involve only funding independent of the Company and the Subsidiary; (2) the Credit Facility will have no contractual obligation to make loans to investors; and (3) the amount of any loan will be limited to 50% of the net asset value of the Shares and Bonds securing the loan.

Redemptions of Bonds under the Optional Redemption Provisions will be made only at the option of the Subsidiary and solely from: (1) regular payment of principal on the Subsidiary's mortgage loan investments; (2) full or partial prepayments of the Subsidiary's loan investments; and (3) proceeds from the liquidation of the Subsidiary's investments in mortgages and properties. The Subsidiary's investments in mortgages and properties will not be liquidated to meet investor requests for redemption, but rather will be liquidated only for purposes of meeting investment objectives.

On the basis of the representations in your letter, we would not recommend that the Commission take any enforcement action against the Company or the Subsidiary if the Company issues the Shares and the Subsidiary issues the Bonds without registering under the Act. Because this position is based on the representations you made to the Division, you should note that any different facts or conditions might require a different conclusion. Further, this response expresses only the Division's position on enforcement action and does not purport to express any legal or interpretive conclusion on the issues presented.

L. Hope Lewis

L. Hope Lewis
Attorney