

Municipal Secondary Market Disclosure Information Cover Sheet

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board, Nationally Recognized Municipal Securities Information Repositories, and any applicable State Information Depository, whether the filing is voluntary or made pursuant to Securities and Exchange rule 15c2-12 or any analogous state statute.

See www.sec.gov/info/municipal/nrmsir.htm for the list of current NRMSIRs and SIDs.

If this filing relates to a Single Bond Issue:

Provide name of bond issue exactly as it appears on the cover of the Official Statement (please include name of state where the Issuer is located).

Provide 9-digit CUSIP* numbers to which the information relates:

If this filing relates to all securities issued by the Issuer or all securities of a specific credit or issued under a single indenture:

Issuer's Name (please include name of state where issuer is located):

Abilene Health Facilities Development Corporation

Other Obligated Person's Name (if any): Sears Methodist Retirement System Obligated Group Project

(exactly as it appears on the Official Statement Cover)

Provide six-digit CUSIP* number(s) of Issuer: See Attached

***(Contact CUSIP's Municipal Disclosure Assistance Line at 212.438.6518 for assistance with obtaining the proper CUSIP numbers).**

Type of Filing:

(X) Electronic (number of pages attached) 1

() Paper (number of pages attached) _____

If information is also available on the Internet, give URL: _____

What type of information are you providing? (Check all that apply)

A. ☐ Annual Financial Information and Operating Data pursuant to Rule 15c2-12
(Financial information and operating data should not be filed with the MSRB)

Fiscal Year Covered: _____

B. ☐ Audited Financial Statements of CAFR pursuant to Rule 15c2-12

Fiscal Year Covered: _____

C. ☐ Notice of Material Event pursuant to Rule 15c2-12 (Check as appropriate)

1. ☐ Principal and interest payment delinquencies
2. ☐ Non-payment related defaults
3. ☐ Unscheduled draws on debt service reserves reflecting financial difficulties
4. ☐ Unscheduled draws on credit enhancements reflecting financial difficulties
5. ☐ Substitution of credit or liquidity providers, or their failure to perform
6. ☐ Adverse tax opinions or events affecting the tax-exempt status of the security
7. ☐ Modifications to the rights of security holders
8. ☐ Bond calls
9. ☐ Defeasances
10. ☐ Release, substitution, or sale of property securing repayment of the securities
11. ☐ Rating changes

D. ☐ Notice of Failure to Provide Annual Financial Information as Required

E. ☒ Other Secondary Market Information (specify): Obligated Group No Default Certificate Non-Compliance for FY2011

I hereby represent that I am authorized by the issuer of obligor or its agent to distribute this information publicly:

Issuer Contact:

Name _____ Title _____

Employer _____

City _____ State _____ Zip Code _____

Telephone _____ Fax _____

Email Address _____ Issuer Web Site _____

Dissemination Agent Contact, if any:

Name _____ Title _____

Employer _____

City _____ State _____ Zip Code _____

Telephone _____ Fax _____

Email Address _____ Relationship to Issuer _____

Obligor Contact, if any:

Name Terry Myers Title CFO

Employer Sears Methodist Retirement System, Inc.

City Austin, TX State TX Zip Code 78746

Telephone 512.329.6716 Fax 512.329.0933

Email Address tmvers@sears-methodist.com Obligor Web Site www.sears-methodist.com

Investor Relations Contact, if any:

Name _____ Title _____

Telephone _____ Email Address _____

CUSIPS

Series 1998A

003453AJ6
003453AK3
003453AL1
003453AM9
003453AN7
003453AP2

Series 1998B

003453AA5
003453AU1

Series 1999

003453AW7
003453AX5
003453AY3

Series 2003

003453BB2
003453BC0
003453BD8
003453BE6
003453BF3
003453BG1
003453BH9
003453BJ5
003453BK2
003453BL0
003453BM8
003453BP1
003453BN6

SMRS

SEARS METHODIST RETIREMENT SYSTEM, INC.
A Not For Profit Corporation

May 22, 2012

ABILENE

Mesa Springs
Retirement Village

Southwest Therapy Associates

Wesley Court
Methodist Retirement Community

AMARILLO

The Canyons
Retirement Community

The J. Paul & Polly Craig
Methodist Retirement
Community

LUBBOCK

Mildred & Shirley L. Garrison
Geriatric Education and
Care Center

ODESSA

Parks Methodist
Retirement Village

Desert Haven

TYLER

Meadow Lake,
A Senior Living Community

Michael K. Herberger
Vice President
The Bank of New York Mellon Trust Company, N.A.
2001 Bryan Street - 11th Floor
Dallas, TX 75201

Re: Abilene Health Development Corporation Retirement Facility Revenue
Bonds (Series 1998, 1999 and 2003)

Dear Michael:

For the year ended December 31, 2011, the Obligated Group of Sears Methodist Retirement System, Inc. was not in compliance with all terms, covenants, provisions and conditions of the Master Trust Indenture of Section 4.06.

Sears was not in compliance with the Debt Coverage covenant with the actual coverage being below 1.0 and the Days Cash on Hand covenant being below 75 days. In addition to these financial covenants violations, Sears was in payment default for the May 2012 semi-annual bond payment with \$1.2m drawn from the Debt Reserve to make the \$3.4m total payment due.

The Annual Certificate of the Auditors as required under the Master Indenture Section 4.08 (a) reflecting the violations was filed on EMMA.

Sincerely,



Terry Myers
Senior Vice President, CFO