

44-1873 (4)



JAMES MATTHEWS
EXECUTIVE SECRETARY

ARIZONA CORPORATION COMMISSION
SECURITIES DIVISION
(602) 542-4242

MARCIA WEEKS
CHAIRMAN
RENZ D. JENNINGS
COMMISSIONER
DALE H. MORGAN
COMMISSIONER

June 12, 1990

William P. Crotts, Esq.
300 West Osborn Road
Suite 100
Phoenix, Arizona 85013

RE: ROYAL PALMS BAPTIST CHURCH

Dear Mr. Crotts:

On the basis of the facts set forth in your letters of February 27, 1990 and April 4, 1990 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 transaction take place as set forth in your letter.

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 photo copies of your letters. By doing this we are able to avoid having to recite or summarize the facts set forth therein.

Very truly yours,

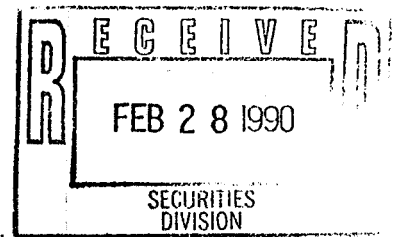
DEE RIDDELL HARRIS
Director of Securities

DRH:JV:bb

Enclosure

LAW OFFICES
WILLIAM P. CROTTS
PROFESSIONAL CORPORATION

300 WEST OSBORN ROAD, SUITE 100
PHOENIX, ARIZONA 85013
TELEPHONE (602) 279-3587



February 27, 1990

Matthew J. Zale
Director of Securities
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

Dear Mr. Zale:

This office has been retained by the Baptist Foundation of Arizona, Inc., dba Foundation Plan of Church Finance, a nonprofit, religious corporation, incorporated under the laws of the State of Arizona, and Royal Palms Baptist Church, Phoenix, Arizona, also a nonprofit, religious corporation, incorporated under the laws of the State of Arizona.

Royal Palms Baptist Church of Phoenix, Arizona intends to issue and sell \$526,000.00 in church building debentures to payoff indebtedness totaling approximately \$505,750.00. The date of issue is May 1, 1990. The church will be fully responsible for the repayment of those notes.

The Foundation Plan of Church Finance will act as the administrative vehicle by which the debentures will be issued. That is, the Foundation Plan will print the debentures, print an offering circular based upon information provided by the church, and supply the church with a sales manual and a debenture registration book. The Foundation Plan will receive a fee for its services from the Royal Palms Baptist Church of Phoenix, Arizona, which will be computed as a percentage of the total dollar amount of the offering. The Foundation Plan will assume absolutely no liability for repayment of the debentures.

You should also be aware that the sole purpose of the Foundation Plan of Church Finance is to provide a vehicle for local churches to obtain financing through the issuance and selling of promissory notes.

It is my understanding that the above-described debentures are "exempt securities" within the meaning of A.R.S. Section 44-1843, Paragraph 6. Therefore, it follows that (1) the said debentures are exempt from the registration requirements

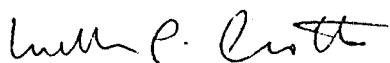
Mr. Matthew J. Zale
February 27, 1990
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imposed by A.R.S. Section 44-1871 through 44-1875 and Sections 44-1891 through 44-1900, and (2) the Foundation Plan of Church Finance is exempt from registering as a dealer or seller pursuant to the provisions of Article 9 of Chapter 12 of Title 44 of the Arizona Revised Statutes.

Therefore, please regard this letter as a request for a "no action" letter from your agency indicating that (1) the debentures themselves are not subject to registration, under the Arizona Securities Laws, and (2) the Baptist Foundation of Arizona, Inc., dba Foundation Plan of Church Finance is not subject to the registration requirements as a dealer or seller.

I trust that this letter will provide you with all the information you need. However, if you have any questions, please feel free to contact me at my office. Please respond as quickly as possible.

Sincerely,



William P. Crotts
President

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LAW OFFICES
WILLIAM P. CROTTS
PROFESSIONAL CORPORATION

300 WEST OSBORN ROAD, SUITE 100
PHOENIX, ARIZONA 85013
TELEPHONE (602) 279-3587

April 4, 1990

Julie VanDyne
Arizona Corporation Commission
Securities Division
1200 W. Washington, Suite 201
Phoenix, Arizona 85007

RE: Royal Palms Baptist Church, Phoenix
Debenture Issue

Dear Ms. VanDyne:

Thank you for your phone call.

To clarify my letter of February 27, 1990, please be advised that the indebtedness of \$505,750.00 which is being paid off by the church out of the debenture sale proceeds is indebtedness owed by the church to the Valley National Bank. That indebtedness arose as a result of the church refinancing debt which it incurred a number of years ago to both purchase the property where the church is located and to build the existing facilities.

I hope this answers your question. If you need other information, please let me know.

Very truly yours,

William P. Crotts

William P. Crotts

WPC:nsj

