, and there is no “sinking fund” for repayment. These securities have not been registered with the Securities and Exchange Commission in reliance on the exemption from registration provided by Section 3(a)(4) of the Securities Act of 1933.

In making an investment decision, investors must rely on their own examination of Home Mission Council and the terms of the offering, including the disclosure, merits and risks involved.

The certificates are not savings or deposit accounts or other obligations of a bank and are not insured by the Federal Deposit Insurance Corporation, any state bank insurance fund or any other governmental agency. The payment of principal and interest to an investor is dependent upon Home Mission Council’s financial condition. Any prospective investor is entitled to review Home Mission Council’s financial statements, which shall be furnished at any time during business hours upon request. The certificates are not obligations of or guaranteed by the Churches of God, General Conference, or by any church, conference, institution or agency affiliated with Churches of God, General Conference.

Investors are encouraged to consider the concept of investment diversification when determining the amount of certificates that would be appropriate for them in relation to their overall investment portfolio and personal financial needs.

THIS OFFERING CIRCULAR CONTAINS ESSENTIAL INFORMATION ABOUT THE ISSUER AND THE SECURITIES BEING OFFERED HEREBY, AND PERSONS ARE ADVISED TO READ THIS OFFERING CIRCULAR CAREFULLY PRIOR TO MAKING ANY DECISIONS TO PURCHASE. PURCHASERS ALSO SHOULD BE AWARE OF THE TWO-DAY RIGHT OF WITHDRAWAL GIVEN TO THEM UNDER THE PENNSYLVANIA SECURITIES ACT OF 1972, AS DESCRIBED IN “PENNSYLVANIA RESIDENTS’ TWO-DAY RIGHT OF WITHDRAWAL”, WHICH APPEARS FOLLOWING THE TABLE OF CONTENTS.

AS PERMITTED BY THE PENNSYLVANIA NONPROFIT CORPORATION LAW OF 1988 AND HOME MISSION COUNCIL’S BYLAWS, THE DIRECTORS AND OFFICERS OF HOME MISSION COUNCIL ARE ENTITLED TO INDEMNIFICATION BY HOME MISSION COUNCIL IN SOME CIRCUMSTANCES. HOWEVER, 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.

THE SECURITIES HEREBY OFFERED 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.

The date of this Offering Circular is July 1, 2023

THIS OFFERING IS SUBJECT TO CERTAIN RISK FACTORS DETAILED HEREIN.

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PENNSYLVANIA RESIDENTS' TWO-DAY RIGHT OF WITHDRAWAL

In accordance with the provisions of Section 207(m) of the Pennsylvania Securities Act of 1972, any Pennsylvania resident purchasing certificates shall have the right to withdraw from the purchase, without any liability, and receive a full refund of all moneys paid by them, within two business days after receiving this Offering Circular.

Any Pennsylvania resident desiring to withdraw his or her purchase may do so by taking any of the following actions within the two business day period:

1. Cause a written notice of the intention to withdraw to be received by Home Mission Council at 900 South Arlington Avenue, Suite 120B, Harrisburg, Pennsylvania 17109; or
2. Deliver such notice to Home Mission Council by facsimile transmission (717-652-1134); or

3. Deposit such notice in the United States Mail (by either registered or certified mail) addressed to Home Mission Council at the above address; or

4. Deliver such notice to a messenger or courier service for delivery to Home Mission Council at the address stated above with applicable fees paid by the sender.

ADDITIONAL INFORMATION

A Registration Statement with respect to the securities offered by this Offering Circular has been filed in the principal offices of the Pennsylvania Department of Banking and Securities at 17 North Second Street, Suite 1300, Harrisburg, PA 17101-2290 (telephone 717-787-1854). Such Registration Statement includes certain exhibits only summarized or alluded to in this Offering Circular, and such additional documents are available for inspection at the Harrisburg offices of the Pennsylvania Department of Banking and Securities during regular business hours (8:30 am – 5:00 pm).

SUMMARY OF OFFERING

The following is a summary of certain information concerning the offering being made by this Offering Circular. This summary is qualified in its entirety by reference to the more complete information given elsewhere in this Offering Circular, which should be reviewed carefully.

Description of Securities. The type of security being offered hereunder is as follows: \$3,000,000 of certificates of investment. These certificates, having varying maturities and interest rates, are the equivalent of unsecured promissory notes and are general debt obligations of Home Mission Council. See “Description of Certificates of Investment” for further information.

Use of Proceeds. The proceeds realized in this offering will be used primarily to make loans to units of The Eastern Regional Conference of the Churches of God, General Conference (“The Eastern Regional Conference”) for the acquisition, construction and improvement of churches and church-related facilities. See “Use of Proceeds.”

Investment Risks. There are risks involved in the purchase of securities issued by Home Mission Council, and therefore the detailed “Risk Factors” section of this Offering Circular should be carefully examined.

The Issuer. Home Mission Council is a Pennsylvania nonprofit corporation organized on November 13, 1978. The basic purpose of Home Mission Council is to assist The Eastern Regional Conference in missionary and evangelistic work by loaning funds to new mission groups and to existing church congregations for the acquisition, construction and improvement of churches and church-related facilities.

Management. Home Mission Council is managed by a Board of Trustees consists of seven persons. See “Management” for detailed information concerning the Trustees and officers.

Summary of Financial Position. The following summary of financial position and related information of Home Mission Council as of December 31, 2022 should be read in conjunction with the “Lending Activities” section of this Offering Circular and the financial statements that are attached and made a part of this Offering Circular:

| | | |
|---|--------------|---|
| Cash, Cash Equivalents | \$ 3,767,758 | |
| Investments | 1,503,485 | |
| Total Mortgages and Notes Receivable | 1,618,739 | |
| Total Accrued Interest Receivable | 3,049 | |
| Prepaid Expenses | - | |
| Amount of Unsecured Mortgages and Notes Receivable | - | |
| Percent of Unsecured Mortgages and Notes Receivable | | - |
| Loan Delinquencies as a Percent of Mortgages and Notes Receivable | | - |
| TOTAL ASSETS | \$ 6,893,031 | |

| | |
|--|--------------|
| Total Certificates of Investment Payable | 5,734,278 |
| Total Annuities Payable | 674 |
| Total Accrued Expenses | 1,884 |
| Total Accrued Interest Payable | 12,647 |
| Other Long Term Liabilities | - |
| Unrestricted Net Assets | \$ 1,141,235 |

Summary of Operations and Changes in Net Assets. The following summary of operations, changes in net assets and related information of Home Mission Council for the year ended December 31, 2022 should be read in conjunction with the financial statements that are attached and made a part of this Offering Circular:

| | |
|---|--------------|
| Amount of Certificates of Investment Redeemed | \$ 1,621,629 |
| Total Revenue and Gains | 268,142 |
| Total Operating Expenses | 233,088 |
| Income from Operations | 35,054 |
| Unrestricted Net Assets, Beginning of Year | 1,391,366 |
| Increase in Unrestricted Net Assets | (250,131) |
| Unrestricted Net Assets, End of Year | \$ 1,141,235 |

The remainder of this Offering Circular contains important and substantial additional information about Home Mission Council, its activities and financial condition, and certain risk factors associated with this Offering, and should be reviewed carefully by prospective investors.

RISK FACTORS

Persons contemplating the purchase of securities in this offering should consider the following risk factors, as well as the other information contained in this Offering Circular:

1. Risk Factors Relating to Protection of Holders and Ability to Pay Interest and Redeem Maturing Certificates. Home Mission Council has not had in the past and does not expect to have in the future substantial income or other revenues in relation to its outstanding certificates. Additionally, although affiliated with The Eastern Regional Conference, Home Mission Council is an independent and legally autonomous organization that is solely responsible for its debts and liabilities, including the certificates being offered hereby. Specifically concerning Home Mission Council's ability to pay interest, and to pay principal on outstanding certificates as they become due, the following should be considered:

(a) No "Sinking Fund" or Trust Indenture. There is no "sinking fund" or trust indenture or other required set aside of funds for the protection of investors. The policy of the Board of Trustees has been to hold an amount equal to a percentage of the proceeds of the offering in reserve. Since 2004, the reserve percentage has been 15%. However, while

it is the Board's present intention to maintain the reserve at this level, it is not required to do so, and at a later date the amount of the reserve may be changed. If large numbers of investors choose to redeem their securities as they mature, and reserve or other funds are not available or insufficient for payment of principal and interest with respect to the securities, Home Mission Council may be unable to make timely payment of such amounts.

(b) Certificates Not Secured. The securities are unsecured obligations of Home Mission Council, and they are not insured. Accordingly, the right of investors to payment of principal and interest with respect to the securities will be subordinated to the right to payment of the general creditors of Home Mission Council. If Home Mission Council has insufficient funds to pay its creditors, including investors with respect to such principal and interest, then Home Mission Council's general creditors will be entitled to receive any amounts owed to them before investors will be entitled to receive any amounts payable to them with respect to such principal and interest. Further, any reserve maintained by Home Mission Council for the payment of principal and interest to investors will be subject to the claims of Home Mission Council's general creditors.

(c) Payments Substantially Dependent on Loan Collections. The primary source for payments to the securities holders is the principal and interest Home Mission Council will receive on the loans which it makes. If loans are repaid to Home Mission Council on schedule, such loans will have substantially longer terms (20 years maximum in the case of loans made to new mission groups and to established congregations) than the terms of the certificates being offered. As a consequence, to the extent that the reserve or other funds are not available, and particularly if large numbers of certificate holders choose to redeem their certificates as they mature, Home Mission Council could have difficulty in making timely payments of principal and interest.

(d) Limited Amount of Available Unrestricted Assets. At December 31, 2022, as shown in the attached financial statements, Home Mission Council's total unrestricted net assets were \$1,141,235. The amount of unrestricted net assets is relatively limited in terms of Home Mission Council's repayment obligations.

(e) Other Fund Sources May Not Be Available. Another source of funds might be future sales of the same or different certificates, notes or other securities, although no such other offerings are contemplated. Home Mission Council intends to continue to register certificates for sale in future years, but there can be no assurance that it will be permitted to do so. There are no plans to conduct an offering of different securities, and even if this were to be done, there is no assurance such offering would be successful. In the event that sufficient amounts are not in reserve or available to Home Mission Council from other sources, it may become necessary to make payments of principal and interest from funds otherwise earmarked for lending activities.

(f) Importance of "Rollovers". Another important factor affecting Home Mission Council's ability to pay principal and interest will be the extent to which holders will choose to redeem their certificates at maturity, rather than to "roll over" their funds by purchasing new certificates. Certificates maturing in 2023, including compounded interest payable thereon as of December 31, 2022, will be an aggregate amount of \$1,873,169. While historically more than a majority of funds are reinvested in new certificates, if the holders of a large aggregate principal amount of certificates (in relation to Home Mission Council's available funds) choose to withdraw their investments as certificates mature, Home Mission Council may have difficulty meeting its financial obligations.

(g) Investments in Readily Marketable Securities Subject to Market Risk. There are no formal guidelines or restrictions on investment of Home Mission Council's funds that are not committed to its church lending activities. In accordance with policies

of the Board of Trustees, such investments are allocated between mutual funds and certificates of deposit. As of December 31, 2022, the market value of Home Mission Council's mutual fund investments was \$45,795, the market value of its certificates of deposit was \$5,000, the market value of corporate bonds and notes was \$1,443,125, and the aggregate market value of all investments was \$1,503,485. Home Mission Council's mutual fund investments are subject to various market risks, which resulted in a \$13,350 loss in 2022, and will result in losses in the future if the market values of these investments decline again. Declines in the market values of Home Mission Council's investments may adversely affect its ability to meet its financial obligations.

2. Corona Virus (COVID-19). In March 2020, the World Health Organization declared the coronavirus outbreak a pandemic. The actions taken to mitigate it adversely affected the economy, financial markets, and the geographical area in which the Home Mission Council operates. The pandemic and other world events have caused continuing economic and political uncertainties that have also affected the demand for products or services. It is unknown how long these conditions will last and what the complete financial effect will be to the Home Mission Council, if any. Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions.

3. Spread Between Income and Payment Obligations. The spread between Home Mission Council's income (primarily interest earned on loans made and investments held) and its expenses (primarily the interest paid on its outstanding certificates) is of key importance to Home Mission Council's financial status and ability to meet its obligations to the holders of certificates. Historically, when interest rates have dropped, Home Mission Council has at times reduced interest rates on loans. This results in a narrowing of the interest earned/interest paid spread and has caused Home Mission Council to experience losses. There is, of course, no way to predict how interest rates will trend and no assurance that Home Mission Council will be able to "manage the spread" so as to produce a net income in the current year or going forward.

4. Home Mission Council Solely Liable for Certificates and Other Debts. Although affiliated with The Eastern Regional Conference, Home Mission Council is a separate entity and a legally autonomous organization which is solely responsible for the debts and liabilities it incurs, and no other entity or unit of the denomination has any obligation with respect to any such debt or liability, including the certificates being offered hereby.

5. Events and Consequences of Default. Home Mission Council has never defaulted in the payment of any of its matured securities, although there can be no assurance that a default will not occur in the future. The certificates provide the holders with certain rights if any events of default, as defined in the certificates, occur. The events of default are the failure of Home Mission Council to pay any interest installment on the certificates within 6 months of the interest payment date, a total combined arrearage of \$50,000 in certificate interest payments and in principal repayments to the holders of matured certificates, and bankruptcy or insolvency proceedings involving the organization. If any such event occurs, the holders of 25% of aggregate principal amount of certificates may give written notice of default, and if the default is not cured within 20 days, the entire principal amount and accrued interest on all certificates becomes payable.

6. Taxation of Interest Whether Paid Out or Accrued. Interest paid or payable on certificates will be taxable each year as ordinary income to the investor for both federal and state income tax purposes, regardless of whether the interest actually is paid out, or the holder elects to allow the interest to accrue until a future year. If interest paid is below the applicable federal rate (AFR), the Internal Revenue Service may impute income to the extent of the difference, but gift loans (such as the certificates) are exempt from such requirement provided that the amount in the case of any holder does not exceed \$250,000.

7. Transfer of Certificates May Be Permitted. In accordance with a policy adopted by the Board of Trustees, in the event that a holder desires to transfer his or her certificate, or in the event of the death of a holder, Home Mission Council reserves the right either to accept the transfer and issue a new certificate to the transferee (including transferees in accordance with directions received from the representative of the estate of a deceased holder) or instead to redeem the certificate by paying the principal amount and accrued interest to the redemption date. There is presently no market for the certificates, and Home Mission Council does not anticipate that a market will develop in the future. Therefore, an investor should consider the purchase to be an investment made for the full term of the certificate.

8. Best Efforts Offering; Right to Terminate Offering. The offering is being made on a best efforts basis without the assistance of an underwriter or sales agent. Home Mission Council reserves the right to terminate the offering at any time at its discretion.

9. Ability of Borrowers to Repay. Home Mission Council intends to use the proceeds resulting from the sale of certificates in this offering primarily to make loans to churches within the Churches of God, General Conference for the acquisition, construction and improvement of church and church related facilities. In most instances the ability of borrowing churches to service and repay their loans will depend primarily on contributions from their members. For numerous reasons, the amount of contributions received or the amount available for loan repayment purposes may decline. Any such decline would adversely affect the ability of these churches to repay their loans and, in turn, Home Mission Council's ability to pay interest and principal on outstanding certificates.

10. Concentration of Loans. The geographic footprint of the Eastern Regional Conference covers Pennsylvania, Maryland, New York, Massachusetts, and Virginia, but is substantially concentrated in Pennsylvania. Accordingly, if economic conditions in these states worsen, particularly in Pennsylvania, the contributions received by borrowing churches may decline, which would adversely affect their ability to repay their mortgages and notes receivable. At December 31, 2021, \$2,937,293 of the total outstanding \$5,390,963 of mortgages and notes receivable were due from Scotland Campus, Inc. located in Scotland, PA. These mortgages and notes receivable were paid off during 2022.

11. Quality of Security for Loans. At December 31, 2022, approximately 100% of the aggregate outstanding balance of Home Mission Council's loans was secured by first mortgages. In all cases where mortgages are required, the prospective borrower will be required to submit a satisfactory appraisal demonstrating unencumbered equity in the property in at least the amount of the mortgage. Furthermore, the Eastern Regional Conference has guaranteed payment of each of the loans made by Home Mission Council as of December 31, 2022, with the exception of the Logos Christian Fellowship mortgage, which is guaranteed by the Allegheny Region Church of God. However, the Eastern Regional Conference is not obligated to provide guarantees with respect to future loans.

12. Lending Standards. Although, as discussed under "Lending Activities," elsewhere in this Offering Circular, Home Mission Council utilizes careful procedures in determining the recipients and amounts of loans, its lending standards and methods of administering loans are different and may be less stringent than those that would be utilized by a bank or other commercial lender.

13. Possible Early Redemption by Home Mission Council. Any or all of the outstanding certificates are subject to being redeemed by Home Mission Council at any time prior to maturity, by payment of the principal amount thereof and accrued interest, upon at least 30 days' prior written notice. Interest will be paid to the date of redemption. Home Mission Council has never made any redemption pursuant to this procedure and has no present plans to do so.

14. Redemption by Holder; Potential Penalty for Early Redemption. Home Mission Council is not required to redeem certificates prior to their respective maturity dates. However, Home

Mission Council has established a practice of redeeming certificates at the request of holders prior to their maturity dates upon a showing of need, although there can be no assurance that such practice will be continued. In instances of early redemption, Home Mission Council reserves the right to withhold payment of up to nine months' interest as a "penalty." For many years, Home Mission Council did not assess such a penalty, but Home Mission Council has begun withholding interest on early redemptions, with the exception of redemptions due to the death of the certificate holder, although there can be no assurance that even that exception will be maintained in the future.

15. Limitation on Senior Secured Indebtedness. Although it has no plans to do so, should Home Mission Council in the future desire to issue senior secured indebtedness (that is, debt or debt securities having a priority claim against assets over and above the right of the holders of certificates), the amount of such senior indebtedness that could be issued may be limited by certain financing guidelines applied by the Pennsylvania Department of Banking and Securities. Presently, these guidelines provide that any such senior indebtedness could not exceed 10% of Home Mission Council's tangible assets.

16. Future Changes in Federal or State Law. Future changes in federal or Pennsylvania law, including, without limitation, changes to federal or Pennsylvania securities or income tax laws, may adversely affect Home Mission Council's ability to continue to offer and sell the certificates offered hereby.

17. Macroeconomic Conditions. The economic conditions in the United States may adversely affect Home Mission Council in a number of ways. Among other possibilities, these conditions may affect Home Mission Council as follows:

(a) Ability of Borrowers to Repay. In most instances the ability of borrowing churches to service and repay their loans will depend primarily on contributions from their members. Economic conditions may adversely affect the amount of contributions received by these churches and, accordingly, their ability to repay their loans. Responsive actions related to COVID-19 may adversely affect the financial condition and cash flow of these churches. It is impossible to predict the extent of any such impact as the circumstances rapidly evolve. If these churches fail to make payments under their loans, Home Mission Council may have difficulty meeting its financial obligations to the holders of its certificates. If economic conditions have a disproportionately negative impact upon the states within the jurisdiction of The Eastern Regional Conference, particularly Pennsylvania, this risk would be exacerbated.

(b) Rollovers. The primary source for payments to its securities holders is the principal and interest Home Mission Council receives on loans it makes. The loan repayment schedules typically have substantially longer terms than the terms of the certificates being offered. Given the disparity in these terms, Home Mission Council's ability to pay principal and interest on its certificates is significantly affected by the extent to which holders choose to redeem their certificates, rather than to "roll over" their funds by purchasing new certificates. Economic conditions may render Home Mission Council's securities holders less inclined to rollover their investments with Home Mission Council as holders may seek investments offering potentially higher yields in order to recover monetary losses realized in the most recent recession or they may need to liquidate such investments to satisfy their ongoing expenses. While historically more than a majority of funds are reinvested in new certificates, if the holders of a large aggregate principal amount of certificates choose to withdraw their investments as certificates mature, Home Mission Council may have difficulty meeting its financial obligations.

(c) Availability of Other Funds. Home Mission Council intends to continue to offer certificates for sale in future years, but has no present intent to seek other forms to finance its operations or satisfy its obligations. If Home Mission Council were to seek

such other forms of financing, economic conditions and related constriction in conventional financing opportunities could have an adverse effect on Home Mission Council's ability to obtain such financing on economically feasible terms. If Home Mission Council does not have sufficient amounts in reserve and is unable to obtain financing upon terms that it can afford, whether through the issuance of certificates or otherwise, Home Mission Council may have difficulty meeting its financial obligations.

CHURCH HISTORY AND ORGANIZATION

Home Mission Council is affiliated with The Eastern Regional Conference, which is the largest of the four regional Conferences of the denomination known as Churches of God, General Conference. The denomination as a whole has approximately 30,500 members in 330 congregations located in 23 states, with more than 50% of the members being Pennsylvania residents. The general governing body of the denomination is the Churches of God, General Conference, a convention of delegates elected by the six regional Conferences that meets every three years. The regional Conferences are subject to the Constitution and rules of the General Conference. The denomination's objectives are to further the work of the Kingdom of God in our midst, to establish churches and provide for their welfare, and to carry on a co-operative ministry for the benefit of all of its members.

The East Pennsylvania Conference was established in 1830 and was incorporated as a Pennsylvania nonprofit corporation in 1857 under the name East Pennsylvania Eldership of the Church of God, and changed its name in 1967. Effective April 16, 2001, The Maryland Conference merged with The East Pennsylvania Conference, and the resulting entity changed its name to The Eastern Regional Conference of the Churches of God, General Conference. The Eastern Regional Conference has approximately 15,500 church members of which approximately 14,300 are in the historic area of The East Pennsylvania Conference between Altoona and Lancaster. In addition to Pennsylvania (119 congregations), The Eastern Regional Conference has a presence in Maryland (17 congregations), New York (1 congregations), Massachusetts (2 congregations), North Carolina (9 congregations), South Carolina (2 congregations) and Virginia (1 congregation). The Eastern Regional Conference's purposes are set forth in, and it functions in accordance with, its Articles of Incorporation, Constitution and bylaws, which only can be amended by majority vote at The Eastern Regional Conference's annual convocations. The voting membership at such convocations consists of all ordained and licensed ministers affiliated with The Eastern Regional Conference, and lay delegates selected by local congregations at the rate of one delegate for each 200 congregational members or major fraction thereof (with a minimum of two delegates per congregation). The annual convocations elect officers and also the Administrative Council, which governs The Eastern Regional Conference in the interim. The Eastern Regional Conference is exempt under Section 501(c)(3) of the Federal Internal Revenue Code, as an organization organized and operated exclusively for religious, education, charitable and benevolent purposes.

Home Mission Council

Home Mission Council is a Pennsylvania nonprofit corporation that was incorporated on November 13, 1978. As stated above, the basic purpose of Home Mission Council is to assist The Eastern Regional Conference in its missionary and evangelistic work by making funds available through loans to units of the Church for the acquisition, construction and improvement of churches and church-related facilities. In doing so, Home Mission Council works in conjunction with The Eastern Regional Conference's Commission on Church Renewal (hereinafter sometimes called the "Commission"), which has general responsibility for giving assistance and support to local church groups. For more than 20 years prior to the formation of Home Mission Council, the Commission has had a program of lending small amounts to existing congregations for various church building projects. The Commission, which has overall responsibility for promoting the growth of the church by assisting existing congregations and new mission groups, authorized organization of Home Mission Council in order to further its objectives through a program of making larger amounts available through loans to existing congregations and new mission groups.

On September 23, 2002, The Eastern Regional Conference contributed its Loan and Assistance Fund to Home Mission Council. The Fund included a cash amount of \$52,824 and three small loans owed by churches in the Conference with an aggregate principal amount of \$12,781. The cash contribution was added, and the cash to be received upon payment of the notes will be added, to the general funds of Home Mission Council. Also “transferred” to Home Mission Council in 2005 was \$175,000, which occurred pursuant to cancellation of a certificate held by The Eastern Regional Conference.

Home Mission Council is an exempt organization for federal income tax purposes pursuant to Section 501(c)(3) of the Internal Revenue Code.

Although affiliated with The Eastern Regional Conference, Home Mission Council is a separate entity and a legally autonomous organization which is solely responsible for the debts and liabilities it incurs, and no other entity or unit of the denomination has any obligation with respect to any such debt or liability, including the certificates being offered hereby. Home Mission Council’s business offices are located at 900 South Arlington Avenue, Suite 120B, Harrisburg, Pennsylvania 17109-5024, and its telephone number is (717) 652-0255.

Home Mission Council neither owns nor leases any property, and the business office facility described in the foregoing paragraph is presently provided on a rent-free basis. Standard items of office equipment also are made available to Home Mission Council at no cost.

USE OF PROCEEDS

The proceeds resulting from the sale of certificates in this offering will become general funds of Home Mission Council, and it is intended that they will be used primarily to make loans to units of the church within the Churches of God, General Conference for the acquisition, construction and improvement of churches and church related facilities. Home Mission Council at present is maintaining a reserve of at least 15% of the total proceeds, although it is not obligated to do so.

Home Mission Council has a special congregation loan program, pursuant to which 75% of the proceeds from the sale of certificates to members of a certain local church through such program will be loaned to the local church in question.

Prior to being utilized for loans, the proceeds available for that purpose together with the reserve fund are being invested as discussed below.

Home Mission Council also may utilize a small part of the proceeds not otherwise committed, and in an amount not expected to exceed \$10,000 annually, for its general corporate purposes. However, to date all corporate expenses have been met from operations.

Home Mission Council does not presently anticipate that it will require any proceeds of this offering to meet the interest or principal payments on its outstanding certificates. However, if revenues from loans receivable are less than anticipated, and if repayment demands on maturing certificates exceed the historical experience of Home Mission Council, it may be necessary to use a portion of the proceeds of this offering, along with other available funds, to meet such requirements.

No underwriters are participating in the sale of the certificates, and no commissions will be paid. All expenses of the offering are being paid by Home Mission Council.

Investment and Investor Services

Since 2021, Ephrata National Bank has managed the investment of uncommitted proceeds and reserve funds. In 2022, Ephrata National Bank was compensated for investment management services at its standard rates applied to the fair market value of the principal being invested and was paid a total of \$15,789.71 for its services.

There are no formal guidelines or restrictions on investment of Home Mission Council's funds that are not committed to its church lending activities. In accordance with policies of the Board of Trustees, such investments are allocated between mutual funds and certificates of deposit. Home Mission Council does not invest in financial products commonly referred to as "derivatives" and has no present intent to do so in the future.

The following table sets forth a description of Home Mission Council's outstanding investments (excluding funds committed to its church lending activities) as of December 31, 2022.

| <u>Investment</u> | <u>Market Value</u> | <u>Percentage of Total Market Value of Investments</u> |
|------------------------------|---------------------|--|
| Certificates of Deposit | \$ 5,000 | 0.33% |
| Mutual Funds | \$ 45,795 | 3.05% |
| Corporate Bonds and Notes | \$ 1,443,125 | 95.99% |
| <i>Total</i> | \$ 1,503,485 | 100.0% (rounded) |

The following table sets forth the aggregate realized and unrealized gains and losses from Home Mission Council's investments (excluding funds committed to its church lending activities) for each of its last three fiscal years.

| | <u>Year Ended December 31,</u> | | |
|-------------------------------------|--------------------------------|-------------|-------------|
| | <u>2022</u> | <u>2021</u> | <u>2020</u> |
| Aggregate Realized Gains (Losses) | \$ - | \$ - | \$ - |
| Aggregate Unrealized Gains (Losses) | \$(285,185) | \$(54,887) | \$(51,869) |

CAPITALIZATION

The following table sets forth the capitalization of Home Mission Council as of December 31, 2022.

| | |
|--|--------------|
| Short-Term Debt ⁽¹⁾ : | |
| Certificates maturing within one year | \$ 1,873,170 |
| Accrued interest, expense and accounts payable | 16,844 |
| Total short-term debt | 1,890,014 |
| Long-Term Debt ⁽¹⁾ : | |
| Certificates maturing after one year | 3,861,108 |
| Annuities payable | 674 |
| Total long-term debt | 3,861,782 |
| Net Unrestricted Assets | 1,141,235 |
| Total Capitalization | \$ 6,893,031 |

⁽¹⁾ See Note 6 to the financial statements included elsewhere herein for more details.

SUMMARY OF FINANCIAL POSITION

The following table provides a summary of financial position and related information for Home Mission Council as of the last day of each of the five most recent fiscal years through December 31, 2022:

| | <u>As of December 31</u> | | | | |
|--|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
| Cash, Cash Equivalents and Investments | \$ 5,271,243 | \$ 2,372,001 | \$ 2,696,145 | \$ 2,262,679 | \$ 1,838,634 |
| Total Mortgages and Notes Receivable | 1,618,739 | 5,390,963 | 5,549,979 | 5,388,826 | 5,678,181 |
| Total Accrued Interest | 3,049 | 94,838 | 49,919 | 16,116 | 45,182 |
| Amount of Unsecured Mortgages and Notes | \$ | \$ | \$ | \$ | \$ |
| Percent of Unsecured Mortgages and Notes | | | | | |
| Loan Delinquencies as a Percent of Mortgages and Notes Receivable ⁽²⁾ | - | - | - | - | - |
| TOTAL ASSETS | \$ 6,893,031 | \$ 7,857,802 | \$ 8,395,149 | \$ 7,650,691 | \$ 7,566,897 |
| Total Certificates of Investment Payable | \$ 5,731,878 | \$ 6,452,856 | \$ 6,888,678 | \$ 6,388,687 | \$ 6,167,731 |
| Total Annuities Payable ⁽³⁾ | 674 | 677 | 680 | 680 | 680 |
| Total Accrued Interest Payable | 12,647 | 10,877 | 16,740 | 16,710 | 16,867 |
| Other Long Term Liabilities | - | - | - | - | - |
| Unrestricted Net Assets | \$ 1,141,025 | \$ 1,281,266 | \$ 1,386,142 | \$ 1,246,187 | \$ 1,385,686 |

⁽¹⁾ As of December 31, 2022, The Eastern Regional Conference has guaranteed payment of each of the outstanding notes receivable as of the date of this Offering Circular (though The Eastern Regional Conference is not obligated to provide guarantees with respect to future loans). In addition, as of December 31, 2022, approximately 100% of the aggregate outstanding balance of Home Mission Council's loans was secured by first mortgages.

⁽²⁾ As of December 31, 2022, the three loans to Scotland Campus were paid off.

⁽³⁾ Home Mission Council issued two annuities in the original, aggregate amount of \$3,250 that are presently outstanding. The interest rate for the annuities were established at the time the annuities were issued and were based on guidelines/rates established by the American Council on Gift Annuities.

SUMMARY OF OPERATIONS AND CHANGES IN NET ASSETS

The following table provides a summary of operations, changes in net assets and related information for Home Mission Council for each of the five most recent fiscal years through December 31, 2022:

| | Year Ended December 31 | | | | |
|---|------------------------|----------------|----------------|----------------|----------------|
| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
| Amount of Certificates of Investment Redeemed | \$1,621,629 | \$484,288 | \$252,465 | \$579,448 | \$296,448 |
| Total Revenues and Gains | 268,142 | 320,653 | 425,664 | 320,220 | 336,525 |
| Total Operating Expenses | <u>233,088</u> | <u>240,543</u> | <u>253,849</u> | <u>226,824</u> | <u>238,527</u> |
| Income from Operations | 35,054 | 80,110 | 171,815 | 93,396 | 97,998 |
| Other Non-operating Gains (Losses) | | | | | |
| Unrealized gains (losses) on other than trading | (285,185) | (54,887) | (51,869) | 87,115 | (59,226) |
| Increase (Decrease) in Unrestricted Net Assets | (250,131) | 25,223 | 119,946 | 180,511 | 38,772 |
| Unrestricted Net Assets, End of Year | \$1,141,235 | \$1,391,366 | \$1,366,143 | \$1,246,197 | \$1,065,68 |

LENDING ACTIVITIES

The criteria according to which loan applications are reviewed and approved, and the terms and conditions of loans actually made, are determined solely by the Board of Trustees of Home Mission Council. Further, the general policies and guidelines described below are subject to continuing review and revision.

Loans made by Home Mission Council through 2002 were at an initial and minimum interest rate of 2% less than the prime interest rate then being used as the basis for calculating interest on outstanding certificates; thereafter the mortgage interest rate on each loan becomes subject to semi-annual adjustment so that it will remain at 2% less than the prime rate being used as the basis for calculating interest on the certificates, subject, however, to minimum mortgage interest rates as follows:

1. As to all mortgages outstanding prior to April 27, 1993, the minimum interest rate was 9½% through December 31, 1996. Effective January 1, 1997, Home Mission Council advised such mortgagors that until further notice the minimum rate would be 9%; effective April 1, 1999 and until further notice the rate became 8½%; and effective March 1, 2003 and until further notice the minimum rate was reduced to 7%.
2. The minimum interest rate is 8% on all mortgages issued after April 27, 1993, but before January 1, 2003, with the exception of a 7½% loan approved in 2002 for the benefit of Friendship Community Church of God as summarized under "Outstanding Loans" below; but effective March 1, 2003 and until further notice the minimum rate on these mortgages was reduced to 7%.

Effective January 1, 2003, because of prevailing commercial mortgage interest rates the Board of Trustees began to set interest rates on a case-by-case basis. In setting rates, the Board's overall objective is to fulfill its basic mission as an attractive and economical source of funding for church building projects. Specific factors it considers are prevailing commercial mortgage rates and Home Mission Council's need for revenues to service its certificates and meet other financial obligations.

Home Mission Council may charge a service fee at the time of making the loan disbursement to defer the costs of processing and servicing the loan. To date no such fee has been imposed, except that the cost of preparing the mortgage documents is passed through to the borrower.

At present loans are extended to two basic categories of borrowers as described herein, and also to particular congregations under the special congregation loan program described in the next section. However, it may be decided to make loans to other types of borrowers in the future.

General Loan Program

New Mission Groups

The first category is new mission groups. These are groups of church members who are in the process of establishing new congregations and who will require financing in order to acquire church facilities. New mission groups are assisted generally in their development as one of the functions of The Eastern Regional Conference's Commission on Church Renewal, and loans in this category will be made by Home Mission Council directly to the Commission for the benefit and use of the particular mission group. The Commission, and therefore The Eastern Regional Conference, will have primary liability for the loan obligation for the entire term of the loan, although it is anticipated that at least by the beginning of the sixth year a new congregation would be sufficiently established to begin making loan repayments itself. To the extent real property is involved, each loan will be secured by a first mortgage. Loans to this category of borrowers will be for terms not exceeding 20 years.

Established Congregations

The second category of borrowers is established congregations. Such congregations may borrow to finance such endeavors as property acquisition, capital projects, including new construction, renovations and expansions of church facilities. Loans of this type will be made for a term not exceeding 30 years, with payments to be made on an equal monthly basis over the entire term of the loan. During construction, loans may be interest-only, with loan amortization to commence upon completion of the construction. With regard to this category of borrowers, the decision whether to require a first mortgage to secure the loan is made by the Trustees using the following criteria. In all cases involving loans of \$75,000 or more, a first mortgage is required. With respect to loans of less than \$75,000, a fact-intensive, case-by-case review of each prospective borrower is made by the Trustees in order to determine whether to require a mortgage, with the perceived financial strength of the congregation church group and the amount of the requested loan being principal factors.

At December 31, 2022, 100% of the aggregate outstanding balance of Home Mission Council's loans was secured by first mortgages. In all cases where mortgages are required, the prospective borrower will be required to submit a satisfactory appraisal demonstrating unencumbered equity in the property in at least the amount of the mortgage. Furthermore, with the exception of the Logos Christian Fellowship mortgage (which is guaranteed by the Allegheny Region Church of God), The Eastern Regional Conference has guaranteed payment of each of the loans made by Home Mission Council as of the date of this Offering Circular, however, The Eastern Regional Conference is not obligated to provide guarantees with respect to future loans.

As noted, at future times the Trustees may decide to extend the loans to other church units, and with respect to each particular loan situation, the Board of Trustees retains sole discretion to waive

specific loan guidelines or requirements and to determine loan amounts, interest rates, repayment schedules and other loan considerations.

Special Congregation Loans

In 1984 Home Mission Council authorized a program whereby investments in certificates by members of, participants in and contributors to a local congregation will provide the total investment support for the entire amount of the loan to that local church. Under this program, the decision whether to grant a loan to the local congregation will be made in accordance with the procedures and criteria described below under "Loan Processing." If approved, the loan will be subject to the condition that Home Mission Council will loan an amount equal to 75% of the proceeds from the sale of certificates to members (and members' families) of, participants in and contributors to the local congregation, with the remaining 25% retained as a reserve by Home Mission Council. The remaining terms of the loan will be the same as those applicable to established congregations as discussed above under "Lending Activities." If local congregation members, participants and contributors have purchased certificates prior to such special congregation loan, the amounts representing such certificates will be credited to the loan amount being made to their church.

Home Mission Council may stipulate the minimum or maximum amounts of certificates of the various maturities that may, or must, be purchased in a particular special congregation loan situation.

To date one special congregation loan was made to Scotland Campus in the original principal amount of \$1,394,549.32.

Outstanding Loans

To date, Home Mission Council has made 80 loans, of which 17 remain outstanding as of December 31, 2022. A listing of the outstanding loans, including the name of each church borrower and the basic terms of its loan, appears at pages 11-17 of the attached financial statements. Additionally, the table that follows the discussion under this subheading shows for each borrowing church the schedule of principal payments and the total balance owed to Home Mission Council. As the table indicates, the aggregate principal due on all loans as of December 31, 2022 was \$1,618,738.94.

Home Mission Council has never experienced a loss on any of the loans it has made, except for one loan to Newsong Community Church, which was restructured and discounted and paid in full.

Over the past five years, Home Mission Council has restructured a few other outstanding loan repayment obligations to accommodate changes in the circumstances of the borrowing churches.

Summary of Maturities

Schedule of Principal Payments for Mortgages Receivable as of December 31, 2022 (in dollars):

| Mortgage | 2023 | 2024 | 2025 | 2026 | 2027 | Thereafter | Total Balance |
|--|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
| Bridge of Hope Church | \$7,639.53 | \$8,763.28 | \$9,234.58 | \$9,565.42 | \$10,420.43 | \$184,129.13 | \$229,752.37 |
| Bridge of Hope Church – Construction Loan | 4,190.75 | 8,701.78 | 9,146.98 | 9,614.96 | 10,106.87 | 65,571.91 | 107,333.25 |
| Brownsville COG | 44,122.78 | 45,806.14 | 47,553.71 | 49,367.93 | 51,251.39 | 169,517.41 | 407,619.36 |
| Exponential Church TV - \$150K | 6,201.96 | 6,551.80 | 6,921.37 | 7,311.79 | 7,724.26 | 79,768.72 | 114,479.90 |
| Exponential Church TV - \$180K | 11,105.89 | 11,820.18 | 12,580.51 | 13,389.71 | 14,250.96 | 65,211.39 | 128,358.64 |
| Exponential Church TV - \$20K | 1,553.63 | 1,645.36 | 1,742.49 | 1,845.37 | 1,954.32 | 10,761.03 | 19,502.20 |
| Fairmont Community Church | 7,579.46 | 8,776.93 | 9,341.49 | 9,942.32 | 6,995.70 | - | 42,635.90 |
| First COG of Westminster | 3,018.67 | 3,139.94 | 3,329.88 | 3,508.96 | 3,697.69 | 15,091.64 | 31,786.78 |
| Fourth Street Altoona | 3,938.08 | 3,858.88 | 4,086.72 | 4,327.98 | 4,583.52 | 13,099.83 | 33,895.01 |
| Friendship COG | 41,917.53 | 41,653.03 | 15,346.43 | - | - | - | 98,916.99 |
| Iglesia Sanidad Divina | 4,185.90 | 4,253.45 | 4,471.07 | 4,699.82 | 4,940.27 | 56,888.75 | 79,439.26 |
| Logos Christian Fallsbrook | 2,975.58 | 3,120.03 | 3,271.52 | 3,430.33 | 3,596.87 | 8,665.92 | 25,060.25 |
| Martinsburg Church of God | 12,046.08 | 11,892.37 | 12,407.73 | 12,945.47 | 13,506.50 | 101,813.52 | 164,611.67 |
| Mayberry First COG | 1,771.33 | 2,041.60 | 467.79 | - | - | - | 4,280.72 |
| McClure's Gap | 15,416.58 | 17,853.84 | 6,009.46 | - | - | - | 39,279.88 |
| Mount Pleasant COG | 5,744.51 | 6,068.54 | 6,410.85 | 4,580.09 | - | - | 22,803.99 |
| New Life Church of God | 2,623.83 | 2,758.08 | 2,618.09 | - | - | - | 8,000.00 |
| Parkway COG | 6,952.70 | 5,719.39 | 6,057.05 | 6,414.68 | 6,793.40 | 29,045.55 | 60,982.77 |
| | \$182,084.70 | \$184,434.62 | \$160,007.73 | \$140,944.82 | \$139,822.18 | \$799,564.80 | \$1,618,738.94 |

Home Mission Council has established an allowance for possible loan losses. The allowance for loan losses as of December 31, 2022, 2021, 2020, 2019 and 2018 was \$0. See Note 2 to the financial statements for more details.

Loan Processing

All requests for loans from local congregations, mission groups or other church units, whether or not first made to Home Mission Council, are referred to the Commission on Church Renewal of The Eastern Regional Conference for preliminary review and recommendation. That Commission, basing its decision primarily on the need for the project within the Conference, then refers any such request which it approves to the Board of Trustees of Home Mission Council for formal consideration.

After a general review of the planned project, and such consultation with the originators of the request as is deemed appropriate, loan application documents are sent to the prospective borrower. Upon the filing of a completed loan application, the Board of Trustees and the Executive Director of Home Mission Council review the loan application and the Board of Trustees then decides whether to make a loan commitment, and whether to require a first mortgage, with its decision being based primarily on the loan policies and guidelines described above as well as an evaluation of the ability of the borrower to repay the loan.

The loan processing procedures described above are subject to change from time to time in the future.

DESCRIPTION OF CERTIFICATES OF INVESTMENT

The certificates offered hereby are in the aggregate principal amount of \$3,000,000 and are being sold at 100% of their respective face values, i.e. at par. Certificates may be purchased in any amount, subject to a \$500 minimum.

Interest Rate Determination; Accrual and Payment. The interest rate for each certificate issued while this Offering Circular is in effect will remain fixed over the initial term of the certificate. The interest rate will depend upon the maturity period for the certificate and will be equal to the greater of (i) the rate determined by the applicable formula set forth in the following table under the heading “Interest Rate” or (ii) the applicable minimum interest rate set forth in the table under the heading “Minimum Interest Rate”. As noted in the table, if an investor purchases a certificate with a principal amount of \$100,000 or more, the interest rate for that certificate will be increased by ¼% relative to the rate determined by the immediately preceding sentence. For sake of clarity, certificates issued under this offering will be considered separately for purposes of paying the additional ¼% interest and will not be aggregated with any other certificates, including any certificates issued to the investor under any prior offerings.

| <u>Type of Certificate/ Maturity</u> | <u>Interest Rate⁽¹⁾</u> | <u>Minimum Interest Rate⁽¹⁾</u> |
|--|------------------------------------|--|
| 1 Year Maturity | Prime less 4% | 1% |
| 2 Year Maturity | Prime less 3¾% | 1¼% |
| 3 Year Maturity | Prime less 3½% | 1½% |
| 4 Year Maturity | Prime less 3% | 2% |
| 5 Year Maturity | Prime less 2¾% | 2¼% |

⁽¹⁾ An additional ¼% interest is paid for a certificate if the principal amount thereof is \$100,000 or more.

The prime rate used in the formulas under the heading “Interest Rate” is the U.S. prime rate published by *The Wall Street Journal* as of the May 1 and November 1 (or the next following business day if either such date is a Saturday, Sunday or holiday) most immediately preceding the date of issuance of the certificate.

By way of example, if a certificate with a one year maturity date is issued by Home Mission Council on December 1, 2022, the interest rate for the certificate would be equal to the greater of (i) the U.S. prime rate published by *The Wall Street Journal* on November 1, 2022 less 4% or (ii) 1%. If the principal amount of that certificate was \$100,000 or more, the interest rate for the certificate would be equal to the greater of (i) the U. S. prime rate published by *The Wall Street Journal* on November 1, 2022 less 4¼% or (ii) 1¼%.

The certificates accrue interest daily. Interest at the rate set forth on the face of each certificate is computed as of May 1 and November 1 of each year, and is added to the balance of the certificate at each such date, unless the holder previously has elected to have the interest paid to him or her quarterly, semi-annually or annually. The holders of certificates having face values of at least \$10,000 may also elect to receive monthly interest payments.

Maturing Certificates. The certificates will mature on the day on which the term of the certificate elapses, which term will have commenced on the day following the date of issuance of the certificate, except that if the maturity date is not a business day, then the maturity date shall be the next following business day. At least 30 days prior to the maturity date, the holder will be given a copy of the then-current Offering Circular and instructions on how to either reinvest or withdraw. If the holder provides a written request for repayment of principal and accrued interest in writing within 10 days after the maturity date, Home Mission Council will repay such amount in accordance with the terms of the certificate. If the holder does not make such request, then, upon expiration of the term of the certificate at maturity, Home Mission Council has the option of either redeeming the certificate by making repayment of principal and interest accrued to the maturity date to the holder or extending the certificate for the same period as stated on the instrument, provided that, if the certificate is so extended, the rate of interest for the certificate during the extended term will be determined in accordance with the Offering Circular then in effect (i.e., as if the certificate had been issued under that Offering Circular). Beginning as of January 1, 1996, interest calculations for certificates (as well as mortgages) are based on a year of 360 days with 12 equal months of 30 days each.

Unsecured Status of Certificates. The certificates, which are the equivalent of notes, are general debt obligations of Home Mission Council that are repayable in accordance with their various terms and conditions. As such, in the event of liquidation or dissolution, or upon the occurrence of an event of default as described in the next paragraph, the holders of the certificates would have the status of general, unsecured creditors of Home Mission Council. Home Mission Council has the right to issue senior secured indebtedness (debt having a priority claim against assets over and above the rights of the holders of certificates), although the amount of such senior secured indebtedness that Home Mission Council may issue is presently limited by certain financing guidelines applied by the Pennsylvania Department of Banking and Securities.

Events of Default. The holders of certificates would have certain rights upon the occurrence of specified events of default, as defined in the certificates. The events of default would be the failure of Home Mission Council to pay any installment of the interest on certificates within 6 months after May 1 or November 1 or the commencement by or against the organization of bankruptcy or insolvency proceedings or the like. An event of default also would be deemed to occur in the event at any time Home Mission Council is in arrears in the payment of interest and the repayment of the principal amount of matured certificates in at least the aggregate amount of \$50,000. Upon the occurrence of any such event of default, the holders of 25% of the aggregate principal amount of outstanding certificates may give written notice of default to Home Mission Council; thereafter, if the default is not cured within 20 days after notice, the entire principal amount and accrued interest on all outstanding certificates will be payable immediately by Home Mission Council. In the event such default was to occur, Home Mission Council, upon request of a holder or holders, would provide the names and addresses of other holders in connection with obtaining the prescribed notice by holders of 25% of the aggregate principal amount of outstanding certificates. As discussed in this Offering Circular, particularly under “Risk Factors,” there can be no assurance that the organization will be able to meet its repayment obligations on a timely basis or at all.

Liquidity Reserves and Policy. While there is no “sinking fund” or other required set-aside of funds for the protection of investors, the Board of Trustees has had a policy of holding an amount equal to a percentage of offering proceeds in reserve. The percentage may be changed by the Board of Trustees, and, since 2004, the percentage has been 15%. While the reserve fund is not used to make loans, it could be used to meet obligations and liabilities of Home Mission Council other than those owed to investors. At December 31, 2022, the reserve amount was \$862,039.

Registration of Certificates. The certificates will be registered in the name or names of the investors on books of registry maintained by Home Mission Council, and Home Mission Council will consider such persons to be entitled to payments and to be the owners of the certificates for all purposes. Home Mission Council from time to time may offer additional certificates of investment or other evidences of indebtedness with various interest rates, terms of payment and other different features without notifying or obtaining the consent of the holders of the certificates being sold in this offering.

Issuer's Right to Redeem. Home Mission Council reserves the right to redeem any or all of the outstanding certificates prior to their respective maturities. In the event of such redemption, Home Mission Council will provide written notice to the registered holder at least 30 days prior to the redemption date, and the registered holder will be paid the principal amount of the certificate and accrued interest to the redemption date. Following such redemption date, the certificates would cease to bear interest and no longer would be deemed outstanding obligations of Home Mission Council, although the holders would be entitled to payment of the principal and interest accrued to the redemption date.

Redemption by Holder; Potential Penalty for Early Redemption. Home Mission Council is not required to redeem certificates prior to their respective maturity dates. However, Home Mission Council has adopted a policy of redeeming certificates at the request of holders prior to their maturity dates upon a showing of need, although there can be no assurance that such policy will be continued. In instances of early redemption, Home Mission Council reserves the right to withhold payment of up to nine months' interest as a "penalty." In prior years Home Mission Council has not assessed such a penalty, but Home Mission Council has recently begun withholding interest on early redemptions, with the exception of redemptions due to the death of the certificate holder, although there can be no assurance that even that exception will be maintained in the future.

Certain Tax Consequences. The purchasers of certificates will not recognize gain or loss for federal or Pennsylvania income tax purposes upon the purchase of a certificate. However, the interest payable on the certificates will be taxable as ordinary income for federal and Pennsylvania income tax purposes to the holder, regardless of whether the interest is paid or accrued at the option of the holder. Additionally, an individual investor (or a husband and wife together) who has (have) invested or loaned more than \$250,000 in the aggregate with or to Home Mission Council may be deemed to receive additional taxable interest under Section 7872 of the Internal Revenue Code. All investors should consult their tax advisors regarding the tax rules applicable to investments in the certificates.

Backup Withholding Tax. Each holder of a certificate must supply a correct social security number or federal tax identification number, and the failure to do so will subject payments under such certificate to federal backup withholding tax at the applicable rate.

Additional Purchases. Additional certificates can be purchased at any time. Additional funds may not be added to existing certificates.

Outstanding Certificates

The following table shows the certificates of investment which were outstanding at December 31, 2022.

Outstanding Certificates

| <u>Maturity</u> | <u>Aggregate Amount of Outstanding Certificates</u> | | | |
|-----------------|---|--|--------------------|--|
| | <u>Minimum Annual Interest Rate⁽¹⁾</u> | <u>No. of Certificates Outstanding</u> | <u>Face Amount</u> | <u>Including Compound Interest⁽²⁾</u> |
| 1 year | 1% | 19 | \$ 481,234.71 | \$ 493,811.35 |
| 1 year | 1¼% | 9 | 268,360.00 | 281,318.18 |
| 1 year | 2¾% | 5 | 56,000.00 | 57,179.83 |
| 2 years | 1¼% | 19 | 233,959.31 | 248,528.37 |
| 2 years | 1½% | 2 | 90,000.00 | 102,565.70 |
| 2 years | 3% | 2 | 9,039.51 | 9,757.83 |
| 2 years | 3¼% | 1 | 100,000.00 | 117,317.13 |
| 3 years | 1½% | 7 | 117,214.65 | 127,454.45 |
| 3 years | 1¾% | 1 | 26,737.59 | 29,176.43 |
| 3 years | 2% | 1 | 100,463.69 | 110,654.29 |
| 3 years | 2¾% | 3 | 39,000.00 | 40,849.39 |
| 4 years | 2% | 20 | 131,742.17 | 185,261.18 |
| 4 years | 2¼% | 2 | 16,232.47 | 28,363.21 |
| 4 years | 3¼% | 17 | 222,108.00 | 269,836.69 |
| 4 years | 3¾% | 2 | 21,000.00 | 21,129.77 |
| 5 years | 2¼% | 50 | 499,165.62 | 668,613.82 |
| 5 years | 2½% | 9 | 350,735.83 | 447,579.89 |
| 5 years | 3% | 15 | 192,461.82 | 244,493.07 |
| 5 years | 3½% | 80 | 989,760.60 | 1,405,377.99 |
| 5 years | 3¾% | 5 | 706,500.00 | 716,892.80 |
| 5 years | 4% | 8 | 95,315.21 | 140,762.83 |
| | | 277 | \$4,747,031.18 | \$5,746,924.20 |

(1) The minimum interest rates for outstanding certificates are greater than the minimum interest rates for the corresponding certificates offered hereunder.

(2) The compounded interest set forth in this table includes all accrued but unpaid interest, whether or not due and payable, as of December 31, 2022. In the attached financial statements, the accrued but unpaid

interest that was due and payable as of December 31, 2022 is distinguished from the accrued but unpaid interest that was not due and payable as of December 31, 2022. The former is identified as the “accrued interest payable” in the Statement of Financial Position in the attached financial statements and was \$12,647 as of December 31, 2022. The latter is identified as the compounded interest.

Information concerning the amounts of certificates maturing in 2023 and thereafter is given under Note 6 to the attached financial statements.

Certificate Transactions in 2020, 2021 and 2022

The table below shows certificate transactions (using face amounts and not including compounding and accruing interest) that occurred during the past three years:

| <u>Type of Transaction</u> | 2020 | | 2021 | | 2022 | |
|----------------------------|----------------------------|-------------------------|----------------------------|-------------------------|----------------------------|-------------------------|
| | <u>No. of Certificates</u> | <u>Aggregate Amount</u> | <u>No. of Certificates</u> | <u>Aggregate Amount</u> | <u>No. of Certificates</u> | <u>Aggregate Amount</u> |
| New Sales | 21 | \$724,778 | 6 | \$45,925 | 13 | \$277,816.00 |
| “Rollovers” | 65 | \$1,358,578 | 83 | \$1,569,266 | 74 | \$1,648,357.31 |
| Withdrawals ⁽¹⁾ | 8 | \$252,465 | 13 | \$484,288 | 19 | \$896,788.66 |

⁽¹⁾ Includes interest withdrawals.

During the three years, a total of 497 certificates reached their maturity dates or were otherwise withdrawn, of which 222 were “rolled over” by their holders.

MANAGEMENT

The persons who serve as management of Home Mission Council are the following:

| <u>Name</u> | <u>Positions Held</u> | <u>Served as Trustee</u> | <u>Principal Occupations During Past Five Years</u> |
|-------------------|---------------------------------|--------------------------|--|
| Bradley H. Kearns | Trustee/President | 1997 | Member, Smith Elliott Kearns & Company, LLC |
| Gary R. Shirley | Trustee | 2014 | Retired |
| David S. Williams | Trustee/Secretary/ Treasurer | 2011 | Director of Church Health for The Eastern Regional Conference |
| Duane E. Bock | Trustee/ Vice President | 2017 | Commercial Loan Officer with ACNB |
| Tracy R. Miller | Trustee | 2017 | Bank Branch Manager with Fulton |
| Hannah R. Suhr | Trustee | 2018 | Attorney |
| James D. Good | Trustee | 2022 | Founding Member, WDC Advisors, P.C. |
| Thomas E. Welk | Trustee | 2023 | Retired |

Bradley H. Kearns, who resides in Chambersburg, Pennsylvania, graduated from Chambersburg Area Senior High School in 1983, and received his bachelor’s degree from Shippensburg University in 1987. He began, and has continued his career in public accounting, with the regional firm of Smith Elliott

Kearns & Company, LLC (SEK CPAs & Advisors). He became a member (partner) of the firm, effective January 1, 2000. He is on several of the firm's committees, including the firm's Management Committee, the firm's Tax Committee, and the firm's Consulting Task Force, just to name a few. He was appointed as managing member of the Chambersburg office, effective January 1, 2016. His career has been devoted to being a highly technical income tax specialist and business planning and succession advisor, serving and consulting with family-owned businesses and their owners. He serves the community on numerous boards and regularly attends local area chamber events. He is a member of the Greenvillage Church of God in Chambersburg, Pennsylvania where he serves as Treasurer.

Gary R. Shirley, who resides in New Cumberland, Pennsylvania, graduated from Cedar Cliff High School, Camp Hill, Pa in 1966, served in the United States Air Force from 1966 to 1970 and the Air National Guard from 1980 to 1997 when he retired as a SSgt. He attended Harrisburg Area Community College from August 1970 to December 1972 and he received his AA Degree in Accounting in May 1973. He attended Findlay College (Now University of Findlay) from January 1973 to June 1974 and he received his BS Degree in Accounting in June 1974. He worked for Pennsylvania National Insurance Group from 1974 to 1976, Morris Laundromation Services, Inc. from 1976 to 1980, and for Commonwealth of Pennsylvania from 1980 until 2009 when he retired as an Accountant 1 in the Public Protection and Recreation Comptroller's Office. He is a member of the New Cumberland Church of God where he serves as Financial Secretary.

David S. Williams, who resides in Dillsburg, Pennsylvania, graduated from Bermudian Springs High School in York Springs, Pennsylvania in 1979, from The University of Findlay in Findlay, Ohio in 1985 with his Bachelor of Arts degree in world religions and psychology. He received his Master of Divinity degree from Winebrenner Theological Seminary in 1988. He is currently the Director of Church Health for the Eastern Regional Conference of the Churches of God. He attends Mount Pleasant Church of God in Dillsburg, Pennsylvania.

Duane E. Bock, who resides in Chambersburg, Pennsylvania, graduated from Chambersburg Area Senior High School in Chambersburg, Pennsylvania in 1986, and from Shippensburg University in 1990 with his Bachelor of Science degree in Business Administration. Subsequently, he graduated from the Central Atlantic School of Banking at Dickinson College, Central Atlantic Advance School of Banking at Bucknell University, and the Pennsylvania Bankers Association, Commercial Lending School at Pennsylvania State University. He is currently a Commercial Loan Officer with ACNB Bank, and volunteers to serve on various committees and boards in his community. He is a member of Grand Point Church in Chambersburg, Pennsylvania.

Tracy R. Miller, who resides in Mount Joy, Pennsylvania, graduated from Lower Dauphin High School in Hummelstown, Pennsylvania in 1980, and from Shippensburg University in 1984 with her Bachelor of Science degree in Criminal Justice. Subsequently, she entered military active duty as a U.S. Army Officer where she spent the next eight years. Upon exiting the military in 1992, she began her career in banking a few years later. She retired from Fulton Bank in Elizabethtown, Pennsylvania in 2023 and supports the local homeless shelter (ECHOS), is on the Auction Committee for Mount Calvary Christian School (MCCS), and plans to participate in mission trips with Friends In Action, Intl. She is a member of the Elizabethtown Rotary, and the Mount Joy Church of God in Mount Joy, Pennsylvania.

Hannah R. Suhr, who resides in Harrisburg, Pennsylvania, graduated from Central Dauphin High School in 2003, received her Bachelor of Science Degree in Communications Media from Indiana University of Pennsylvania in 2006 and her Juris Doctor Degree from the Penn State Dickinson School of Law in 2011. She is an Attorney in Central Pennsylvania. Hannah is a Coordinator for the Pennsylvania Wills for Heroes program. Hannah received the Pennsylvania Bar Foundation Pro Bono Award for her service to the Wills for Heroes Program in 2015, the Pennsylvania Bar Association President's Award in 2021, and the Verdina Y. Showell Award in 2022. She is a member of the Mt. Laurel Church of God in Harrisburg.

James D. Good, who resides in New Cumberland, Pennsylvania, graduated Christopher Dock Mennonite High School in 1983 and received an Associate of the Arts Degree in Business Administration

from Bucks County Community College in 1985. Throughout his career he has earned several professional certifications and designations. He is a CERTIFIED FINANCIAL PLANNER™ practitioner and the founder and managing member of WDC Advisors, LLC, a Pennsylvania registered investment advisor located in Camp Hill, PA where his time is focused on portfolio management and advising affluent and high net worth families on matters related to wealth management and faith-based financial planning. He served as President of the Rotary Club of Harrisburg in the 2021 - 2022 Rotary year and chaired the Harrisburg Rotary Foundation for the 2022 - 2023 Rotary year. James and his wife Karen are members of the Glenvale Church of God where they serve as worship leaders.

Thomas E. Welk, who resides in Strasburg, Pennsylvania graduated from Solanco High School in Quarryville, Pennsylvania. He spent his career in banking, holding many positions from teller through to senior management level positions while working for financial institutions such as Bank of Lancaster County, Sterling Financial Corporation, PNC Bank, Graystone Tower Bank, Susquehanna Bank, Centric Bank, and LinkBank. He retired from the banking industry in December 2021 after a 47 year career. He is a member of the High View Church of God in Ronks, Pennsylvania where he has served in a number of church leadership positions, including Elder, Deacon, and Treasurer, adult choir leader, and junior church teacher with his wife, Cindy.

Home Mission Council conducts its activities through its Trustees, officers and Executive Director. RKL, LLP performs the annual audit, prepares the annual Form 990 and performs the bookkeeping functions for Home Mission Council. The Eastern Regional Conference provides office space, and some administrative staff support, at no cost to Home Mission Council.

Board of Trustees

The bylaws provide for five to nine members of the Board of Trustees. At present, the Board of Trustees consists of seven persons. The Trustees are divided into three classes of equal number (or as near to equal number as possible), which are elected on a staggered basis for three-year terms. One of the Trustees is appointed by the Board from among nominees proposed by the Church Health Commission, and the remaining Trustees are elected at the annual conference in session of The Eastern Regional Conference from among persons nominated by the Board. The present Trustees are as follows:

Terms Expiring as of the 2024 Annual Meeting

Bradley H. Kearns

Terms Expiring as of the 2025 Annual Meeting

Tracy R. Miller

Hannah R. Suhr

James D. Good

Terms Expiring as of the 2026 Annual Meeting

Gary R. Shirley

Duane E. Bock

Thomas E. Welk

Trustee Nominated by Commission on Church Renewal

Term Expires as of the 2024 Annual Meeting

David S. Williams

Annual Meeting; Officers and Executive Director

The Board elects Home Mission Council's officers at its annual meeting, which is held each year within 90 days following the annual session of The Eastern Regional Conference, and the officers serve for one-year terms. The annual meeting is attended only by the Board. The holders of certificates and other securities issued by Home Mission Council are not entitled to attend or participate in the annual meeting. The present officers, who will serve until the 2024 annual meeting, are as follows:

Bradley H. Kearns, President
Duane E. Bock, Vice President
David S. Williams, Secretary/Treasurer

Home Mission Council conducts its activities through its Trustees, officers and Executive Director. RKL, LLP performs the annual audit, prepares the annual Form 990 and performs the bookkeeping functions for Home Mission Council. The Eastern Regional Conference provides office space, and some administrative staff support, at no cost to Home Mission Council.

James F. Brandt, of Mirelle Associates, Inc. was appointed by the Board of Trustees as Executive Director Home Mission Council and the appointment is reviewed annually by the Board of Trustees.

There are no family relationships among any of the members of the Board, the officers or the Executive Director.

Remuneration and Certain Transactions

The Trustees and officers serve on a voluntary basis and do not receive any compensation or any reimbursement for expenses incurred. In 2022, Mirelle Associates, Inc. served as the Executive Director and received \$950 per month, which amount is subject to change at the discretion of the Board of Trustees. In addition, Mirelle Associates, Inc. provided bookkeeping services to the Home Missional Council and received \$726.85 per month for such services.

Other than investment certificates that may from time to time be purchased by members of the Home Mission Council's management, there are no transactions between Home Mission Council and the management, although loans have been made in the past, and may be made in the future, to churches with which certain of such persons are affiliated as members or pastors. A Trustee who is a member or pastor of a church that is applying for a loan must abstain from voting when such application is being considered.

As of December 31, 2022, The Eastern Regional Conference owned certificates totaling \$142,727.07, with a total annual interest expense of \$4,980.72.

METHOD OF SALE

A means for the sale of certificates is through unpaid contact persons within the membership of local congregations in The Eastern Regional Conference. The functions of such contact persons are limited to advising congregations of the opportunity to make investments and to obtain offering materials, further information and answers to questions from employees at Home Mission Council's office. The sale of securities also is promoted from time to time through advertisements in church publications, through presentations occurring at various conferences and other meetings sponsored by The Eastern Regional Conference, and through direct mailings to prospective investors.

Each prospective investor receives a copy of the Offering Circular together with a Purchase Application Form. To make an investment, the investor must complete and forward the Purchase Application Form together with his or her check to Home Mission Council's office in Harrisburg, Pennsylvania. If Home Mission Council accepts this offer to purchase, the investor will be notified by mail and will receive an executed certificate of investment.

The purchase of a certificate does not give the investor an equity interest in Home Mission Council or any right to vote on corporate matters.

No commission or other form of payment is paid to any person in connection with the offer and sale of certificates. Costs of the offering in the current year, including legal, accounting and printing, are

anticipated to be \$16,000, which would be approximately 0.5% of the total offering proceeds if all certificates being offered are sold.

At the date of this Offering Circular, the securities are being offered and sold to congregations, or persons, who are members of, contributors to (including previous investors), or participants in congregations of, The Eastern Regional Conference of the Churches of God, General Conference, or in any program, activity or organization which constitutes a part of The Eastern Regional Conference of the Churches of God, General Conference, or in other religious organizations that have a programmatic relationship with The Eastern Regional Conference of the Churches of God, General Conference, all of who are residents of Pennsylvania. The offering may be extended to congregations and members, participants and contributors to congregations in other states within the Conference at a later time.

PENDING LEGAL PROCEEDINGS

Home Mission Council is not a party to any litigation or other legal proceedings, and none are known to be threatened or contemplated.

LEGAL MATTERS

Legal matters relating to this offering and to the certificates issued pursuant to this Offering Circular have been passed upon by McNees Wallace & Nurick LLC, Harrisburg, Pennsylvania, counsel to Home Mission Council. In connection therewith, they have given their legal opinion to the effect that all of the certificates to be issued pursuant to this offering will be valid and enforceable obligations of Home Mission Council.

FINANCIAL STATEMENTS AND ANNUAL REPORTS

The financial statements included herein have been audited by RKL, LLP, independent certified public accountants.

Because Home Mission Council has never experienced any loan defaults, no allowance for bad debts is presented in the financial statements.

With reference to the Statements of Operations and Changes in Net Assets included as part of the financial statements, interest expense for the years ended December 31, 2022, 2021, and 2020, was \$175,124, \$192,352 and \$199,271, respectively.

Home Mission Council's fiscal year ends on December 31, and the annual audited financial statements will be made available online at <http://www.ercog.org/> (the website maintained by the Eastern Regional Conference of the Churches of God, General Conference), and notice of availability mailed to any registered holders of certificates of record as of the end of the month prior to the report is available, within the later of (i) 120 days following the close of each fiscal year, or (ii) fifteen (15) days after Home Mission Council receives the audited financial statements from its accountants. In addition, upon written request, Home Mission Council will mail the annual audited financial statements to such registered holders of certificates.

No. _____

___ YEAR ___% REGISTERED CERTIFICATE OF INVESTMENT

<Issue Date>

\$<Amount>

HOME MISSION COUNCIL OF THE EASTERN REGIONAL
CONFERENCE OF THE CHURCHES OF GOD, GENERAL CONFERENCE
900 South Arlington Avenue, Suite 120B
Harrisburg, Pennsylvania 17109-5024
Telephone: 717-652-0255

Initial Registered Holder

Interest Initially [**Paid/Compounded**]
[**Monthly/Quarterly/Semiannually/**
Annually]

Name and Address:

Home Mission Council of the Eastern Regional Conference of the Churches of God, General Conference, hereinafter Home Mission Council, is indebted to and, for value received, hereby promises to pay to the registered holder hereof upon presentation of this Certificate the sum of <dollars text> and 00/100 dollars (\$D,DDD.CC) upon the expiration of the term of this Certificate, unless the Certificate shall have been called for previous redemption. The term of this Certificate shall commence on the day following the date of issuance of the Certificate set forth above, and such term shall expire and this Certificate shall mature on the same day <term> (N) years following such date of issuance, except that if such maturity date is not a business day then the maturity date shall be the next following business day. At least 30 days prior to the maturity date, the registered holder shall be given written notice of the impending maturity date and a copy of the then-current Offering Circular, and unless a written request for repayment of principal and accrued interest shall have been received from the registered holder within 10 days after the maturity date, Home Mission Council shall have the option of either redeeming this Certificate by making payment to the registered holder of the principal amount and the interest accrued on this Certificate to the maturity date or extending this Certificate for the same term; provided that, if this Certificate is so extended, notwithstanding anything herein to the contrary, the rate at which this Certificate shall bear interest during the extended term shall be determined in accordance with the then-current Offering Circular (i.e., as if this Certificate had been issued under that Offering Circular).

During the initial term of this Certificate, said sum of money shall bear interest at the rate of <rate in text> (N.N%) per annum. The interest on this Certificate shall be computed as of May 1 and November 1 as aforesaid, and shall be paid to the registered holder as of each such date (or the next following business day if such date is a Saturday, Sunday or holiday), or on a quarterly or annual basis, or will be accrued and added to the balance of the Certificate, in accordance with the written election made by the purchaser in the Purchase Application Form. The purchaser of any Certificate having a face amount of at least \$10,000 also may elect to receive monthly interest payments. Any registered holder desiring to change this election may do so by advising Home Mission Council in writing, and such election will become effective at the time of the next following semi-annual interest computation.

All or any of such Certificates are subject to redemption at any time prior to maturity, upon payment of the principal amount thereof and accrued interest, at the sole election of Home Mission Council, its successors or assigns, upon giving notice of its election to redeem by certified mail to the registered holder hereof at least 30 days prior to the date of redemption. If the registered holder hereof fails and neglects to present this Certificate for payment at the time and place specified in such notice, this Certificate shall no longer be deemed outstanding and shall cease to bear interest, and the registered holder shall be entitled to payment of the principal amount hereof and accrued interest to the date of redemption.

Books for the registry hereof are kept at the office of Home Mission Council. No transfer hereof shall be valid unless made on Home Mission Council's books at its offices, by the registered holder hereof, in person or by attorney duly authorized in writing.

Home Mission Council may treat the registered holder hereof as the owner of this Certificate for all purposes. Payment to the registered holder hereof of principal or interest shall be a complete discharge of Home Mission Council's liability with respect to such payment, but Home Mission Council may, at any time, require the presentation hereof as a condition precedent to such payment.

Upon the occurrence of any of the following events of default:

(a) Home Mission Council shall fail to pay any installment of interest on the outstanding Certificates within 6 months after May 1 or November 1 of any year; or

(b) Home Mission Council shall commence, or there shall be commenced against Home Mission Council, any proceeding relating to the organization under any bankruptcy, reorganization, arrangement, receivership, dissolution or liquidation law or statute, and any such proceeding shall remain undismissed for a period of 60 days, or a receiver or trustee shall be appointed for Home Mission Council for all or a substantial part of its property, and such receivership or trusteeship shall remain undischarged for a period of 60 days; or

(c) Home Mission Council shall be in arrears in the payment of interest and in the repayment of the principal amount of Certificates which have matured, provided that the aggregate unpaid amount of such arrearage is at least \$50,000;

then and in such event, the holders of 25% in aggregate principal amount of outstanding Certificates may give written notice of default to Home Mission Council; unless such default shall be cured within 20 days after such notice is received by Home Mission Council, the entire unpaid principal amount of all outstanding Certificates together with accrued interest thereon shall become immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are expressly waived. No recourse shall be had for the payment of the principal of, or interest upon, this Certificate, or for any claim based thereon, against any incorporator, officer, director, trustee, or agent past, present or future, of Home Mission Council, and any and all such liability, by the acceptance hereof and as part of the consideration of the issue hereof, is expressly waived.

Additional instructions and comments:

IN WITNESS WHEREOF, Home Mission Council has signed this Certificate on the date first set forth above.

HOME MISSION COUNCIL OF THE EASTERN
REGIONAL CONFERENCE OF THE CHURCHES OF
GOD, GENERAL CONFERENCE

By _____

ASSIGNMENT

For value received, the undersigned does hereby assign to _____ the within Certificate, and does hereby irrevocably appoint _____ attorney to transfer the Certificate on the books of Home Mission Council with full power of substitution in the premises.

Dated: _____

Witness

PURCHASE APPLICATION FORM

HOME MISSION COUNCIL OF THE EASTERN REGIONAL
CONFERENCE OF THE CHURCHES OF GOD, GENERAL CONFERENCE

900 South Arlington Avenue, Suite 120B
Harrisburg, Pennsylvania 17109-5024
Telephone: 717-652-0255

CERTIFICATES OF INVESTMENT

| <u>Type</u> | <u>Interest Rate</u> ^{(1) (2)} |
|--|---|
| \$3,000,000 OF CERTIFICATES OF INVESTMENT | |
| 1 Year Maturity | Prime less 4%; minimum 1% |
| 2 Year Maturity | Prime less 3¾%; minimum 1¼% |
| 3 Year Maturity | Prime less 3½%; minimum 1½% |
| 4 Year Maturity | Prime less 3%; minimum 2% |
| 5 Year Maturity | Prime less 2¾%; minimum 2¼% |

- (1) The prime rate is the U.S. prime rate published by The Wall Street Journal as of the May 1 or November 1 (or the next following business day if such date is a Saturday, Sunday, or holiday) most immediately preceding the date of issuance of the Certificate (or the date of the commencement of any renewal term, as the case may be).
- (2) An additional ¼% interest is paid for a Certificate of Investment if the principal amount thereof is \$100,000 or more.

The minimum purchase of any Certificate of Investment is \$500.

As explained in the Offering Circular, Pennsylvania residents have a two-day right to withdraw their purchase of Certificates. Prospective investors are encouraged to review the summary of that right set forth on the table of contents page of the Offering Circular, together with the other provisions of the Offering Circular.

APPLICATION

The undersigned, acknowledging receipt of an Offering Circular relating to the offering of the above Certificates of Investment, does hereby make application to purchase \$_____ of the following certificate:

One-year Two-year Three-year Four-year Five-year

THE CERTIFICATE SHOULD BE ISSUED TO AND REGISTERED IN THE NAME(S) BELOW. (Please clearly print the information requested)

Applicant 1: _____ SSN/EIN: _____

Applicant 2: _____ SSN/EIN: _____

Mailing Address: _____

City: _____ State: _____ Zip: _____

Telephone No.: _____ E-mail: _____

If the Certificate is being purchased under the Uniform Gifts to Minors Act, check this box and print the custodian's name after "Applicant 1", and the minor's name after "Applicant 2" on page one of this application.

If joint registered applicants are named above, specify the type of tenancy:

Tenants in Common Tenants with Equal Ownership

Tenants by the Entirety (Available for husband and wife owners only)

Please pay interest:

By Compounding Monthly Check (Only applies if Certificate is for \$10,000 or more)

Quarterly Check Semi-Annual Check Annual Check

Additional instructions and comments: _____

Signature of Applicant(s) and Date:

Applicant 1: _____ Dated: _____, 20____

Applicant 2: _____ Dated: _____, 20____