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ARIZONA CORPORATION COMMISSION

JAMES MATTHEWS
EXECUTIVE SECRETARY

SECURITIES DIVISION
1300 West Washington, Third Floor
Phoenix, AZ 85007-2996
TELEPHONE: (602) 542-4242
FAX: (602) 594-7470

May 10, 1996

Patrick J. Clancy, Esq.
Krooth & Altman
1850 M Street, N.W.
Washington, D.C. 20036-5803

RE: The Industrial Development Authority of the County of Mohave
Health Care Revenue Refunding Bonds
Series 1996 - Chris Ridge and Silver Ridge Village Projects
A.R.S. §§ 44-1843.01, ~~44-1894~~

Dear Mr. Clancy:

On the basis of the facts set forth in your letter of April 18, 1996, and in reliance upon your opinion as counsel, the Securities Division will not recommend enforcement action for violation of the Securities Act of Arizona should the issuer, non-governmental user of the proceeds, and the credit enhancer all be relieved of their obligation to provide the financial disclosures required under A.R.S. § 44-1894 (9) & (10).

As this position is premised upon the facts set forth in your letter, it should not be relied on for any other set of facts or by any other person. Please also note that this position applies only to the registration requirements of the Act; the anti-fraud provisions of the Act continue to be applicable.

We have attached a photocopy of your letter. By doing this we are able to avoid having to recite or summarize the facts set forth therein.

Very truly yours,

A handwritten signature in black ink, appearing to read "Dee Ridgell Harris".

DEE RIDDELL HARRIS
Director of Securities

DRH:lb
Attachment

Frooth & Altman
1850 M. Street, N.W., Washington, D.C. 20036-5803

Telephone: (202) 293-8200

Telecopier: (202) 872-0145

April 18, 1996

(202) 775-5872

Leslie R. Block, Esq.
Assistant General Counsel
Arizona Corporation Commission
Securities Division
1300 West Washington Street, Third Floor
Phoenix, Arizona 85007

Re: The Industrial Development Authority of the County of Mohave
Health Care Revenue Refunding Bonds
Series 1996 - Chris Ridge and Silver Ridge Village Projects

Dear Ms. Block:

Pursuant to our telephone discussion, this letter is written on behalf of (i) SRV, Inc., an Arizona nonprofit corporation, and CRV, Inc., an Arizona nonprofit corporation (together, the "Corporations"), and (ii) Rauscher Pierce Refsnes, Inc., the underwriter of the above-referenced bonds (the "Bonds"). We are requesting that the Securities Division issue a "no action" letter as regards the obligation of the Corporations to comply strictly with the requirements of §44-1894 of the Arizona Revised Statutes, as amended ("ARS"), in connection with the issuance and offering of the Bonds.

Enclosed please find our firm's check in the amount of \$200, payable to the Corporation Commission, Securities Division (the "Commission"), to pay for the cost of reviewing this request for a no action position. Also enclosed for your review is a copy of a draft of the proposed Indenture and a draft of the proposed Official Statement relating to the Bonds.

We believe that the Bonds are exempt securities pursuant to ARS§44-1843 A.1., but are subject to the provisions of ARS§44-1843.01 as regards notice to and filing with the Commission. We believe, however, that the disclosures apparently required of the Corporations under ARS§44-1894, which are generally necessary in connection with offerings subject to §44-1843.01, are not material in this issuance and offering. Importantly, we believe that such disclosures in the prospectus will in fact cause confusion in the market place and to prospective investors and holders of the Bonds as to the nature of the Bonds and the credit for the Bonds.

As described below, the security for the Bonds is a AAA-rated security guaranteed by the United States government which will be held by the trustee for the Bondholders under the Indenture, and thus the Bonds are to be rated AAA by Standard & Poor's Rating Group.

Accordingly, we request that the Corporations be relieved of the obligation under §44-1894 to include in the prospectus the information required under §44-1894.

The Proposed Transaction.

Each of the Corporations is a single-purpose, sole asset, nonprofit, Arizona corporation which at the issuance of the Bonds will own and operate a skilled nursing home. SRV, Inc. will own and operate Silver Ridge Village, a 120-bed skilled nursing facility which opened in 1984 and is located in Bullhead City, Arizona. CRV, Inc. will own and operate Chris Ridge Village, a 150-bed skilled nursing facility which opened in 1985 and is located in Phoenix, Arizona. Each of the facilities has been owned by Life-Core, Inc., a nonprofit Arizona corporation, which is transferring the facilities to the respective Corporation in connection with the issuance of the Bonds, so as to comply with the requirements of the Federal Housing Administration ("FHA") that each facility be owned by a single-purpose, sole asset corporation.

The Bonds are being issued by The Industrial Development Authority of the County of Mohave (Arizona)(the "Authority"), a political subdivision of the State of Arizona. The Bonds are revenue bonds and neither the State of Arizona, any political subdivision in Arizona, nor the Authority is liable as to any principal, interest or premium on the Bonds. As described below, the security for the Bonds is a AAA-rated security guaranteed by the United States government, and thus the Bonds are to be rated AAA by Standard & Poor's Rating Group.

The Bonds are being issued by the Authority to refund certain revenue bonds which were previously issued (the "Prior Bonds") to finance the acquisition, construction and equipping of the facilities. The reduction in debt service payments attributable to the Bonds will provide significant savings to the Corporations in the operating expenses of the facilities.

The proceeds of the Bonds will be used to provide the monies to fund mortgage loans to each of the Corporations. Each mortgage loan will insured by the FHA and will be made by PFC Corporation, an FHA-approved mortgagee. The Corporations will use the proceeds of the mortgage loans to retire the existing debt relating to the Prior Bonds. In connection with each of the FHA-insured mortgage loans, in consideration for, and as security for, the proceeds of the Bonds, PFC Corporation will issue to the trustee for the Bondholders a mortgage-backed security (the "MBS") which is fully guaranteed by the Government National Mortgage Association ("GNMA"), which is a division of the United States Department of Housing and Urban Development. Pursuant to the Indenture, the trustee will hold the GNMA MBS in return for the disbursed proceeds of the Bonds, and as security for the Bonds. In the

event of any default by the Corporations under the mortgages, GNMA will directly make to the trustee any payments due. The GNMA MBS is backed by the full faith and credit of the United States and is a AAA-rated security. Accordingly, since the GNMA MBS is the security for the Bonds, and is the credit for the Bonds, the Bonds are to be rated AAA by Standard & Poor's Rating Group.

This financing mechanism is customarily used in the market place in connection with revenue bonds used to finance FHA-insured nursing home mortgages and mortgages secured by multi-family residential rental housing facilities, so as to attain a AAA rating for the bonds and thus provide economic benefit, including reduced interest rates, to the underlying nursing home and multi-family project.

Requested Relief from Compliance with §44-1894.

Even though the Bonds are exempt securities under §44-1843 A.1., they are subject to the provisions of §44-1843.01 as regards notice to and filing with the Commission, and as to the contents of the related prospectus, since the Bonds are securities of a political subdivision used to provide monies to finance skilled nursing facilities, and are not fully secured by payments to be made by an entity owning or operating a hospital. Pursuant to §44-1843.01, each prospectus filed with the Commission must include the financial disclosures and information required by §44-1894. We are requesting that the Corporations be relieved of this obligation to comply with §44-1894 as to the content of the prospectus and the information provided to the Commission in connection with the §44-1843.01 notice and filing to be made in connection with the Bonds.

We believe that §44-1894 is primarily intended to apply to disclosures in connection with the issuance and offering of nonexempt securities. Section 44-1843.01 makes §44-1894 applicable to certain categories of revenue bonds which are exempt securities but which historically have been of a greater credit risk to bondholders than other types of revenue bonds. (See, for example, in §44-1843.01 A. 1. a list of those types of revenue bonds which are exempt securities and are in turn exempt from the notice and filing requirements of §1843.01, and thus from the disclosure requirements of §44-1984.) In the instant case, the credit for the Bonds is not the underlying project as is customary in a revenue bond transaction, but rather a AAA-rated security guaranteed by the full faith and credit of the United States. The Bonds will also be rated AAA. Accordingly, the risk ordinarily associated with a revenue bond is substantially mitigated in the case of the Bonds and warrants the AAA rating of the Bonds.

Detailed disclosure in the prospectus relating to the Bonds as required by §44-1894 is not material to the Bonds or to the interests of the Bondholders, and the inclusion of such information in the prospectus may confuse or mislead the market as to the security for the Bonds and the true nature of the transaction.

In addition to the fundamental issue of materiality, in the instant case neither of the Corporations possesses or has access to the type of information required under §44-1894, given the nature of this transaction, the nature of the Corporations, the non-recourse structure of the transaction and the history of the facilities. It would be close to impossible for the Corporations to comply strictly with the requirements of §44-1894, and any attempt to do so would be financially burdensome to these nonprofit entities and would consume an inordinate amount of time.

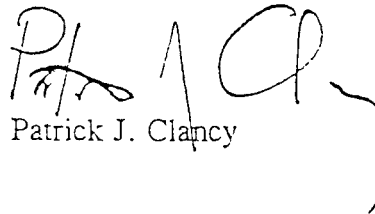
Accordingly, we respectfully request that the Commission determine that as to the Bonds it is not necessary for the prospectus relating to the Bonds to contain the disclosures required under §44-1894.

Assuming your favorable consideration of this request, upon your response to us we will immediately make the §1843.01 filing with your office utilizing a prospectus which will be substantially in the form of the enclosed draft official statement, updated to include certain unaudited financial information relating to the facilities.

Thank you for your prompt attention to this request. Please do not hesitate to contact me if you need additional information as to the matter.

Very truly yours,

KROOTH & ALTMAN



Patrick J. Clancy

PJC:bls

Enclosures: Draft Official Statement
Draft Indenture
Check #31429 (\$200)

cc. (without enclosures)
Bruce Kelley
Tamara Colorado
James E. Burnside
William Alsentzer, Esq.
Charles E. James, Jr.
Cassie Wehling, Esq.
Lee Bruno, Esq.