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October 7, 1998

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NOTICE OF APPLICATION FOR TRANSFER OF A WASTEWATER CERTIFICATE

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MAIL ROOM

Hacienda Utilities, Ltd., 4340 East West Highway, Ste. 206, Bethesda, Maryland, pursuant to Section 367.071, Florida Statutes, hereby notices its intent to apply to the Florida Public Service Commission for transfer of wastewater Certificate No. 285-S from Hacienda Village Utilities, Inc. to Hacienda Utilities, Ltd., for the following described territory located in Pasco County, Florida:

The following described lands located in portions of Section 03, Township 26 South, Range 16 East, Pasco County, Florida:

Section 03

The West 1/2 of the Southeast 1/4

Any objections to the Application must be filed with the Director, Division of Records & Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, with copy to John L. Wharton, Esq. Rose, Sundstrom & Bentley, 2548 Blairstone Pines Drive, Tallahassee, Florida 32301, no later than 30 days after the last date that the Notice was mailed or published, whichever is later.

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- RCH _____
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- WAS 1
- OTH _____

DOCUMENT NUMBER-DATE

11096 OCT-88

FPSC-RECORDS/REPORTING

**MOBILE HOME PARK
PURCHASE AND SALE AGREEMENT**

THIS AGREEMENT is made this 17 day of March, 1998, by and among:

SELLER: Hacienda Village M.H.P., Inc.
a Florida corporation
Sam Hachem, President

and Hacienda Village Utility, Inc.
a Florida corporation
Sam Hachem, President

c/o Gordon Comer
United American Realty Corporation
117 West Alexander, suite 386
Plant City, FL 33566
PHONE: 813-759-0282
FAX: 813-759-2818

and

BUYER: Diversified Investments Partners, LLC,
a Delaware limited liability company
c/o Barry L. Haase, Chairman
4340 East West Highway, Suite 206
Bethesda, MD 20814
PHONE: (800) 284-2795
FAX: (301) 718-7907

*Seller Changes Agreed to
by Buyer on 3/19/98*

WITNESSETH:

WHEREAS, Hacienda Village Mobile Home Park, Inc., is the fee simple owner of certain premises commonly known as Hacienda Village (Hacienda) located in New Port Richey, Florida, more particularly described in Exhibit "A-1" attached hereto and made a part hereof (together with all rights and easements appurtenant thereto and all permanent improvements (excluding mobile homes owned by residents of the Park) and fixtures thereon, being hereinafter collectively referred to as the "Hacienda Property"); and

WHEREAS, Hacienda Village Utility, Inc., is the owner of certain state utility franchises, utility (sewer) plant and water well facilities located in New Port Richey, Florida, more particularly described in Exhibit "A-2" attached hereto and made a part hereof and operates certain utility services, including sewer and water, for the Hacienda Property and sewer service for a limited number (approximately 46) of other houses (being hereinafter collectively referred to as the "Utility Company"); and

WHEREAS, the Hacienda Village M.H.P., Inc., and the Hacienda Village Utility, Inc., are hereinafter collectively referred to as "Seller" and the Hacienda Property and the Utility Company are hereinafter sometimes collectively referred to as the "Property" or the "Real Property"; and

WHEREAS, Seller desires to sell and Buyer desires to purchase the Real Property, all income rights associated therewith, and all personal property, inventory, and equipment, used or useful in connection with the operation of the Property and located thereat, including, without limitation, the items described in the Schedule of Personal Property and Equipment for the Hacienda Property, attached hereto as Exhibit "B-1" and made a part hereof, and the Schedule of Personal Property and Equipment for the Utility Company, attached hereto as Exhibit "B-2" and made a part hereof, together with all licenses and permits in connection with any of the foregoing, all under the terms and conditions set forth herein (the aforesaid Real Property, personal property, and equipment being hereinafter collectively referred to as the "Property").

[Signature]

NOW, THEREFORE, in consideration of the mutual covenants contained herein, together with other valuable considerations, the receipt and sufficiency of which is hereby acknowledged, Seller agrees to sell and Buyer agrees to buy the Property on and under the terms and conditions herein set forth.

1. RECITALS. The above recitals are true and correct and are incorporated herein by reference.

2. PURCHASE PRICE. The purchase price for the Property shall be THIRTEEN MILLION DOLLARS (\$13,000,000) (the "Purchase Price") allocated in amounts to be determined for the purchase of the Real Property and towards the purchase of the personal property and equipment. The Purchase Price shall be payable as follows:

(a) Initial Earnest Money Deposit. As an initial earnest money deposit (the "Initial Deposit"), Buyer shall, upon the execution of this Agreement, deposit with Attorney's Title Insurance Fund, Inc., c/o Dale Bernstein, Esq., ("Escrow Agent") the sum of ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$100,000) which sum shall be held in escrow and credited toward the Purchase Price of the Property at closing (hereinafter defined) or otherwise disbursed by Escrow Agent in accordance with the terms of this Agreement.

(b) Additional Earnest Money Deposit. As an additional earnest money deposit (the "Additional Deposit") Buyer shall, upon expiration of the Inspection Period (as defined below) deposit with Escrow Agent the additional sum of ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$100,000.00) which sum shall be held in escrow and credited toward the Purchase Price of the Property at closing on the Closing Date. The Initial Deposit and the Additional Deposit shall hereinafter collectively be referred to as the "Earnest Money Deposit" which shall become non-refundable upon expiration of the Inspection Period, but shall be fully refundable at Buyer's request prior thereto. The Earnest Money Deposit will be held in an interest bearing escrow account with the interest credited to Buyer. Should Buyer not make the Earnest Money Deposit or withdraw the Earnest Money Deposit during the Inspection Period, this Agreement shall be null and void, and the parties to this Agreement shall have no further obligations to each other.

(c) Financing Contingency. Buyer shall have until the expiration of the Inspection Period (as defined in Paragraph 3) in which to obtain a loan commitment for the Property from an institutional lender acceptable to Buyer containing terms and conditions acceptable to Buyer, provided, however, that the amount of such permanent financing shall not exceed 80% of the Purchase Price.

(d) Cash. Cash at closing in the amount of TWELVE MILLION EIGHT HUNDRED THOUSAND AND NO/100 (\$12,800,000), less any credits, adjustments or prorations due to Buyer as provided herein, plus any additional consideration due to Seller as provided for hereinafter, payable by locally drawn cashier's check or Federal Reserve Bank wire transfer of U.S. Funds by 10:00 am on the morning of the closing.

3. INSPECTION PERIOD. Notwithstanding any other provision of this Agreement, Seller and Buyer acknowledge and agree that Buyer shall have until 6:00 p.m. (EST) on the forty-fifth (45th) day from the Effective Date within which time, at Buyer's sole expense, to obtain and/or review information concerning the Property and Buyer's acquisition thereof as Buyer may reasonably require (the "Inspection Period"). Seller shall use its best efforts to provide Buyer with all non-proprietary documents in Seller's possession promptly during the Inspection Period. Should Buyer for any reason whatsoever elect not to proceed with the closing of the sale and purchase of the Property, Buyer shall send written notice of such fact to Seller prior to expiration of the Inspection Period, whereupon this Agreement shall terminate, the Initial Earnest Money Deposit shall be returned to Buyer, and the parties to this Agreement shall have no further obligation to each other.

Buyer acknowledges that upon the satisfaction or waiver of the Inspection Period, Buyer will have fully examined and inspected the Property, including the construction, renovation, operation and leasing of the Property, together with such documents and materials with respect to the Property which Buyer deems

necessary or appropriate in connection with its investigation and examination of the Property. Buyer will then have accepted the physical condition of the Property, will be deemed fully satisfied with the Property and will purchase it "AS IS" based on its own investigations, reports and experts. From and after the Closing Date (as hereinafter defined) Buyer shall assume responsibility for the physical condition and operation of the Property. Buyer's decision to purchase the Property shall be deemed based solely on Buyer's own independent investigation thereof.

Attached hereto as Exhibit "E" is a list of the preliminary items of due diligence to be provided by Seller to Buyer, which Seller shall provide promptly upon commencement of the Inspection Period. Buyer shall have the option to request any additional items necessary reasonably required to complete its due diligence by giving Seller written notice of such request. Seller shall provide Buyer with those items requested, assuming that they exist, within five (5) days from the date of Seller's receipt of said written notice; failure to provide such material shall extend the Inspection Period commensurately. Buyer shall rely solely on its own investigations, including but not limited to Phase One environmental studies, termite inspections and engineering reports, in determining the condition of the Property.

4. **RIGHT OF ENTRY.** Seller hereby grants to Buyer and Buyer's agents, employees, contractors, and representatives (collectively "Buyer's Investigators"), from and after Effective Date of this Agreement through the Inspection Period, a right of entry upon the Real Property and a right of inspection of the park office for the purpose of inspecting the Property (including on-site financial records which would be reviewed at the corporate office, financial records located at the corporate office, and other such information), provided said right is exercised at reasonable times, and in a reasonable manner and does not interfere with Seller's operation of the Property. For all such Property visits, Buyer and its agents shall obtain a security pass to minimize dialogue with the Seller's on-site personnel and shall notify Seller at least 24 hours in advance of any such Property inspections. Buyer, at its expense, has the option to have Buyer's Investigators to inspect the Property prior to the expiration of the Inspection Period to ascertain the working order and condition of the Property. Buyer shall indemnify, defend and save and hold Seller harmless from and against any personal injury, wrongful death, damage to the Property or mechanics liens caused by Buyer and/or Buyer's Investigators as a direct and proximate result of the exercise of the right of entry granted herein, which indemnity shall survive the termination of this Agreement or the closing of this transaction and delivery of the deed hereunder. At the end of the Inspection Period and after the Deposit has been made, the Buyer shall have reasonable access to the Property and the Seller shall provide the Buyer with the necessary access to the homeowner's association records at any time prior to the Closing Date.

5. **REPRESENTATIONS.** Seller makes the following representations, all of which shall be true and correct continuously throughout the term of this Agreement but which shall not survive the date of closing:

- (a) Seller has good, marketable and insurable title to the Real Property.
- (b) To the best of Seller's actual knowledge, there is no pending or threatened condemnation or similar proceeding affecting the Real Property or any part thereof and Seller has no knowledge that any such proceeding is presently contemplated and the Property is free from damage or destruction due to any casualty loss except for the clubhouse roof and ceiling recently damaged in rain storms and which will be repaired prior to the Closing Date at Seller's expense.
- (c) To the best of Seller's actual knowledge, there are no claims, actions, suits or other legal or administrative proceedings, including bankruptcy proceedings, pending or actually threatened, against or involving Seller or the Real Property which could affect the consummation of the transaction contemplated hereby, and Seller is not aware of any facts which might result in any such action, suit or other proceeding. However, Buyer is advised that the Seller may bring a legal action against the former manager or resident(s) of the Property concerning certain sales activity for manufactured homes within the Property. Seller will indemnify Buyer and will hold Buyer harmless for any and all damages which may result from any legal actions concerning such home sales which occurred prior to the Closing Date.

(d) To the best of Seller's actual knowledge, there are no special or other assessments levied against or relating to the Property and Seller does not know of any proposed assessments.

(e) Seller will not enter into any amendment to or modification of any of the Leases at the Property prior to the closing which will reduce, forgive, or postpone any rents or which would otherwise materially affect the value of the Property, without Buyer's consent; that no rents or other deposits are or will on their respective closing date be held by Seller, except security deposits and prepaid rents for the current month; that there are no commissions or other fees payable to any person, entity or agent on the rentals collected or to be collected under the Leases.

(f) To the best of Seller's actual knowledge, all documents and materials provided to Buyer in response to Buyer's due diligence requests are complete and accurate.

(g) To the best of Seller's actual knowledge, there has been no production, storage, transport, treatment, spillage, infiltration, or disposal upon the Property of any toxic or hazardous substance in excess of limits allowed by law.

(h) To the best of Seller's actual knowledge, Seller has full authority to execute this Contract and all documents necessary to accomplish the sale contemplated herein.

(i) To the best of Seller's actual knowledge, Seller has complied with all applicable laws, ordinances, regulations, orders, rules and restrictions pertaining to or affecting the ownership and operation of the Real Property and the sale thereof contemplated by this Agreement including, but not by way of limitation, the Florida Mobile Home Act (Chapter 723, Florida Statutes) and, in particular, §723.071 thereof. Seller hereby advises the Buyer that the Florida DBPR is investigating certain monetary charges, e.g., solid waste assessments, late charges, and guest fees, assessed by the Seller to the life tenants at the Hacienda Property which were in excess of the normal monthly payments.

(j) From the date of this Agreement to Closing Date, Seller shall conduct its business involving the Real Property in the ordinary course, and during said period will:

(1) Refrain from transferring any of the Property or creating on the Property any easements, liens, mortgages, encumbrances or other interests that would affect the Property or Seller's abilities to comply with the terms of this Agreement;

(2) Refrain from entering into any contracts or other commitments regarding the Property, other than in the ordinary and usual course of business, without the prior written consent of Buyer;

(3) Continue to maintain and repair the Property in at least the manner which Seller has previously maintained and repaired the Property, and Seller will permit no wasting of the Property and deliver the Property to Buyer in its present condition at Closing;

(4) Keep in effect Seller's existing policies of public liability and hazard and extended coverage insurance insuring the Property which costs, if the policies are assumable by Buyer, shall be prorated at the Close of Escrow;

(5) Promptly comply with all notices of violation of laws or municipal ordinances, regulations, orders or requirements of departments of housing, building, fire, labor, health, or other state, city or municipal departments or other governmental authorities having jurisdiction against or affecting the Property or the use or operation thereof; and

(6) Provide the annual rent increase notice for the Property due in the normal course of business for a lot rent increase for each homesite in an amount comparable to the prior year and in conformance with the lease agreement entered into with the residents on or about May 8, 1997.

6. TITLE INSURANCE.

(a) At least 30 days prior to the expiration of the Inspection Period provided for herein, Escrow Agent shall deliver to Buyer for approval, as hereinafter provided, a preliminary owner's title commitment for a title insurance policy for the Property (together with copies of all exception documents referred to therein) to be issued by a nationally recognized title insurance company licensed and qualified to do business in Florida as selected by Seller. The binders and policies to be issued pursuant thereto shall be paid for by Seller, shall be issued at the minimum promulgated rate, and shall be in an amount equal to the amount of the purchase price. They shall be in a current ALTA standard form "B", except that there shall be no exceptions unless agreed to by Buyer during the Inspection Period (the "Permitted Exceptions"). The policy shall insure marketable title.

(b) Buyer or Buyer's attorney shall have ten (10) days after receipt of the title binder, together with copies of all exception documents referred to therein, to give written notice to Seller or Seller's attorney of any objections by Buyer to the state of title (including any matters shown on the survey which are unacceptable to Buyer). Failure of Buyer or Buyer's attorney to deliver a written notice of disapproval of the state of title to Seller or Seller's attorney within said ten (10) day period shall be conclusive evidence that Buyer has approved each and every matter contained in said preliminary title report and shown on the survey and that Buyer will accept title in that condition.

(c) Seller shall have thirty (30) days to cure any title defects. If Seller fails to cure any title defect as to which due notice is given, Buyer shall have the option to:

(i) terminate this Agreement, in which case Buyer shall notify Seller that Buyer will not proceed with the purchase, whereupon this Agreement shall terminate and all parties shall be released from any further obligations hereunder, except that Buyer shall be entitled to an immediate refund of all monies paid in respect of the purchase price plus accrued interest, if any; or

(ii) proceed under this Agreement and accept title to the Real Property subject to such defects after Seller's additional reasonable efforts to cure such existing defects.

(d) Escrow Agent, as the agent for the title insurance company, shall be in attendance at the closing and be in a position to issue the title policy upon recording the appropriate documents and insure that Seller has complied with all requirements set forth under Florida Statutes 723.071(1), (2) and (3) to extinguish any right of purchase or rescission in favor of any tenants or homeowners association, if any, upon the execution and delivery of the statutory affidavit to be executed by Seller and to insure the Real Property free and clear of all exceptions to title other than the Permitted Exceptions.

7. SURVEY. Within ten (10) days of the Effective Date of this Agreement, Seller shall deliver to Buyer a copy of Seller's most recent survey of the Real Property. Prior to expiration of the Inspection Period (should Buyer elect to purchase the Property) Buyer may, at its expense, elect to obtain a current survey of the Real Property. The survey shall be prepared by a registered and/or licensed land surveyor in Florida, shall: (i) meet no less than the minimum technical standards of the Florida Administrative Code for land surveys and; (ii) shall be certified to Seller, Buyer, Escrow Agent, Buyer's chosen lender, Buyer's counsel, the title company issuing the title policy called for herein and any other person or entity designated by Buyer; and shall show the location of all permanent improvements, man-made objects (other than mobile homes, patios, driveways, carports and private roads within the perimeter boundaries of the Real Property), easements, encroachments, setbacks, road right of ways and such other matters as Buyer may reasonably require; and (iii) shall otherwise be in form acceptable to Buyer and the title company. The survey shall be prepared by a surveyor acceptable to Buyer and the legal description of the Real Property shall be printed on the survey. In the event the survey indicates any encroachments onto or off of the Property or other matters which constitute exceptions to title required by the title company to be set forth in Schedule B of the Title Policy or which preclude the deletion of the standard exceptions, the same shall be treated as a title defect and the provisions of Paragraph 6 hereof shall apply with respect thereto as to, without limitation, the Buyer's obligation to object and the Seller's right to cure. Buyer is aware of a minor roadway encroachment currently existing at the Property.

8. **CONDITIONS PRECEDENT.** The following are conditions precedent to Buyer's obligation to close and consummate the transaction contemplated by this Agreement. Buyer and only Buyer may waive one or more of these conditions. In the event that all of these conditions are not satisfied or fulfilled by the Closing Date, Buyer may elect not to close this transaction, and in such event, Buyer shall be entitled to the prompt return from Escrow Agent of the Earnest Money Deposit:

(a) There shall have been no material change in the gross operating income of the Property. For the purpose of this paragraph, a material change is understood to be any item that would have an adverse economic impact to the Property in excess of \$40,000.

(b) The right of purchase or rescission in favor of the tenants or homeowners association, if any, pursuant to Florida Statutes 723 shall have been extinguished as of the Closing Date. In the event such right has not been extinguished prior to Closing Date, Buyer shall be refunded the Earnest Money Deposit and Extension Fee, if any, with all interest earned thereon.

9. **CLOSING.** The sale and purchase transaction contemplated by this Agreement shall be closed and consummated within 15 days after the 45 day statutory period during which the residents or homeowner's association, if any, have the right of Property purchase or rescission pursuant to Florida Statutes 723 (the "Closing Date"). It is agreed that the required notice to such residents or association pursuant to Florida Statutes 723 shall be given at the conclusion of the 45 day Inspection Period and receipt by Seller of the Buyer's Additional Earnest Money Deposit. If actions by the residents or homeowners association prevent a timely Closing as contemplated herein (i.e., within the 15 day period after the 45 day response period afforded the residents or homeowners association pursuant to Florida Statutes 723), Seller shall have a 30 day period in which to cure or otherwise remedy the issues with the residents and/or homeowners association and thereby extinguish the right of the residents and/or homeowners association of purchase or rescission pursuant to Florida Statutes 723, during which time the Buyer's right to purchase the Property shall be extended. However, if the residents and homeowners right of purchase or rescission pursuant to Florida Statutes 723 still has not been extinguished at the end of the 30 day cure period, Buyer shall have the right to a prompt refund of the Earnest Money Deposit and Extension Fee, if any, with all interest thereon, unless a further extension is agreed to by Buyer and Seller. Closing shall be at the offices of Seller's counsel or, at Seller's option, may be effected through the mail as coordinated by counsel for Seller and Buyer. Notice shall be given to Escrow Agent at least five (5) days in advance of the date established by the parties for closing. The closing shall be at 10:00 A.M. unless otherwise agreed by the parties or their counsel. At closing, Seller and, as applicable, Buyer shall execute and deliver the following documents in form acceptable to Buyer and Seller and/or undertake the following:

(a) All corporate certifications, resolutions and approvals necessary to evidence both the Seller's and Buyer's authority to enter into and consummate the transactions contemplated by this Agreement.

(b) Special Warranty Deed from Seller to Buyer conveying title to the Real Property to Buyer free and clear of all liens, encumbrances and matters other than the Permitted Exceptions.

(c) Bill of Sale from Seller to Buyer transferring the Personal Property free and clear of all liens and encumbrances and "AS IS," together with the original Motor Vehicle Certificate of Title (properly endorsed and lien free) for each mobile home unit and motor vehicle included in this purchase and sale, if any.

(d) Affidavit of No Liens by Seller.

(e) Affidavit of Non-Foreign Status by Seller.

(f) Affidavit of Compliance by Seller in conformity with Chapter 723.072,

Florida Statutes.

(g) Certified parcel roll in the form of Exhibit "C-1" hereto dated and accurate and certified by Seller to Buyer.

(h) Assignment from Seller to Buyer assigning all of Seller's right, title and interest, to the extent it exists and without representation or warranty, in and to the name(s) by which the Property is commonly known, all authorizations, permits and licenses relating to the operation of the Property which are assignable by Seller, if any, the telephone numbers used on the Property by Seller, if allowed by the telephone company, and all leases, contracts and other items required to be assigned as set forth in this Agreement, free and clear of all liens and encumbrances except for the matters permitted in this Agreement, all of which shall be assumed by Buyer effective from and after each of the respective closings. Seller shall undertake all action, and execute all forms, required by all governmental authorities and contract vendors to effect this assignment.

(i) Assignment by Seller, to the extent they exist and without representation or warranty, of all currently existing and effective claims, guaranties, warranties, indemnifications and all other rights, if any, which Seller may have against suppliers, laborers, material men, contractors, or sub-contractors arising out of or in connection with the installation, construction and maintenance of the Property; all of which shall be assumed by Buyer effective from and after each of the respective closings.

(j) Assignment by Seller, to the extent they exist and without representation or warranty, to Buyer of all agreements, permits and licenses, if any, which Seller has for access and utilities to service the Property; all of which shall be assumed by Buyer effective from and after each of the respective closings.

(k) Certification from Seller that the matters set forth in Paragraph 8 are true and correct as of the Closing Date;

(l) Sale Settlement (i.e., Closing) Statement by Seller and Buyer.

(m) Such other documents as are reasonably necessary to close and consummate the purchase and sale transaction contemplated by this Agreement

(n) Seller shall deliver to Buyer all existing plans and specifications relating to the improvements located upon the Property which are in Seller's possession or reasonably accessible to Seller (to the extent they exist).

(o) Seller shall deliver and assign to Buyer all of Seller's right, title and interest, if any, in and to all licenses, permits, certificates of occupancy, mobile home titles (for the office unit) and such other comparable certificates or documents issued by the appropriate governmental authorities with respect to the Property or any part thereof which are legally assignable by Seller, if any.

(p) Buyer shall deliver to Seller the adjusted cash portion of the Purchase Price and authorize Escrow Agent's delivery of the Deposit to Seller. Said sum shall be paid, at Seller's election, by locally drawn cashier's check or Federal Reserve Bank wire transfer by 10:00 am on the day of closing.

Notwithstanding anything to the contrary contained herein, Buyer shall deliver to Escrow Agent on behalf of Seller an additional, non-refundable payment (the "Extension Fee") in the amount of ONE HUNDRED TWENTY FIVE THOUSAND AND NO/100 DOLLARS (\$125,000.00) by no later than two weeks prior to the anticipated Closing Date, in consideration of Seller extending to Buyer an additional 38 days from the Closing Date, to close on the Property; it being acknowledged that this payment is not a penalty but rather valid consideration for the Seller keeping the Property off the market for Buyer's benefit and to the Seller's exclusion of other potential purchasers. Such Extension Fee will be held in an interest bearing account with the interest credited to the Buyer. This covenant is a material inducement to Seller entering into this Contract and the non-payment of the Extension Fee shall be an immediate default of this Agreement at the option of the Seller. The Extension Fee shall be credited to Buyer against the Purchase Price at the closing on the Closing Date and, likewise, shall be non-refundable subject to the terms and conditions of this Agreement.

10. **CLOSING COSTS.** Seller shall pay for documentary stamps on the Special Warranty Deed and all costs associated with the issuance of the title binder and policy and any corrective documents required for marketable and insurable title except that Buyer shall pay the costs for recording the Special Warranty Deed. Buyer shall pay for all of its financing costs (including all mortgagee title insurance endorsements and requirements), the survey and all costs associated with Buyer's inspection of the Property. Each party shall bear its own attorneys' fees and other professional costs, except as otherwise provided for herein.

11. **PRORATIONS.** Except as otherwise set forth in this Agreement, all taxes and other operating expenses and revenue of the Property shall be prorated as of the Closing Date. Taxes shall be prorated based upon 1998 assessed value taking into account the maximum available discount. If the closing takes place and the current year's taxes are not fixed and the current year's assessment is available, taxes shall be prorated based upon such assessment and the prior year's millage. If the current year's assessment is not available, then taxes shall be prorated on the prior year's tax taking into account the maximum available discount. Any rents received by Seller in respect of the period after the closing (for the applicable property) shall be promptly remitted to Buyer. With regard to delinquent rents, if any, Buyer shall not be held responsible for and Seller shall not be required to institute any proceedings whatsoever to collect such delinquent rents. All rents collected after the closing (for the applicable property) shall be first applied to rents due to Buyer and then to Seller for rents for periods prior to the closing (for the applicable property) which shall be promptly remitted to the Seller by Buyer. This obligation to remit shall survive the closing and delivery of the deed. Seller shall deliver to Buyer at the closing copies of such statements, invoices bills and receipts as shall be requested by Buyer to enable Buyer to verify the accuracy of the amounts of any prorations made pursuant to this paragraph. Buyer shall be credited at closing with all advance rentals and tenant security deposits previously paid to Seller. All prorations shall be made so that Seller has the benefit of all income and the burden of all expenses up to and including the closing (for the applicable property) and Buyer has the benefit of all income and the burden of all expenses after the closing (for the applicable property).

12. **PERSONAL PROPERTY.** Seller represents that it is the owner of all of the items described in the Schedule of Personal Property and Equipment attached hereto as Exhibit "B-1" and "B-2" made a part hereto by this reference, including the park office/mobile home located on the Real Property, free and clear of any and all liens and encumbrances other than mortgages, security agreements and financing statements which are to be released or satisfied of record at or prior to Closing hereunder. Seller agrees that it shall not remove from the Real Property any of the Personal Property currently used in connection with the operation of the Real Property as a rental mobile home community except as may be required in the ordinary course of business for repair or replacement, any such replacement of an item of Personal Property pending closing hereunder to be with a similar item or items of Personal Property of equal quality and quantity and free and clear of any liens and encumbrances other than mortgages, security agreements and financing statements to be released or satisfied of record at or prior to Closing hereunder. Buyer shall have the right at any time prior to the expiration of the Inspection Period, at its expense, to take and make a physical inventory of the Personal Property located on the Real Property provided that the time and the taking of such inventory is first coordinated with Seller. Seller shall have the right to have a representative of Seller present at the Real Property as and when such inventory of the Personal Property is taken by Buyer. The inventory of the Personal Property shall include a specific description of each major item of Personal Property sufficient for purposes of its reasonable identification and a general description of other items of Personal Property by general category or type; it being understood and agreed, however, that all items of Personal Property, as described in Exhibits "B-1" and "B-2" shall be sold and conveyed by Seller to Buyer at Closing in an "AS IS" condition. Upon approval by Seller of the inventory of Personal Property, if any, so taken by Buyer, such inventory shall be substituted for Exhibits "B-1" and "B-2" attached hereto and attached as exhibits to the Bill of Sale to be executed by Seller to and in favor of Buyer at the time of closings. Seller will deliver to Buyer said Bill of Sale, certificates of title and/or full warranties of title, for all such Personal Property included in the sale, including the park office mobile/home.

13. **OPERATION AND MAINTENANCE OF MOBILE HOME PARK.** Seller covenants that between the Effective Date and the Closing Date it will operate the Property in the same manner as any prudent mobile home park owner in the general location of the Property would operate its park and will continue its present advertising commitments and its usual program of advertising, if any. It is the intention of the parties

that the general operation of the Property shall not be changed between the Effective Date and the Closing Date.

14. **LEASES, RENTS AND TENANTS.** Pending the closing (as applicable) Seller agrees not to (except in the ordinary course of business with normal and customary terms): (a) terminate any lease affecting the Property unless the tenant is in default thereunder, (b) amend or modify any such lease or (c) enter into any new lease upon the vacation or eviction of any tenant, without in any such case, the prior written consent of Buyer not to be unreasonably withheld; provided, however, Seller shall have the right to execute any new leases under the same terms and conditions as currently prevail on the Property without obtaining Buyer's approval on any such lease. Seller shall comply with its obligations under each lease affecting the property and shall immediately notify Buyer of any default of the material terms and conditions of any lease. Seller agrees to have available for Buyer's review true copies of all existing written leases affecting the Property within five (5) days of the Effective Date of this Agreement. As an inducement to Buyer's purchase of the Property, Seller agrees to guarantee monthly payment to Buyer (commencing on the first month after the Close of Escrow) an amount equal to monthly rent in the amount of \$290 per site on four sites on which the homes are currently being rented and/or rented with option to purchase until each home is sold. Buyer agrees to allow Seller to keep on the Property up to six model homes which are being offered for sale without rental charge for a period of 18 months from the Closing of Escrow, provided, however, as such models are sold, the new owner will be responsible for rent at market rate as of the date such sales are finalized or when the new owner takes occupancy, whichever occurs first.

15. **SERVICE CONTRACTS/WARRANTIES OR GUARANTEES.** Seller represents and warrants that the Schedule of Service Contracts attached hereto as Exhibit "D-1" and by this reference made a part hereof contains a true and complete list of all Service Contracts and warranties or guarantees presently in force and effect and applicable to the Property. Within five (5) days after the execution of this Agreement by Seller, Seller shall deliver to Buyer true and complete copies of all such Service Contracts, warranties and guarantees. Seller agrees to maintain those Service Contracts in full force and effect and further agrees that, except in the ordinary course of business, Seller shall not to enter into any new Service Contracts applicable to the Property or amend any existing Service Contracts, warranty or guarantee, without the prior written consent of Buyer. At closing, Seller shall assign to Buyer all of its right, title and interest in and to the applicable Service Contracts and warranties and guarantees; provided, however, that Buyer shall have the right immediately after each closing hereunder to terminate any such applicable Service Contracts at no cost to the Buyer or Seller except for the annual trash collection contract with BFI which shall be assumed by the Buyer until its annual expiration date.

16. **CONDEMNATION.** If prior to the Closing Date for the Property, all or any part of the Property is taken by any governmental authority under its power of eminent domain, Buyer shall have the option, to be exercised within ten (10) days after Buyer receives written notice from Seller of same:

(a) To take title to that property at closing without any abatement or adjustment in the Purchase Price, in which event Seller shall unconditionally assign its rights in the condemnation award to Buyer (or Buyer shall receive the condemnation award from Seller if it has already been paid to Seller prior to closing); or

(b) To terminate this Agreement, whereupon the duties and obligations of each of the parties hereto shall end and Buyer shall be entitled to the prompt return from Escrow Agent of the Deposit and Extension Fee, if any.

17. **RISK OF LOSS.** Risk of loss by damage or destruction to the Property prior to the Closing Date shall be borne by Seller. In the event of substantial damage (i.e., in an amount in excess of \$40,000) to said Property prior to the closing by fire or other casualty:

(a) Seller shall give prompt notice of such damage to Buyer.

(b) Seller shall furnish Buyer promptly with an estimate of the cost of the restoration, replacement or repair of such damage; and

(c) Buyer shall have the option to:

(i) terminate this Agreement and obtain the prompt return from Escrow Agent of its Deposit and Extension Fee, if any; or

(ii) Take title to the applicable property at closing without any abatement or adjustment in the purchase price, in which event Seller shall unconditionally assign its rights in any insurance proceeds to Buyer (or Buyer shall receive the insurance proceeds paid to Seller if they have already been paid prior to closing) after payment of any deductible to Buyer from Seller.

18. **TERMITE INSPECTION AND REPORT.** Prior to the expiration of the Inspection Period and at Buyer's expense, Buyer shall obtain a termite certificate for the Property. Any infestation or damage therefrom found to be existing shall be repaired in a reasonable time, not to exceed two (2) months from the Closing Date, at Seller's expense not to exceed \$5,000.00 in the aggregate. In the event Seller fails to make said repairs within said time period, Buyer shall have the right to make said repairs and to collect the cost thereof (not to exceed said \$5,000.00) from Seller in the manner provided for a reparation pursuant to Paragraph 11 above. Any sums advanced by Buyer in this connection shall bear interest at the highest lawful rate until paid. This paragraph shall survive the closing of this transaction and delivery of the deed.

19. **ASSIGNMENT OF NAME AND TELEPHONE NUMBER.** At closing, Seller shall assign to Buyer, without limitation, all of its right, title and interest in the name(s) and phone numbers by which each of the respective properties are commonly known except the phone number for Hacienda Village Mobile Home Sales if Seller still owns any homes at the Property at the Closing Date. & name

20. **SUPPLIES.** Inventories of supplies, including but not limited to paint, toilet tissue, soap, paper towels and all cleaning materials, if any, shall be transferred to Buyer at no additional cost at the time of each closing and shall be covered by the applicable Bill of Sale.

21. **DEFAULT BY SELLER.** If, under the provisions of this Agreement, Seller shall be obligated to complete the sale of the Property but fails to do so within the applicable period provided for closing and such default continues for a period of fifteen (15) days after written notice thereof from Buyer to Seller, or shall otherwise fail to perform any of the other obligations of Seller hereunder within the required time period, Buyer shall have the option, to be exercised in its sole discretion, to either: (a) apply to the Circuit Court of Pasco County to seek to have specific performance under this Agreement to purchase the Property; and/or (b) if specific performance is not available or granted to Buyer, obtain the prompt return from Escrow Agent of the Deposit and Extension Fee, if any, with interest (if any), together with any other amounts due and owing to Buyer pursuant to the terms of this Agreement, and thereafter terminate this Agreement.

22. **DEFAULT BY BUYER.** If, under the provisions of this Agreement, Buyer shall be obligated to complete the purchase of the Property but fails to do so within the applicable period provided for each respective closing, and such default continues for a period of fifteen (15) days after written notice thereof from Seller to Buyer, Seller's sole right and exclusive remedy against Buyer shall be to obtain the Deposit and Extension Fee as: (a) consideration for the execution of this Agreement; (b) as agreed on liquidated damages sustained by Seller because of such default by Buyer (the parties hereto agreeing that the retention of such funds shall not be deemed a penalty, and recognizing the impossibility of precisely ascertaining the amount of damages to Seller because of such default and hereby declaring and agreeing that the sum so retained is and represents the reasonable damages of Seller); (c) in full settlement of any claims of damages and in lieu of a specific performance by Seller against Buyer; and (d) in consideration for the full and absolute release of Buyer by Seller of any and all further obligations under this Agreement. In the event Buyer defaults hereunder, Buyer shall forthwith on demand by Seller return to Seller all documents relating to the Property, including Buyer's copy of this Agreement.

23. **FLORIDA MOBILE HOME ACT.** Seller has previously delivered to Buyer a true and complete copy of the latest version of the prospectus or offering circular with respect to the Hacienda Village

M.H.P. filed pursuant to the Florida Mobile Home Act. At each closing, Seller shall deliver to Buyer an executed original of the affidavit contemplated by §723.072 of said Act.

24. **BROKER'S COMMISSION.** Seller and Buyer each warrant that there are no real estate or other brokers or finders of any type involved in this transaction, other than United American Realty Corporation (the "Broker"), to which a real estate commission is due at the closing of this transaction. Seller shall be responsible for payment of the real estate commission due to the Broker for this transaction in the amount of ONE HUNDRED THOUSAND DOLLARS (\$100,000) of which shall be due and payable on the Closing Date. A copy of the Broker Disclosure Form is attached hereto as EXHIBIT "F-1." Each party shall indemnify and hold harmless the other party from all claims or damages for any brokerage commissions and or fees being claimed arising out of this transaction resulting from the actions of the defaulting party, other than the commission due to the Broker, with the understanding that the provisions of this Paragraph 24 shall survive past the Closing Date.

25. **ASSIGNMENT.** Buyer shall have the right to assign this Agreement to entities whom Buyer controls and/or with whom Buyer has an existing business relationship.

26. **TIME IS OF THE ESSENCE.** Seller and Buyer acknowledge that time is of the essence of this Agreement.

27. **MODIFICATIONS.** The parties acknowledge that this Agreement (i) is the entire agreement between the parties with respect to the subject matter hereof; (ii) supersedes all prior negotiations or agreements between the parties; and (iii) cannot be modified except by written agreement executed by both parties.

28. **ATTORNEYS' FEES.** In the event of any disputes or claims between the parties arising out of this Agreement, or the collection of any funds due Buyer or Seller pursuant to this Agreement, the prevailing party shall be entitled to recover all costs incurred and reasonable attorneys' fees and expenses incurred. As used herein and throughout this Agreement, the term "attorneys' fees" shall be deemed to include all fees incurred whether by attorneys, paralegals, legal assistants or law clerks as deemed appropriate by a judge. Both Buyer and Seller agree to first mediate any dispute or claim and then submit to arbitration. Any claims or actions brought by either Buyer or Seller shall be brought against the business entities of the Buyer and Seller and not against the corporate officers, stockholders, representatives, agents, or employees of the Buyer or Seller.

29. **ESCROW AGENT.** The sole responsibility of the Escrow Agent shall be to deposit the Deposit and Extension Fee, if any, into an interest-bearing, insured money market account with a local bank upon execution and delivery of all forms (including a fully-executed IRS Form W-9) and documents necessary to do so and to disburse said funds according to the terms of this Agreement. Escrow Agent shall notify the parties hereto of the date of deposit, name of institution and current interest rate within five (5) days of deposit. In the event of a breach of this Agreement by either Seller or Buyer, or if, in the sole discretion of the Escrow Agent, some doubt exists as to when, to whom or under what circumstances such Deposit and Extension Fee, if any, shall be disbursed hereunder, and the parties hereto are unable after ten (10) days' prior written notice thereof from Escrow Agent to agree and direct Escrow Agent, in writing, as to when, to whom or under what circumstances Escrow Agent shall disburse the same, Escrow Agent shall be entitled to interplead said Earnest Money Deposit into the Circuit Court of Pasco County, Florida, without further liability or responsibility on its part. Costs, expenses and attorneys' fees incurred by Escrow Agent in connection with any such interpleader may be deducted by Escrow Agent from the amount of the Deposit prior to its deposit into the registry of the Court. In any event, however, all parties agree that Escrow Agent shall have no liability or any further responsibility to any party or person whomsoever for any disbursement of the Deposit and Extension Fee, if any, made by Escrow Agent in good faith unless such disbursement shall constitute a willful breach of the duties and obligations of Escrow Agent under this Agreement or gross negligence on the part of Escrow Agent. The interest received on the Deposit and Extension Fee, if any, shall be applied to the account of Buyer at closing. The Escrow Agent will hold and disburse funds paid in respect of the Purchase Price in escrow pursuant to the provisions of this Agreement and as directed by the parties in the Settlement (Closing) Statement.

30. **NOTICE.** Any notice given hereunder shall be in writing and sent by telefax, registered or certified mail, return receipt requested, or by overnight delivery service with receipt required to be signed for to the following addresses:

If to the Seller:

To: Sam Hachem c/o Hacienda Village Mobile Home Park, Inc.
Address: 6939 Hachem Drive
Port Richey, FL 34668
Telephone: 813-868-7418
Fax: 813-949-0343

With copies to attorney for Seller:

To:
Address:

Telephone:
Fax:

If to the Buyer:

To: Diversified Investments
c/o Barry L. Haase, Chairman
Address: 4340 East West Highway, Suite 206
Bethesda, MD 20814
Telephone: (800) 284-2795
Fax: (301) 718-7907

With copies to Attorney for Buyer:

To:
Address:

Telephone:
Fax:

If to the Escrow Agent:

To:
Address:

Telephone:
Fax:

or to such other address as is designated from time to time in writing by those entitled to receive notice. Telefax notice is effective on the date of transmission, so long as a certified or registered mailing or overnight delivery is forwarded to the party being noticed on the same day as the telefax transmission. Notice by mail shall be effective as of the date of mailing.

31. **NO ASSUMPTION OF LIABILITIES.** The parties acknowledge that this transaction contemplates only the sale and purchase of the Property and that the Seller is not selling a business other than the franchise of the Utility Company and the permits and licenses relevant thereto, nor do the parties intend

that Buyer be deemed a successor of Seller with respect to any liabilities of Seller to any third parties. Accordingly, in addition to the other terms and conditions of this Agreement, Buyer shall neither assume nor be liable for any payments and benefits to past and/or present employees of Seller in connection with the Business being conducted on or from the Property as may have accrued through the Closing Date, including, but not limited to, salaries, wages, commission, bonuses, vacation pay, health and welfare contributions, pensions, profit sharing, severance or termination pay, taxes or any other form of compensation or fringe benefit.

32. **EXHIBITS.** In the event that any exhibit which is referred to in this Agreement is not attached hereto at the time of execution of this Agreement by Seller and Buyer, Seller shall promptly cause any such missing exhibit to be prepared and submitted to Buyer for Buyer's approval within fifteen (15) days from the Effective Date hereof. Upon approval of a given exhibit by Buyer, the same shall be incorporated into this Agreement by written agreement executed by Seller and Buyer.

33. **CONSTRUCTION.** This Agreement has been negotiated between the parties who are experienced in commercial real estate transactions. Accordingly, this Agreement shall not be construed against either party as the drafter of the Agreement in the event of any litigation with respect to it.

34. **ACCEPTANCE.** Seller shall have until 5:00 P.M. (DST) on March 18, 1998, within which to accept this Agreement and require Buyer to submit the Initial Deposit for the Escrow Agent. In the event Seller fails to accept this Agreement as of that time and date, this Agreement shall be null and void and of no further effect.

35. **RADON GAS.** Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit.

The foregoing notice is provided pursuant to § 404.056(6), Florida Statutes (1995), which requires that such notice be included in certain real estate documents.

36. **VENUE.** Venue for any legal proceeding hereunder shall be in Pasco County, Florida.

37. **WAIVER OF JURY TRIAL.** Seller and Buyer knowingly, voluntarily and intentionally waive any right to trial by jury in respect to any litigation arising out of, under or in connection with this Agreement or the transaction described herein and agree to first mediate such disputes and then submit to arbitration.

38. **EFFECTIVE DATE.** The Effective Date shall be the date this Agreement is executed and finally approved by the Seller and the Buyer.

39. **COUNTERPART EXECUTION.** This Agreement may be executed in several counterparts, each of which shall be fully effective as an original and all of which together shall constitute one and the same instrument.

40. **FACSIMILE.** An executed facsimile of this Agreement or any portion hereof, including the signature page of any party shall be deemed an original for all purposes.

41. **1031 EXCHANGE.** Buyer and Seller understand that either party may designate the Property in connection with an exchange pursuant to the provisions of IRS Code Section 1031. In the event the Property is so designated and either party desires to utilize the Property for an exchange, Seller and Buyer shall cooperate with each other and with any lender/accommodator to achieve a successful exchange. Seller and Buyer shall indemnify each other from all loss, costs and expense incurred by reason of said exchange. This transaction is not contingent upon the success or failure of any such exchange. Buyer shall not be required to take title to other property involved in the exchange.

RECEIPT BY ESCROW AGENT

Dale Bernstein, Esq., of Attorney's Title Insurance Fund, Escrow Agent under that Mobile Home Park Purchase and Sale Agreement (the "Agreement") having an Effective Date of March 19, 1998, between Hacienda Village M.H.P., Inc., Owner of Record, as Seller, and Diversified Investments Partner I, LLC, a Delaware limited liability company, as Buyer to which this Receipt is attached, hereby acknowledges the receipt of ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$100,000.00) as the Initial Deposit, and will hold and disburse said sum, together with any additional deposits made, as Escrow Agent in accordance with the terms of the Agreement.

ESCROW AGENT

By: _____

Print Name: _____

HACIENDA VILLAGE MOBILE HOME PARK

LEGAL DESCRIPTION

PARCEL 1: TRACTS 38, 39, 40, 59, and 60 of PORT RICHEY LAND COMPANY SUBDIVISION of Section 3, Township 26 South, Range 16 East, as shown on the plat recorded in Plat Book 1, Page 61 of the Public Records of Pasco County, Florida, LESS AND EXCEPT a part of Tract 59 being more particularly described as follows: Commence at the Northwest corner of the Southeast 1/4 of Section 3, Township 26 South, Range 16 East and go South 00°31'10" West, 1650.90 feet, along the West boundary of said Southeast 1/4; thence South 89°38'54" East, 664.77 feet to a point on the North boundary of said Tract 59; thence South 00°26'03" West, 30.00 feet, to the Point of Beginning; thence South 89°38'54" East, 190 feet, along a line 30.00 feet South of and parallel to the North boundary of said Tract 59; thence South 00°26'03" West, 320 feet along a line 30.00 feet West of and parallel to the East boundary of Tract 59; thence North 89°38'54" West 190 feet; thence North 00°26'03" East, 320 feet to the Point of Beginning.

PARCEL 2: The North 594.00 feet of Tracts 43 and 44, lying East of Rowan Road, PORT RICHEY LAND COMPANY SUBDIVISION of Section 3, Township 26 South, Range 16 East, Pasco County, Florida. Said PORT RICHEY LAND COMPANY SUBDIVISION being recorded in Plat Book 1, Page 61 of the Public records of Pasco County, Florida, LESS AND EXCEPT that property described in that certain Order of Taking as recorded in Official Record Book 1204, Page 747 of the Public Records of Pasco County, Florida.

LESS the Westerly 20.00 feet of the North 594.00 feet of Tracts 43 and 44, lying East of Rowan Road, PORT RICHEY LAND COMPANY SUBDIVISION of Section 3, Township 26 South, Range 16 East, as shown on plat recorded in Plat Book 1, Page 61 of the Public Records of Pasco County, Florida, being further described as follows: Commence at the Northeast corner of said Tract 43 for a point of reference; thence run North 89°32'37" West, 560.13 feet along the North boundary line of said Tracts 43 and 44, to the Point of Beginning; thence South 27°16'30" East, 356.20 feet; thence 126.52 feet along the arc of a curve concave to the right, having a radius of 850.00 feet, a chord of 126.40 feet bearing South 23°00'39" East, thence South 18°44'48" East, 172.36 feet; thence North 89°32'37" West, 21.18 feet to a point on the Easterly right-of-way line of Rowan Road as now established; thence North 18°44'48" West, 165.39 feet along said Easterly right-of-way line; thence 123.54 feet along the arc of a curve concave to the left along said Easterly right-of-way line, having a radius of 830.00 feet, a chord of 123.43 feet bearing North 23°00'39" West; thence North 27°16'30" West, 366.71 feet along said Easterly right-of-way line; thence South 89°32'37" East, 22.60 feet along said North boundary line to the Point of Beginning.

LESS a Portion of the North 594.00 feet of TRACT 43 of the PORT RICHEY LAND COMPANY SUBDIVISION of Section 3, Township 26 South, Range 16 East as shown on the plat recorded in Plat Book 1, Pages 60 and 61 of the Public Records of Pasco County, Florida, being further described as follows: Commence at the Southwest corner of said Section 3; thence along the West line of said Section 3, North 00°22'25" East, a distance of 399.34 feet to the South line of the North 594.00 feet of said Tracts 43 and 44; thence along said South line, South 89°35'38" East, a distance of 610.78 feet to the Easterly right-of-way of Rowan Road for a POINT OF BEGINNING; thence along said Easterly right-of-way line the following courses and distances; North 18°47'47" West, 175.37 feet, 73.06 feet along the arc of a curve to the left to the proposed right-of-way line, said curve having a radius of 859.31 feet, a central angle of 04°52'16" and a chord of 73.03 feet which bears North 21°13'55" West; thence along the proposed right-of-way line a distance of 257.93 feet along the arc of a curve to the right to the South line of the North 594.00 feet of said Tract 43, said curve having a radius of 11524.16 feet, a central angle of 01°16'57" and a chord of 257.92 feet which bears South 24°43'44" East; thence along said South line, North 89°35'38" West, a distance of 24.94 feet to the POINT OF BEGINNING.

LESS a Portion of the North 594.00 feet of TRACTS 43 and 44 of the PORT RICHEY LAND COMPANY SUBDIVISION of Section 3, Township 26 South, Range 16 East, as shown on Plat recorded in Plat Book 1, Pages 60 and 61 of the Public Records of Pasco County, Florida, being further described as follows: Commence at the Southwest corner of said Section 3; thence along the West line of Said Section 3, North 00°22'25" East, a distance of 399.34 feet to the South line of the North 594.00 feet of said Tracts 43 and 44; thence along said South line,

South 89°35'38" East, a distance of 610.78 feet to the Easterly right-of-way line of Rowan Road; thence along said Easterly right-of-way line the following courses and distances; North 18°47'47" West, 175.37 feet, 128.02 feet along the arc of a curve to the left for a POINT OF BEGINNING, said curve having a radius of 859.31 feet, a central angle of 08°32'09" and a chord of 127.90 feet which bears North 23°03'51" West; thence along said Easterly right-of-way line, North 27°19'56", a distance of 351.46 feet to the North line of said Tract 44; thence along said North line, South 89°35'38" East, a distance of 5.65 feet; thence South 27°19'56" East, a distance of 9.17 feet; thence a distance of 339.71 feet along the arc of a curve to the right to the POINT OF BEGINNING, said curve having a radius of 11524.16 feet, a central angle of 01°41'20" and a chord of 339.69 feet which bears South 26°29'19" East.

PARCEL 3: TRACT 42, PORT RICHEY LAND COMPANY SUBDIVISION of Section 3, Township 26 South, Range 16 East, Pasco County, Florida as shown on the plat recorded in Plat Book 1, Page 61 of the Public Records of Pasco County, Florida, LESS AND EXCEPT the South 25 feet thereof.

TOGETHER WITH:

PARCEL 1: The West 1/2 of Tract 5, PORT RICHEY LAND COMPANY'S SUBDIVISION of Section 10, Township 26 South, Range 16 East, according to the map or plat thereof as recorded in Plat Book 1, Page 61 of the Public Records of Pasco County, Florida. Subject to road right-of-way over the North 15 feet thereof per Plat recorded in Plat Book 1, Page 61 of the Public Records of Pasco County, Florida.

PARCEL 2: A Part of TRACT 59 of PORT RICHEY LAND COMPANY SUBDIVISION of Section 3, Township 26 South, Range 16 East, as shown on the plat recorded in Plat Book 1, Page 61, of the Public Records of Pasco County, Florida, being more particularly described as follows: Commence at the Northwest corner of the Southeast 1/4 of Section 3, Township 26 South, Range 16 East and go South 00°31'10" West, 1650.90 feet, along the West boundary of said Southeast 1/4; thence South 89°38'54" East, 664.77 feet to a point on the North boundary of said TRACT 59; thence South 00°26'03" West, 30.00 feet to the Point of Beginning; thence South 89°38'54" East, 190 feet, along a line 30.00 feet South of and parallel to the North boundary of said Tract 59; thence South 00°26'03" West, 320 feet, along a line 30.00 feet West of and parallel to the East boundary of Tract 59; thence North 89°38'54" West 190 feet; thence North 00°26'03" East, 320 feet to the Point of Beginning.

HACIENDA VILLAGE MOBILE HOME PARK, INC.
INVENTORY LIST UPDATED 3-98LOBBY

1 Tan Chair
2 Orange Chairs
1 End Table
1 White Stand-up Lamp
1 Tall Plant
1 4 Way Security T.V. Monitor with VCR
1 Ceiling Fan

FRONT COUNTER

1 Large Arm Chair
1 G.E. 3 Line Phone
1 Superview Calculator

SIDE COUNTER

1 Packard Bell Computer & Security Cards w/Keyboard and:
1 Panasonic Printer
1 Panasonic Plain Paper Fax Machine

CENTER OF OFFICE (DAWNS AREA)

1 Secretarial Desk with Side Arm
1 Desk Chair with wheels
2 Black Flat Chairs
1 G.E. 3 Line Phone
1 Superview Calculator
1 Computer Desk
1 Packard Bell Computer w/Keyboard and:
1 Epson Printer
1 Royal Signet Typewriter w/Table and Chair
4 Security T.V. Monitors

SIDE OF OFFICE (RENA'S AREA)

1 Desk
2 Desk Chair w/Wheels
1 G.E. 3 Line Phone
1 Royal Calculator
1 Packard Bell Computer w/Keyboard
1 Laserjet Printer
1 Computer Desk
1 Computer Chair w/Wheels
1 Toshiba Copy Machine

HACIENDA VILLAGE MOBILE HOME PARK, INC.
INVENTORY LIST UPDATED 3-98

BACK OFFICE (SAMS)

1 Desk
1 Arm Chair
4 Red Flat Chairs
1 Conference Table
2 2 Drawer Wood File Cabinets
1 G.E. 3 Line Phone
1 Sharp Calculator

CONFERENCE ROOM

1 Conference Table
4 Black Flat Chairs
1 White Stand-up Lamp
1 Safe

OUTSIDE SHED/STORAGE

1 Golf Cart
2 Patio Chairs
1 Patio Table (small)

qa:invent

WITNESS, as to Buyer:

Diversified Investments Partners, LLC,
a Delaware limited liability company

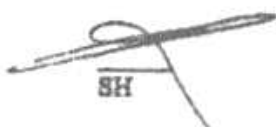
Print Name: _____

By: _____

Barry L. Hanse
Title: Chairman

Print Name: _____

Buyer
Buyer's execution date: _____


SH

BH

MEMORANDUM OF ACKNOWLEDGMENT

This Memorandum of Acknowledgment executed this 28th day of May, 1998 by and among the Sellers, Hacienda Village M. H. P., Inc. and Hacienda Village Utilities, Inc. and the Buyer, Diversified Investments Partners, L.L.C, regarding the certain Mobile Home Park Purchase and Sale Agreement dated March 17, 1998 (hereinafter "Agreement").

WHEREUPON, it is hereby acknowledged:

1. The contingencies and/or conditions set forth in paragraphs 2(c), 3, 4, (except the last sentence therein) 6, 7, and 18 of the Agreement have been extinguished and satisfied, respectively. Therefore, hereafter, the deposits set forth in paragraphs 2(a) and 2(b) are non-refundable.

2. Provided the contingencies and/or conditions set forth in paragraph 8 of the Agreement are extinguished and satisfied, closing will occur pursuant to paragraphs 9, 10, and 11 of the Agreement and in accordance with paragraphs 1, 2(a), 2(b), 2(d), 5, 12 through 17, inclusive, and 19 through 41, inclusive, of the Agreement.

3. The Agreement is hereby ratified and confirmed. Nothing herein shall be deemed to modify or alter the rights and obligations of the parties under the Agreement.

IN WITNESS WHEREOF, the parties hereto set their hands and seals the day and year indicated below.

WITNESS, as to Seller:

Hacienda Village M. H. P., Inc.,
a Florida corporation, and

Hacienda Village Utilities, Inc.
a Florida corporation

Print Name: _____

By: _____
Sam Hachon
Title: President

Print Name: _____

Seller
Seller's execution date: _____


BH

BH

WITNESS, as to Buyer

Sigrun Haase
Print Name: Sigrun Haase

Print Name: _____

Diversified Investments Partners, L.L.C.
a Delaware Limited Liability company

By: Berry L. Haase
Berry L. Haase
Title: Chairman

Buyer
Buyer's execution date: 5/22/98

SH

BA
SH

Client: 11321
Type: Federal.

Rockledge Village Utilities, Inc
Depreciation Report
For the 12 Months Ended 12/31/97

Page 1
05/14/97
13:43:03

Service	C.B	Life	Method	Orig Cost	Adj Basis	Salvage	Prior Accum	Current	AFY/Sec. 179	Total Dep

1-10-0000 Utility system a/c 212/279										
1-10-0001 & Life stations										
	1/01/92	20	20y q	140,000.00	140,000.00	.00	44,015.40	9,506.61	.00	53,614.51
1-10-0002 43 li-wo (outside homes)										
	1/01/92	20	20y q	85,000.00	85,000.00	.00	27,039.20	5,896.00	.70	32,935.20
1-10-0003 Water plant system										
	1/01/92	20	20y q	60,000.00	60,000.00	.00	18,863.70	4,113.63	.00	22,977.33
1-10-0004 Sewer plant system										
	1/01/92	20	20y q	214,000.00	214,000.00	.00	47,282.90	14,671.71	.00	61,954.61
1-10-0005 Backup system (43)										
	12/31/90	5	5y q	25,000.00	25,000.00	.00	1,750.00	14,300.00	.00	15,050.00
Group 01-10 Totals										
				533,000.00	533,000.00	.00	136,951.70	47,579.83	.00	206,531.53
1-20-0000 Machinery & equipment a/c 224/279										
S 1-20-0001 4220 utility serv/equip										
	10/18/96	5	5y q	575.00	575.00	.00	409.40	66.24	.00	475.64
Group 01-20 Totals										
				575.00	575.00	.00	409.40	66.24	.00	475.64
Group 01 Totals										
				533,575.00	533,575.00	.00	159,261.10	47,646.07	.00	207,007.17

COMPOSITE EXHIBIT "A"

HACIENDA UTILITIES, LTD.

Mobile Home Park Purchase and Sale Agreement

EXHIBIT "B"

HACIENDA UTILITIES, LTD.
Seller's Income Tax Returns

THOMAS L. KEHOE, C.P.A.
9501 US HIGHWAY 19, SUITE 204
PORT RICHEY, FL 34668-4641

FILING INSTRUCTIONS

for

HACIENDA VILLAGE UTILITIES, INC.

Please carefully review this information on how and when to file your tax return.

TAX RETURN: 1993 Federal Form 1120S

NET LOSS: \$ 23,460

TAX DUE: \$ -0-

When you are mailing your tax return to the IRS, please refer to the instructions below.

SIGN AND DATE: Affix the required signature, title and date where indicated. Signature must be that of a corporate officer.

WHERE TO FILE: IRS Service Center
Atlanta, GA 39901

WHEN TO FILE: On or before March 15, 1994

All information including your copy of the return should be retained for at least 3 years.

We look forward to serving you next year and in the future. If you have any questions regarding these or other matters, please call us at (813) 849-2785.

U.S. Income Tax Return for an S Corporation

OMB No 1545-0130

Form **1120S**

Do not file this form unless the corporation has timely filed
Form 2553 to elect to be an S corporation.
See separate instructions.

1993

Department of the Treasury
Internal Revenue Service

For calendar year 1993, or tax year beginning 1993, and ending 1993

A Date of election as an S Corporation 11/21/91	Use IRS label. Otherwise, please print or type.	HACIENDA VILLAGE UTILITIES, INC. 6939 HACHEM DRIVE PORT RICHEY, FL 34668-1398	C Employer identification no.
B Business code no. (see Specific Instructions) 4930			D Date incorporated 11/21/91
			E Total assets (see Specific Instructions) 496,194.
F Check applicable boxes: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Change in address (4) <input type="checkbox"/> Amended return			
G Check this box if this S corporation is subject to the consolidated audit procedures of sections 6241 through 6245 (see instructions before checking this box) <input type="checkbox"/>			
H Enter number of shareholders in the corporation at end of the tax year ▶ 1			

Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

1a	Gross receipts or sales 51,016.	b	Less returns and allowances		c Bal ▶	1c	51,016.
2	Cost of goods sold (Schedule A, line 8)					2	
3	Gross profit. Subtract line 2 from line 1c					3	51,016.
4	Net gain (loss) from Form 4797, Part II, line 20 (attach Form 4797)					4	
5	Other income (loss) (see instructions) (attach schedule)					5	
6	Total income (loss). Combine lines 3 through 5					6	51,016.
7	Compensation of officers					7	
8a	Salaries and wages		b	Less employment credits	c Bal ▶	8c	
9	Repairs and maintenance					9	5,615.
10	Bad debts					10	
11	Rents					11	14,364.
12	Taxes and licenses					12	3,131.
13	Interest					13	
14a	Depreciation (see instructions)	14a		36,093.		14c	36,093.
14b	Depreciation claimed on Schedule A and elsewhere on return	14b				14c	
14c	Subtract line 14b from line 14a					14c	36,093.
15	Depletion (Do not deduct oil and gas depletion.)					15	
16	Advertising					16	
17	Pension, profit-sharing, etc., plans					17	
18	Employee benefit programs					18	
19	Other deductions (see instructions) (attach schedule)					19	15,273.
20	Total deductions. Add lines 7 through 19					20	74,476.
21	Ordinary income (loss) from trade or business activities. Subtract line 20 from line 6					21	-23,460.
22	Tax:						
22a	Excess net passive income tax (attach schedule)	22a				22c	
22b	Tax from Schedule D (Form 1120S)	22b				22c	
22c	Add lines 22a and 22b (see instructions for additional taxes)					22c	
23	Payments:						
23a	1993 estimated tax payments	23a				23d	
23b	Tax deposited with Form 7004	23b				23d	
23c	Credit for Federal tax paid on fuels (attach Form 4138)	23c				23d	
23d	Add lines 23a through 23c					23d	
24	Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>					24	
25	Tax due - If the total of lines 22c & 24 is larger than line 23d, enter amount owed. See inst. for depositary method of payment. ▶					25	
26	Overpayment - If line 23d is larger than the total of lines 22c and 24, enter amount overpaid ▶					26	
27	Enter amount of line 26 you want: Credited to 1994 estimated tax ▶ Refunded ▶					27	

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Please Sign Here	<div style="font-size: 24pt; font-weight: bold; opacity: 0.5; position: absolute; top: -20px; left: 50%; transform: translate(-50%, -50%);">CLIENT'S COPY</div> Signature of officer _____ Date _____ Title _____	
Paid Preparer's Use Only	Preparer's signature: _____ Date: _____ Firm name (or print if self-employed) and address: THOMAS L. KEHOE, C.P.A. 9501 US HIGHWAY 19, SUITE 204 PORT RICHEY, FL	Check if self-employed <input checked="" type="checkbox"/> Preparer's social security no. _____ E.I. No ▶ 59-2470831 ZIP Code ▶ 34668-4641

Schedule A Cost of Goods Sold (See instructions.)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (see instructions) (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	

9a Check all methods used for valuing closing inventory:

- (i) Cost
- (ii) Lower of cost or market as described in Regulations section 1.471-4
- (iii) Write-down of "subnormal" goods as described in Regulations section 1.471-2(c)
- (iv) Other (specify method used and attach explanation) ▶

b Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶

c If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO 9c

d Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation? Yes No

e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No

If "Yes," attach explanation.

Schedule B Other Information

	Yes	No
1 Check method of accounting: (a) <input checked="" type="checkbox"/> Cash (b) <input type="checkbox"/> Accrual (c) <input type="checkbox"/> Other (specify) ▶		
2 Refer to the list in the instructions and state the corporation's principal: (a) Business activity ▶ <u>UTILITY</u> (b) Product or service ▶ <u>UTILITY</u>		
3 Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name, address, and employer identification number and (b) percentage owned.		X
4 Was the corporation a member of a controlled group subject to the provisions of section 1561?		X
5 At any time during calendar year 1993, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See instructions for exceptions and filing requirements for form TD F 90-22.1.) If "Yes," enter the name of the foreign country ▶		X
6 Was the corporation the grantor of, or transferor to, a foreign trust that existed during the current tax year, whether or not the corporation has any beneficial interest in it? If "Yes," the corporation may have to file Forms 3520, 3520-A, or 928		X
7 Check this box if the corporation has filed or is required to file Form 8264, Application for Registration of a Tax Shelter ▶ <input type="checkbox"/>		
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount. If so, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments. ▶ <input type="checkbox"/>		
9 If the corporation: (a) filed its election to be an S corporation after 1986, (b) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation, and (c) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see instructions) ▶		
10 Check this box if the corporation had subchapter C earnings and profits at the close of the tax year (see instructions) ▶ <input type="checkbox"/>		

Designation of Tax Matters Person (See instructions.)

Enter below the shareholder designated as the tax matters person (TMP) for the tax year of this return.

Name of designated TMP ▶ SALEH HACHEM Identifying number of TMP ▶

Address of designated TMP ▶ 6939 HACHEM DRIVE
PORT RICHEY, FL 34668

Schedule K Shareholders' Shares of Income, Credits, Deductions, etc.

		(a) Pro rata share items	(b) Total amount	
I n c o m e	1	Ordinary income (loss) from trade or business activities (page 1, line 21)	-23,460.	
	2	Net income (loss) from rental real estate activities (attach Form 8825)		
	3a	Gross income from other rental activities	3a	
		b Expenses from other rental activities (attach schedule)	3b	
		c Net income (loss) from other rental activities. Subtract line 3b from line 3a	3c	
	4	Portfolio income (loss)		
	L o s s	a	Interest income	4a
		b	Dividend income	4b
		c	Royalty income	4c
		d	Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	4d
		e	Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	4e
		f	Other portfolio income (loss) (attach schedule)	4f
	5	Net gain (loss) under section 1231 (other than due to casualty or theft) (attach Form 4797)	5	
6	Other income (loss) (attach schedule)	6		
D e d u c t i o n s	7	Charitable contributions (see instructions) (attach schedule)	7	
	8	Section 179 expense deduction (attach Form 4562)	8	
	9	Deductions related to portfolio income (loss) (see instructions) (arrange)	9	
	10	Other deductions (attach schedule)	10	
I n t e r e s t	11a	Interest expense on investment debts	11a	
	b	(1) Investment income included on lines 4a, 4b, 4c, and 4f above	11b(1)	
		(2) Investment expenses included on line 9 above	11b(2)	
C r e d i t s	12a	Credit for alcohol used as a fuel (attach Form 6478)	12a	
	b	Low-income housing credit (see instructions):		
		(1) From partnerships to which section 42(j)(5) applies for property placed in service before 1990	12b(1)	
		(2) Other than on line 12b(1) for property placed in service before 1990	12b(2)	
		(3) From partnerships to which section 42(j)(5) applies for property placed in service after 1989	12b(3)	
	(4) Other than on line 12b(3) for property placed in service after 1989	12b(4)		
	c	Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468)	12c	
	d	Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities (see instructions)	12d	
e	Credits related to other rental activities (see instructions)	12e		
13	Other credits (see instructions)	13		
A d j u s t m e n t & T a x e s	14a	Depreciation adjustment on property placed in service after 1986	14a	
	b	Adjusted gain or loss	14b	
	c	Depletion (other than oil and gas)	14c	
	d	(1) Gross income from oil, gas, or geothermal properties	14d(1)	
		(2) Deductions allocable to oil, gas, or geothermal properties	14d(2)	
e	Other adjustments and tax preference items (attach schedule)	14e		
F o r e i g n	15a	Type of income ▶		
	b	Name of foreign country or U.S. possession ▶		
	c	Total gross income from sources outside the United States (attach schedule)	15c	
	d	Total applicable deductions and losses (attach schedule)	15d	
	e	Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	15e	
	f	Reduction in taxes available for credit (attach schedule)	15f	
	g	Other foreign tax information (attach schedule)	15g	
O t h e r	16a	Total expenditures to which a section 59(e) election may apply	16a	
	b	Type of expenditures ▶		
	17	Tax-exempt interest income	17	
	18	Other tax-exempt income	18	
	19	Nondeductible expenses	19	
	20	Total property distributions (including cash) other than dividends reported on line 22 below	500.	
	21	Other items and amounts required to be reported separately to shareholders (see instructions) (attach schedule)		
	22	Total dividend distributions paid from accumulated earnings and profits	22	
	23	Income (loss). (Required only if Schedule M-1 must be completed.) Combine lines 1 through 6 in column (b). From the result, subtract the sum of lines 7 through 11a, 15e, and 16a	-23,460.	

Schedule L Balance Sheets		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		38,904		51,037
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts				
3	Inventories				
4	U.S. Government obligations				
5	Tax-exempt securities				
6	Other current assets (attach schedule)				
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach schedule)				
10a	Buildings and other depreciable assets	500,000		500,000	
b	Less accumulated depreciation	18,750	481,250	54,843	445,157
11a	Depletable assets				
b	Less accumulated depletion				
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
14	Other assets (attach schedule)				
15	Total assets		520,154		496,194
Liabilities and Shareholders' Equity					
16	Accounts payable				
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach schedule)				
19	Loans from shareholders		294,128		294,128
20	Mortgages, notes, bonds payable in 1 year or more		200,000		200,000
21	Other liabilities (attach schedule)				
22	Capital stock		1,000		1,000
23	Paid-in or capital surplus		4,000		4,000
24	Retained earnings		21,026		-2,934
25	Less cost of treasury stock				
26	Total liabilities and shareholders' equity		520,154		496,194

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return (You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than \$25,000.)

1	Net income (loss) per books	-23,460	5	Income recorded on books this year not included on Sch. K, lines 1 through 6 (itemize):	
2	Income included on Schedule K, lines 1 through 6, not recorded on books this year (itemize):		a	Tax-exempt interest	
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 11a, 15e, and 16a (itemize):		6	Deductions included on Schedule K, lines 1 through 11a, 15e, and 16a, not charged against book income this year (itemize):	
a	Depreciation		a	Depreciation	
b	Travel and entertainment		7	Add lines 5 and 6	
4	Add lines 1 through 3	-23,460	8	Income (loss) (Schedule K, line 23), Line 4 less line 7	-23,460

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (See instructions.)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of tax year	21,026	
2	Ordinary income from page 1, line 21		
3	Other additions		
4	Loss from page 1, line 21	(23,460)	
5	Other reductions		
6	Combine lines 1 through 5	-2,434	
7	Distributions other than dividend distributions	500	
8	Balance at end of tax year. Subtract line 7 from line 6	-2,934	

Depreciation and Amortization
(Including Information on Listed Property)

Department of the Treasury
Internal Revenue Service

▶ See separate instructions. ▶ Attach this form to your return.

Name(s) shown on return

HACIENDA VILLAGE UTILITIES, INC.

Identifying number

Business or activity to which this form relates:

FORM 1120S, PG 1, UTILITY

Part I Election to Expense Certain Tangible Property (Section 179) (Note: If you have any "Listed Property," complete Part V before you complete Part I.)

1	Maximum dollar limitation (if an enterprise zone business, see instructions)	1	\$ 17,500.
2	Total cost of section 179 property placed in service during the tax year (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	\$ 200,000
4	Reduction in limitation. Subtract line 3 from line 2, but do not enter less than -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1, but do not enter less than -0-. (If married filing separately, see instructions.)	5	
6	(a) Description of property	(b) Cost	(c) Elected cost
7	Listed property. Enter amount from line 25	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from 1992 (see instructions)	10	
11	Taxable income limitation. Enter the smaller of taxable income or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deductions to 1994. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

Part II MACRS Depreciation for Asset Placed in Service ONLY During Your 1993 Tax Year (Do Not Include Listed Property)

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only-see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
14 General Depreciation System (GDS) (see instructions):						
a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g Residential rental property			27.5 yrs.	MM	S/L	
h Nonresidential real property			27.5 yrs.	MM	S/L	
15 Alternative Depreciation System (ADS) (see instructions):						
a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part III Other Depreciation (Do Not Include Listed Property)

16	GDS and ADS deductions for assets placed in service in tax years beginning before 1993 (see instructions)	16	36,093.
17	Property subject to section 168(f)(1) election (see instructions)	17	
18	ACRS and other depreciation (see instructions)	18	

Part IV Summary

19	Listed property. Enter amount from line 25	19	
20	Total. Add deductions on line 12, lines 14 and 15 or column (g), and lines 16 through 19. Enter here and on the appropriate lines of your return. (Partnerships and S corporations-see instructions)	20	36,093.
21	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs (see instructions)	21	

SCHEDULE K-1
(Form 1120S)

Shareholder's Share of Income, Credits, Deductions, etc.

OMB No. 1545-0120

▶ See separate instructions.

For calendar year 1993 or tax year

1993

Department of the Treasury
Internal Revenue Service

beginning

, 1993, and ending

19

Shareholder's identifying number ▶

Corporation's identifying number ▶

Shareholder's name, address, and ZIP code

Corporation's name, address, and ZIP code

SALEH HACHEM
6939 HACHEM DRIVE
PORT RICHEY, FL 34668

HACIENDA VILLAGE UTILITIES, INC.
6939 HACHEM DRIVE
PORT RICHEY, FL 34668-1398

A Shareholder's percentage of stock ownership for tax year (see instructions for Schedule K-1) ▶ 100.000 %

B Internal Revenue Service Center where corporation filed its return ▶ ATLANTA, GA

C Tax shelter registration number (see instructions for Schedule K-1) ▶

D Check applicable boxes: (1) Final K-1 (2) Amended K-1

		(a) Pro rata share items	(b) Amount	(c) Form 1040 filers enter the amount in column (b) on:	
Income (Loss)	1	Ordinary income (loss) from trade or business activities	1	-23,460	See Shareholder's instructions for Schedule K-1 (Form 1120S).
	2	Net income (loss) from rental real estate activities	2		
	3	Net income (loss) from other rental activities	3		
	4	Portfolio income (loss):			Sch. B, Part I, line 1 Sch. B, Part II, line 5 Sch. E, Part I, line 4 Sch. D, line 5, col (f) or (g) Sch. D, line 13, col (f) or (g) (Enter an appl. line of your return.)
	a	Interest	4a		
	b	Dividends	4b		
	c	Royalties	4c		
	d	Net short-term capital gain (loss)	4d		
	e	Net long-term capital gain (loss)	4e		
	f	Other portfolio income (loss) (attach schedule)	4f		(Enter an appl. line of your return.)
5	Net gain (loss) under section 1231 (other than due to casualty or theft)	5		See Shareholder's instructions for Schedule K-1 (Form 1120S).	
6	Other income (loss) (attach schedule)	6		(Enter an appl. line of your return.)	
Deductions	7	Charitable contributions (see instructions) (attach schedule)	7		Sch. A, line 13 or 14
	8	Section 179 expense deduction	8		See Shareholder's instructions for Schedule K-1 (Form 1120S).
	9	Deductions related to portfolio income (loss) (attach schedule)	9		
	10	Other deductions (attach schedule)	10		
Investment Interest	11a	Interest expenses on investment debts	11a		Form 4952, line 1
	b	(1) Investment income included on lines 4a, 4b, 4c, and 4f above	b(1)		See Shareholder's instructions for Schedule K-1 (Form 1120S).
		(2) Investment expenses included on line 9 above	b(2)		
Credits	12a	Credit for alcohol used as fuel	12a		Form 6478, line 10
	b	Low-income housing credit:			Form 6586, line 5
		(1) From section 42(j)(5) partnerships for property placed in service before 1990	b(1)		
		(2) Other than on line 12b(1) for property placed in service before 1990	b(2)		
		(3) From section 42(j)(9) partnerships for property placed in service after 1989	b(3)		
		(4) Other than on line 12b(2) for property placed in service after 1989	b(4)		
c	Qualified rehabilitation expenditures related to rental real estate activities (see instructions)	12c		See Shareholder's instructions for Schedule K-1 (Form 1120S).	
d	Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities (see instructions)	12d			
e	Credits related to other rental activities (see instructions)	12e			
13	Other credits (see instructions)	13			
Adjustments and Tax Preference Items	14a	Depreciation adjustment on property placed in service after 1985	14a		See Shareholder's instructions for Schedule K-1 (Form 1120S) and instructions for Form 8251
	b	Adjusted gain or loss	14b		
	c	Depletion (other than oil and gas)	14c		
	d	(1) Gross income from oil, gas, or geothermal properties	d(1)		
		(2) Deductions allocable to oil, gas, or geothermal properties	d(2)		
e	Other adjustments and tax preference items (attach schedule)	14e			

U.S. Income Tax Return for an S Corporation

OMB No. 1545-0130

Form **1120S**

▶ Do not file this form unless the corporation has timely filed Form 2553 to elect to be an S corporation.
▶ See separate instructions.

1993

Department of the Treasury
Internal Revenue Service

For calendar year 1993, or tax year beginning 1993, and ending 1993

A Date of election as an S Corporation 11/21/91	Use IRS label. Otherwise, please print or type.	YL DEC93 S07 4930 N HACIENDA VILLAGE UTILITIES INC % SALEH H ACHEM 6939 HACHEM DR PORT RICHEY FL 34668-1398	C Employer identification no. 083 S
B Business code no. (see Specific Instructions) 4930			D Date incorporated 11/21/91 E Total assets (see Specific Instructions) 496,194.

F Check applicable boxes: (1) Initial return (2) Final return (3) Change in address (4) Amended return

G Check this box if this S corporation is subject to the consolidated audit procedures of sections 6241 through 6245 (see instructions before checking this box)

H Enter number of shareholders in the corporation at end of the tax year ▶ 1

Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

1a	Gross receipts or sales	51,016.	b	Less returns and allowances		c	Bal ▶		1c	51,016.
2	Cost of goods sold (Schedule A, line 8)								2	
3	Gross profit. Subtract line 2 from line 1c								3	51,016.
4	Net gain (loss) from Form 4797, Part II, line 20 (attach Form 4797)								4	
5	Other income (loss) (see instructions) (attach schedule)								5	
6	Total income (loss). Combine lines 3 through 5								6	51,016.
7	Compensation of officers								7	
8a	Salaries and wages		b	Less employment credits		c	Bal ▶		8c	
9	Repairs and maintenance								9	5,615.
10	Bad debts								10	
11	Rents								11	14,364.
12	Taxes and licenses								12	3,131.
13	Interest								13	
14a	Depreciation (see instructions)		14a	36,093.					14c	36,093.
14b	Depreciation claimed on Schedule A and elsewhere on return		14b						15	
14c	Subtract line 14b from line 14a								16	
15	Depletion (Do not deduct oil and gas depletion.)								17	
16	Advertising								18	
17	Pension, profit-sharing, etc., plans								19	15,273.
18	Employee benefit programs								20	74,476.
19	Other deductions (see instructions) (attach schedule)								21	-23,460.
20	Total deductions. Add lines 7 through 19									
21	Ordinary income (loss) from trade or business activities. Subtract line 20 from line 6									
22	Tax:									
22a	Excess net passive income tax (attach schedule)		22a						22c	
22b	Tax from Schedule D (Form 1120S)		22b							
22c	Add lines 22a and 22b (see instructions for additional taxes)									
23	Payments:									
23a	1993 estimated tax payments		23a						23d	
23b	Tax deposited with Form 7004		23b						24	
23c	Credit for Federal tax paid on fuels (attach Form 4136)		23c						25	
23d	Add lines 23a through 23c								26	
24	Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>								27	
25	Tax due - If the total of lines 22c & 24 is larger than line 23d, enter amount owed. See inst. for depository method of payment. ▶									
26	Overpayment - If line 23d is larger than the total of lines 22c and 24, enter amount overpaid ▶									
27	Error amount of line 26 you want: Credited to 1994 estimated tax ▶ Refunded ▶									

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer: Thomas L. Kehoe Date: 2-15-94 Title: PRESIDENT

Paid	Preparer's signature: <u>Thomas L. Kehoe</u>	Date: <u>2/14/94</u>	Check if self-employed <input checked="" type="checkbox"/>	Preparer's social security no.
Preparer's Use Only	Preparer's name (do not check if self-employed) and address: <u>THOMAS L. KEHOE, C.P.A.</u> <u>9501 US HIGHWAY 19, SUITE 204</u> <u>PORT RICHEY, FL</u>			EI No. <u>9-2470831</u> ZIP Code <u>34668-4641</u>

THOMAS L. KEHOE, C.P.A.
6609 RIDGE ROAD, SUITE 4
PORT RICHEY, FL 34668

FILING INSTRUCTIONS

for

HACIENDA VILLAGE UTILITIES, INC.

Please carefully review this information on how and when to file your tax return.

TAX RETURN: 1995 Federal Form 1120S

NET LOSS: \$ 16,451

TAX DUE: \$ -0-

When you are mailing your tax return to the IRS, please refer to the instructions below.

SIGN AND DATE: Affix the required signature, title and date where indicated. Signature must be that of a corporate officer.

WHERE TO FILE: Internal Revenue Service
Atlanta, GA 39901

WHEN TO FILE: On or before March 15, 1996

All information including your copy of the return should be retained for at least 3 years.

We look forward to serving you next year and in the future. If you have any questions regarding these or other matters, please call us at (813) 849-2785.

Department of the Treasury
Internal Revenue Service

Do not file this form unless the corporation has timely filed
Form 2553 to elect to be an S corporation.
See separate instructions.

1995

For calendar year 1995, or tax year beginning

1995, and ending

19

A Date of election as an S corporation 11/21/91	Use IRS label. Otherwise, please print or type.	HACIENDA VILLAGE UTILITIES, INC. 6939 HACHEM DRIVE PORT RICHEY, FL 34668-1398	C Employer identification no.
			D Date incorporated 11/21/91
B Business code no (see Specific Instructions) 4930			E Total assets (see Specific Instructions) \$ 382,928.

F Check applicable boxes: (1) Initial return (2) Final return (3) Change in address (4) Amended return

G Check this box if this S corporation is subject to the consolidated audit procedures of sections 8241 through 8245 (see instructions before checking this box)

H Enter number of shareholders in the corporation at end of the tax year

Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

1a	Gross receipts or sales	42,767.	b	Less returns and allowances		c	Balance	1c	42,767.
2	Cost of goods sold (Schedule A, line 8)					2			
3	Gross profit. Subtract line 2 from line 1c					3			42,767.
4	Net gain (loss) from Form 4757, Part II, line 20 (attach Form 4797)					4			
5	Other income (loss) (attach schedule)					5			
6	Total income (loss). Combine lines 3 through 5					6			42,767.
7	Compensation of officers					7			
8	Salaries and wages (less employment credits)					8			
9	Repairs and maintenance					9			15,814.
10	Bad debts					10			
11	Rents					11			
12	Taxes and licenses					12			1,270.
13	Interest					13			
14a	Depreciation		14a	31,067.					
b	Depreciation claimed on Schedule A and elsewhere on return		14b						
c	Subtract line 14b from line 14a		14c						31,067.
15	Depletion (Do not deduct oil and gas depletion.)					15			
16	Advertising					16			
17	Pension, profit-sharing, etc., plans					17			
18	Employee benefit programs					18			
19	Other deductions (attach schedule)					19			11,067.
20	Total deductions. Add the amounts shown in the far right column for lines 7 through 19					20			59,218.
21	Ordinary income (loss) from trade or business activities. Subtract line 20 from line 6					21			-16,451.
22a	Tax: (a) Excess net passive income tax (attach schedule)		22a						
b	Tax from Schedule D (Form 1120S)		22b						
c	Add lines 22a and 22b (see page 13 of the instructions for additional taxes)		22c						
23a	Payments: (a) 1995 estimated tax payments and amt. applied from 1994 return		23a						
b	Tax deposited with Form 7004		23b						
c	Credit for Federal tax paid on fuels (attach Form 4136)		23c						
d	Add lines 23a through 23c		23d						
24	Estimated tax penalty. Check if Form 2220 is attached <input type="checkbox"/>		24						
25	Tax due. If the total of lines 22c & 24 is larger than line 23d, enter amount owed. See page 3 of the instructions for depositary method of payment.		25						
26	Overpayment - If line 23d is larger than the total of lines 22c and 24, enter amount overpaid		26						
27	Enter amount of line 26 you want: Credited to 1996 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>		27						

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and in the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

CLIENT'S COPY

Signature of officer

Date

Title

Paid Preparer's Use Only

Preparer's signature

Date

Check if self-employed

Preparer's social security no

Firm's name (or yours if self-employed) and address

THOMAS L. KEHOE, C.P.A.
6609 RIDGE ROAD, SUITE 4
PORT RICHEY, FL

E.I. No

ZIP Code 34668

Schedule A Cost of Goods Sold (See page 14 of the instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	

9a Check all methods used for valuing closing inventory:

(i) Cost as described in Regulations section 1.471-3

(ii) Lower of cost or market as described in Regulations section 1.471-4

(iii) Other (specify method used and attach explanation) ▶

b Check if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ▶

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO 9d

e Do the rules of section 263A (or property produced or acquired for resale) apply to the corporation? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No

If "Yes," attach explanation.

Schedule B Other Information

	Yes	No
1 Check method of accounting: (a) <input checked="" type="checkbox"/> Cash (b) <input type="checkbox"/> Accrual (c) <input type="checkbox"/> Other (specify)▶		
2 Refer to the list on page 24 of the instructions and state the corporation's principal: (a) Business activity ▶ UTILITY (b) Product or service ▶ UTILITY		
3 Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name, address, and employer identification number and (b) percentage owned.		X
4 Was the corporation a member of a controlled group subject to the provisions of section 1561?		X
5 At any time during calendar year 1995, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See page 14 of the instructions for exceptions and filing requirements for Form TD F 90-22.1.) If "Yes," enter the name of the foreign country ▶		X
6 Was the corporation the grantor of, or transferor to, a foreign trust that existed during the current tax year, whether or not the corporation had any beneficial interest in it? If "Yes," the corporation may have to file Forms 3520, 3520-A, or 926		X
7 Check this box if the corporation has filed or is required to file Form 8264, Application for Registration of a Tax Shelter ▶ <input type="checkbox"/>		
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ <input type="checkbox"/> If so, the corporation may have to file Form 9281, Information Return for Publicly Offered Original Issue Discount Instruments.		
9 If the corporation: (a) filed its election to be an S corporation after 1986, (b) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation, and (c) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see page 14 of the instructions) ▶ \$		
10 Check this box if the corporation had subchapter C earnings and profits at the close of the tax year (see page 15 of the instructions) ▶ <input type="checkbox"/>		

Designation of Tax Matters Person (See page 15 of the instructions.)

Enter below the shareholder designated as the tax matters person (TMP) for the tax year of this return:

Name of designated TMP ▶ **SALEH HACHEM** Identifying number of TMP ▶

Address of designated TMP ▶ **6939 HACHEM DRIVE PORT RICHEY, FL 34668**

Schedule K Shareholders' Shares of Income, Credits, Deductions, etc.

		(a) Pro rata share items	(b) Total amount	
Income (Loss)	1	Ordinary income (loss) from trade or business activities (page 1, line 21)	1	-16,451.
	2	Net income (loss) from rental real estate activities (attach Form 8825)	2	
	3 a	Gross income from other rental activities	3a	
		b Expenses from other rental activities (attach schedule)	3b	
		c Net income (loss) from other rental activities. Subtract line 3b from line 3a	3c	
	4	Portfolio income (loss):		
		a Interest income	4a	
		b Dividend income	4b	
		c Royalty income	4c	
		d Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	4d	
e Net long-term capital gain (loss) (attach Schedule D (Form 1120S))		4e		
f Other portfolio income (loss) (attach schedule)	4f			
5	Net gain (loss) under section 1231 (other than due to casualty or theft) (attach Form 4797)	5		
6	Other income (loss) (attach schedule)	6		
Deductions	7	Charitable contributions (attach schedule)	7	
	8	Section 179 expense deduction (attach Form 4562)	8	
	9	Deductions related to portfolio income (loss) (itemize)	9	
	10	Other deductions (attach schedule)	10	
Investment Interest	11 a	Interest expense on investment debts	11a	
	b	(1) Investment income included on lines 4a, 4b, 4c, and 4f above	11b(1)	
		(2) Investment expenses included on line 9 above	11b(2)	
Credits	12 a	Credit for alcohol used as a fuel (attach Form 6478)	12a	
	b	Low-income housing credit:		
		(1) From partnerships to which section 42(j)(5) applies for property placed in service before 1990	12b(1)	
		(2) Other than on line 12b(1) for property placed in service before 1990	12b(2)	
		(3) From partnerships to which section 42(j)(5) applies for property placed in service after 1989	12b(3)	
	(4) Other than on line 12b(3) for property placed in service after 1989	12b(4)		
	c	Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468)	12c	
d	Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities	12d		
e	Credits related to other rental activities	12e		
13	Other credits	13		
Adjustments and Tax Preference Items	14 a	Depreciation adjustment on property placed in service after 1986	14a	
	b	Adjusted gain or loss	14b	
	c	Depletion (other than oil and gas)	14c	
	d	(1) Gross income from oil, gas, or geothermal properties	14d(1)	
		(2) Deductions allocable to oil, gas, or geothermal properties	14d(2)	
e	Other adjustments and tax preference items (attach schedule)	14e		
Foreign Taxes	15 a	Type of income ▶		
	b	Name of foreign country or U.S. possession ▶		
	c	Total gross income from sources outside the United States (attach schedule)	15c	
	d	Total applicable deductions and losses (attach schedule)	15d	
	e	Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	15e	
	f	Reduction in taxes available for credit (attach schedule)	15f	
	g	Other foreign tax information (attach schedule)	15g	
Other	16	Section 59(e)(2) expenditures: a Type ▶		
	b	Amount	16b	
	17	Tax-exempt interest income	17	
	18	Other tax-exempt income	18	
	19	Nondeductible expenses	19	
	20	Total property distributions (including cash) other than dividends reported on line 22 below	20	
	21	Other items and amounts required to be reported separately to shareholders (attach schedule)		
	22	Total dividend distributions paid from accumulated earnings and profits	22	
23	Income (loss). (Required only if Schedule M-1 must be completed.) Combine lines 1 through 6 in column (b). From the result, subtract the sum of lines 7 through 11a, 15e, and 16b	23	-16,451.	

Schedule L Balance Sheets		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		2,149.		1,765.
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts				
3	Inventories				
4	U.S. Government obligations				
5	Tax-exempt securities				
6	Other current assets (attach schedule)				
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach schedule)				
10a	Buildings and other depreciable assets	500,575.		500,575.	
b	Less accumulated depreciation	88,345.	412,230.	119,412.	381,163.
11a	Depletable assets				
b	Less accumulated depletion				
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization		0.		0.
14	Other assets (attach schedule)				
15	Total assets		414,379.		382,928.
Liabilities and Shareholders' Equity					
16	Accounts payable				
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach schedule)				
19	Loans from shareholders		344,128.		
20	Mortgages, notes, bonds payable in 1 year or more		150,000.		100,000.
21	Other liabilities (attach schedule)				
22	Capital stock		1,000.		1,000.
23	Paid-in or capital surplus		4,000.		383,128.
24	Retained earnings		-84,749.		-101,200.
25	Less cost of treasury stock				
26	Total liabilities and shareholders' equity		414,379.		382,928.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return (You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than \$25,000.)

1	Net income (loss) per books	-16,451.	5	Income recorded on books this year not included on Sch. K, lines 1 through 8 (itemize):	
2	Income included on Schedule K, lines 1 through 6, not recorded on books this year (itemize):		a	Tax-exempt interest \$	
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 11a, 15e, and 16b (itemize):		6	Deductions included on Schedule K, lines 1 through 11a, 15e, and 16b, not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	
b	Travel and entertainment \$		7	Add lines 5 and 6	
4	Add lines 1 through 3	-16,451.	8	Income (loss) (Schedule K, line 12); Line 4 less line 7	-16,451.

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (See page 22 of the instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of tax year	-84,749.	
2	Ordinary income from page 1, line 21		
3	Other additions		
4	Loss from page 1, line 21	(16,451)	
5	Other reductions		
6	Combine lines 1 through 5	-101,200.	
7	Distributions other than dividend distributions		
8	Balance at end of tax year. Subtract line 7 from line 6	-101,200.	

Depreciation and Amortization

(Including Information on Listed Property)

OMB No. 1545-0172

Form **4562**

Department of the Treasury
Internal Revenue Service (99)

▶ See separate instructions. ▶ Attach this form to your return.

1995

Attachment
Sequence No. **67**

Name(s) shown on return

HACIENDA VIL AGE UTILITIES, INC.

Identifying number

Business or activity to which this form relates

FORM 1120S, PG 1, UTILITY

Part I Election to Expense Certain Tangible Property (Section 179) (Note: if you have any "Listed Property," complete Part V before you complete Part I.)

1 Maximum dollar limitation. If an enterprise zone business, see page 1 of the instructions.	1	\$ 17,500.
2 Total cost of section 179 property placed in service during the tax year. See page 2 of the instructions	2	
3 Threshold cost of section 179 property before reduction in limitation	3	\$ 200,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see page 2 of the instructions.	5	
(a) Description of property (b) Cost (c) Elected cost		
6		
7 Listed property. Enter amount from line 27	7	
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9 Tentative deduction. Enter the smaller of line 5 or line 8	9	
10 Carryover of disallowed deduction from 1994. See page 2 of the instructions	10	
11 Taxable income limitation. Enter the smaller of taxable income (not less than zero) or line 5 (see instructions)	11	
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13 Carryover of disallowed deduction to 1996. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

Part II MACRS Depreciation for Assets Placed in Service ONLY During Your 1995 Tax Year (Do Not Include Listed Property)

Section A-General Asset Account Election

4 If you are making the election under section 168(f)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See page 2 of the instructions

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only-see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
--------------------------------	--------------------------------------	--	---------------------	----------------	------------	----------------------------

Section B-General Depreciation System (GDS) (See page 2 of the instructions.)

15a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g Residential rental property			27.5 yrs.	MM	S/L	
h Nonresidential real property			39 yrs.	MM	S/L	

Section C-Alternative Depreciation System (ADS) (See page 4 of the instructions.)

16a Class life						
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part III Other Depreciation (Do Not Include Listed Property) (See page 4 of the instructions.)

17 GDS and ADS deductions for assets placed in service in tax years beginning before 1995	17	31,067.
18 Property subject to section 168(f)(1) election	18	
19 ACRS and other depreciation	19	

Part IV Summary (See page 4 of the instructions.)

20 Listed property. Enter amount from line 26	20	
21 Total. Add deductions on line 12, lines 15 and 16 in column (g), and lines 17 through 20. Enter here and on the appropriate lines of your return. Partnerships and S corporations-see instructions	21	31,067.
22 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	22	

SCHEDULE K-1
(Form 1120S)

Shareholder's Share of Income, Credits, Deductions, etc.

OMB No. 1545-0130

See separate instructions.

For calendar year 1995 or tax year

1995

Department of the Treasury
Internal Revenue Service

beginning

, 1995, and ending

, 19

Shareholder's identifying number ▶ Shareholder's name, address, and ZIP code SALEH HACHEM 6939 HACHEM DRIVE PORT RICHEY, FL 34668	Corporation's identifying number ▶ Corporation's name, address, and ZIP code HACIENDA VILLAGE UTILITIES, INC. 6939 HACHEM DRIVE PORT RICHEY, FL 34668-1398
---	--

- A Shareholder's percentage of stock ownership for tax year (see instructions for Schedule K-1) ▶ 100.000 %
- B Internal Revenue Service Center where corporation filed its return ▶ ATLANTA, GA
- C Tax shelter registration number (see instructions for Schedule K-1) ▶
- D Check applicable boxes: (1) Final K-1 (2) Amended K-1

(a) Pro rata share items		(b) Amount	(c) Form 1040 filers enter the amount in column (b) on:
Income (Loss)	1 Ordinary income (loss) from trade or business activities	1 -16,451.	See page 4 and 5 of the Shareholder's instructions for Schedule K-1 (Form 1120S).
	2 Net income (loss) from rental real estate activities	2	
	3 Net income (loss) from other rental activities	3	
	4 Portfolio income (loss):		Sch. B, Part I, line 1 Sch. B, Part II, line 5 Sch. E, Part I, line 4 Sch. D, line 5, col (f) or (g) Sch. D, line 13, col (f) or (g) (Enter on appl. line of your return.)
	a Interest	4a	
	b Dividends	4b	
	c Royalties	4c	
	d Net short-term capital gain (loss)	4d	
	e Net long-term capital gain (loss)	4e	
	f Other portfolio income (loss) (attach schedule)	4f	(Enter on appl. line of your return.)
5 Net gain (loss) under section 1231 (other than due to casualty or theft)	5	See Shareholder's instructions for Schedule K-1 (Form 1120S).	
6 Other income (loss) (attach schedule)	6	(Enter on appl. line of your return.)	
Deductions	7 Charitable contributions (attach schedule)	7	Sch. A, line 15 or 16
	8 Section 179 expense deduction	8	See page 6 of the Shareholder's instructions for Schedule K-1 (Form 1120S).
	9 Deductions related to portfolio income (loss) (attach schedule)	9	
	10 Other deductions (attach schedule)	10	
Investment Interest	11a Interest expense on investment debts	11a	Form 4952, line 1
	b (1) Investment income included on lines 4a, 4b, 4c, and 4f above	b(1)	See Shareholder's instructions for Schedule K-1 (Form 1120S).
	(2) Investment expenses included on line 9 above	b(2)	
Credits	12a Credit for alcohol used as fuel	12a	Form 6478, line 10
	b Low-income housing credit:		Form 6586, line 5
	(1) From section 42(j)(5) partnerships for property placed in service before 1990	b(1)	
	(2) Other than on line 12b(1) for property placed in service before 1990	b(2)	
	(3) From section 42(j)(5) partnerships for property placed in service after 1989	b(3)	
	(4) Other than on line 12b(3) for property placed in service after 1989	b(4)	
	c Qualified rehabilitation expenditures related to rental real estate activities	12c	See page 7 of the Shareholder's instructions for Schedule K-1 (Form 1120S).
	d Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities	12d	
e Credits related to other rental activities	12e		
13 Other credits	13		
Adjustments and Tax Preference Items	14a Depreciation adjustment on property placed in service after 1989	14a	See page 7 of the Shareholder's instructions for Schedule K-1 (Form 1120S) and instructions for Form 6251.
	b Adjusted gain or loss	14b	
	c Depletion (other than oil and gas)	14c	
	d (1) Gross income from oil, gas, or geothermal properties	d(1)	
	(2) Deductions allocable to oil, gas, or geothermal properties	d(2)	
e Other adjustments and tax preference items (attach schedule)	14e		

SCHEDULE K-1
(Form 1120S)

Shareholder's Share of Income, Credits, Deductions, etc.

OMB No. 1545-0130

See separate instructions.
For calendar year 1995 or tax year

1995

Department of the Treasury
Internal Revenue Service

beginning

, 1995, and ending

, 19

Shareholder's identifying number ▶ Shareholder's name, address, and ZIP code SALEH HACHEM 6939 HACHEM DRIVE PORT RICHEY, FL 34668	Corporation's identifying number ▶ Corporation's name, address, and ZIP code HACIENDA VILLAGE UTILITIES, INC. 6939 HACHEM DRIVE PORT RICHEY, FL 34668-1398
--	---

Fairfax's
Records

Ownership for tax year (see Instructions for Schedule K-1) ▶ 100.000%
 Are corporation filed its return ▶ ATLANTA, GA
 Instructions for Schedule K-1) ▶
 Final K-1 (2) Amended K-1

	Pro rata share items	(b) Amount	(c) Form 1040 (bars enter the amount in column (b) on:
	(j) from trade or business activities	-16,451.	See page 4 and 5 of the Shareholder's Instructions for Schedule K-1 (Form 1120S).
Income (Loss)	2 Net income (loss) from rental real estate activities	2	Sch. B, Part I, line 1 Sch. B, Part II, line 5 Sch. E, Part I, line 4 Sch. D, line 5, col (f) or (g) Sch. D, line 13, col (f) or (g) (Enter on appl. line of your return.) See Shareholder's Instructions for Schedule K-1 (Form 1120S). (Enter on appl. line of your return.)
	3 Net income (loss) from other rental activities	3	
	4 Portfolio income (loss):		
	a Interest	4a	
	b Dividends	4b	
	c Royalties	4c	
	d Net short-term capital gain (loss)	4d	
e Net long-term capital gain (loss)	4e		
f Other portfolio income (loss) (attach schedule)	4f		
5 Net gain (loss) under section 1231 (other than due to casualty or theft)	5		
6 Other income (loss) (attach schedule)	6		
Deductions	7 Charitable contributions (attach schedule)	7	Sch. A, line 15 or 1E
	8 Section 179 expense deduction	8	See page 6 of the Shareholder's Instructions for Schedule K-1 (Form 1120S).
	9 Deductions related to portfolio income (loss) (attach schedule)	9	
	10 Other deductions (attach schedule)	10	
Investment Interest	11a Interest expense on investment debts	11a	
	b (1) Investment income included on lines 4a, 4b, 4c, and 4f above	b(1)	See Shareholder's Instructions for Schedule K-1 (Form 1120S).
	(2) Investment expenses included on line 9 above	b(2)	
Credits	12a Credit for alcohol used as fuel	12a	Form 6478, line 10
	b Low-income housing credit:		Form 8586, line 5
	(1) From section 42(j)(5) partnerships for property placed in service before 1990	b(1)	
	(2) Other than on line 12b(1) for property placed in service before 1990	b(2)	
	(3) From section 42(j)(5) partnerships for property placed in service after 1989	b(3)	
	(4) Other than on line 12b(3) for property placed in service after 1989	b(4)	
	c Qualified rehabilitation expenditures related to rental real estate activities	12c	See page 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S).
	d Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities	12d	
e Credits related to other rental activities	12e		
13 Other credits	13		
Adjustments and Tax Preference Items	14a Depreciation adjustment on property placed in service after 1985	14a	See page 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S) and Instructions for Form 8251.
	b Adjusted gain or loss	14b	
	c Depletion (other than oil and gas)	14c	
	d (1) Gross income from oil, gas, or geothermal properties	d(1)	
	(2) Deductions allocable to oil, gas, or geothermal properties	d(2)	
e Other adjustments and tax preference items (attach schedule)	14e		

Department of the Treasury
Internal Revenue Service

Do not file this form unless the corporation has timely filed Form 2553 to elect to be an S corporation.
See separate instructions.

1995

For calendar year 1995 or tax year beginning 1995, and ending 19

Date of election as an S corporation 11/21/91	Use IRS label. Otherwise, please print or type.	YL DEC95 S07 4930 N	C Employer identification no.
		HACIENDA VILLAGE UTILITIES INC 7 SALEM HACHEM 6939 HACHEM DR PORT RICHEY FL 34668-1398	
B Business code no (see Specific instructions) 4930			E Total assets (see Specific instructions) 382,928.

F Check applicable boxes: (1) Initial return (2) Final return (3) Change in address (4) Amended return

G Check this box if this S corporation is subject to the consolidated audit procedures of sections 6241 through 6245 (see instructions before checking this box)

H Enter number of shareholders in the corporation at end of the tax year

Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

1a	Gross receipts or sales	42,767.	b	Less returns and allowances		c	Bal	1c	42,767.
2	Cost of goods sold (Schedule A, line 8)							2	
3	Gross profit. Subtract line 2 from line 1c							3	42,767.
4	Net gain (loss) from Form 4797, Part II, line 20 (attach Form 4797)							4	
5	Other income (loss) (attach schedule)							5	
6	Total income (loss). Combine lines 3 through 5							6	42,767.
7	Compensation of officers							7	
8	Salaries and wages (less employment credits)							8	
9	Repairs and maintenance							9	15,814.
10	Bad debts							10	
11	Rents							11	
12	Taxes and licenses							12	1,270.
13	Interest							13	
14a	Depreciation		14a	31,067.				14c	31,067.
b	Depreciation claimed on Schedule A and elsewhere on return		14b						
c	Subtract line 14b from line 14a								
15	Depletion (Do not deduct oil and gas depletion.)							15	
16	Advertising							16	
17	Pension, profit-sharing, etc., plans							17	
18	Employee benefit programs							18	
19	Other deductions (attach schedule)							19	11,067.
20	Total deductions. Add the amounts shown in the far right column for lines 7 through 19							20	59,218.
21	Ordinary income (loss) from trade or business activities. Subtract line 20 from line 6							21	-16,451.
22a	Tax: (a) Excess net passive income tax (attach schedule)		22a						
b	Tax from Schedule D (Form 1120S)		22b						
c	Add lines 22a and 22b (see page 13 of the instructions for additional taxes)							22c	
23a	Payments: (a) 1995 estimated tax payments and amt. applied from 1994 return		23a						
b	Tax deposited with Form 7004		23b						
c	Credit for Federal tax paid on fuels (attach Form 4136)		23c						
d	Add lines 23a through 23c							23d	
24	Estimated tax penalty. Check if Form 2220 is attached <input type="checkbox"/>							24	
25	Tax due. If the total of lines 22c & 24 is larger than line 23d, enter amount owed. See page 3 of the instructions for depositary method of payment							25	
26	Overpayment - if line 23d is larger than the total of lines 22c and 24, enter amount overpaid							26	
27	Enter amount of line 26 you want. Credited to 1996 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>							27	

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer: Thomas L. Kehoe Date: 2/7/96 Title: President

Preparer's signature: Thomas L. Kehoe Date: 2/7/96 Check if self-employed Preparer's social security no: _____

Firm name (or name of self-employed) and address: THOMAS L. KEHOE, C.P.A.
6609 RIDGE ROAD, SUITE 4
PORT RICHEY, FL

E.I. No: 1
ZIP Code: 34668

U.S. Income Tax Return for an S Corporation

Do not file this form unless the corporation has timely filed Form 2553 to elect to be an S corporation.

See separate instructions.

1996

Department of the Treasury Internal Revenue Service

For calendar year 1996, or tax year beginning 11/21/91 and ending 11/21/91

A Date of election as an S corporation: 11/21/91

B Business code (see Specific Instructions): 4930

C Employer identification no: _____

D Date incorporated: 11/21/91

E Total assets (see Specific Instructions): \$ 464,082

F Check applicable boxes: (1) Initial return (2) Final return (3) Change in address (4) Amended return

G Check the box if this S corporation is subject to the consolidated audit procedures of sections 821 through 825 (see instructions before checking this box):

H Enter number of shareholders in the corporation at end of the tax year: 1

Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income	1a	Gross receipts	<u>75,188</u>	b	Less returns & allowances		c	Net	1c	<u>75,188</u>
	2	Cost of goods sold (Schedule A, line 8)							2	
	3	Gross profit. Subtract line 2 from line 1c							3	<u>75,188</u>
	4	Net gain (loss) from Form 4797, Part II, line 20 (attach Form 4797)							4	
	5	Other income (loss) (attach schedule)							5	
	6	Total income (loss). Combine lines 3 through 5							6	<u>75,188</u>
Deductions	7	Compensation of officers							7	
	8	Salaries and wages (less employment credits)							8	
	9	Repairs and maintenance							9	<u>29,558</u>
	10	Bad debts							10	
	11	Rents							11	
	12	Taxes and licenses							12	<u>1,129</u>
	13	Interest							13	
	14a	Depreciation (if required, attach Form 4562)		14a	<u>39,949</u>					
	b	Depreciation claimed on Schedule A and elsewhere on return		14b						
	c	Subtract line 14b from line 14a							14c	<u>39,949</u>
	15	Depletion (Do not deduct oil and gas depletion.)							15	
16	Advertising							16		
17	Pension, profit-sharing, etc., plans							17		
18	Employee benefit programs							18		
19	Other deductions (attach schedule)					See Sch		19	<u>6,825</u>	
20	Total deductions. Add the amounts shown in the far right column for lines 7 through 19							20	<u>77,461</u>	
21	Ordinary income (loss) from trade or business activities. Subtract line 20 from line 6							21	<u>-2,273</u>	
Tax and Payments	22a	Excess net passive income tax (attach sch.)		22a						
	b	Tax from Schedule D (Form 1120S)		22b						
	c	Add in 22a & 22b (see pg. 13 of the inst. for addnl. taxes)							22c	<u>0</u>
	23a	1996 est. tax pyrd & amount applied from 1995 return		23a						
	b	Tax deposited with Form 7004		23b						
	c	Credit for Federal tax paid on profits (attach Form 4136)		23c						
	d	Add lines 23a through 23c							23d	
24	Estimated tax penalty. Check if Form 2220 is attached							24		
25	Tax due. If the total of lines 22c and 24 is larger than line 23d, enter amount owed. See page 3 of the instructions for depository method of payment							25	<u>0</u>	
26	Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid							26		
27	Enter amount of line 26 you want credited to 1997 estimated tax					Refunded		27		

Please Sign Here

TAXPAYER'S COPY

Signature of officer: [Signature] Date: 7/23/97 Title: _____

Preparer's Use Only

Preparer's signature: [Signature] Date: 6/26/97 Check if self-employed:

Firm's name (or name of self-employed): Fielder & Company, CPAs

Address: 13902 N. Dale Mabry, #100 Tampa, FL

Employer's identification no: 33624

Schedule A Cost of Goods Sold (see page 14 of the instructions)

1	Inventory at beginning of year		
2	Purchases		
3	Cost of labor		
4	Additional section 263A costs (attach schedule)		
5	Other costs (attach schedule)		
6	Total. Add lines 1 through 5		
7	Inventory at end of year		
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2		

9a Check all methods used for valuing closing inventory:

(i) Cost as described in Regulations section 1.471-3

(ii) Lower of cost or market as described in Regulations section 1.471-4

(iii) Other (specify method used and attach explanation) ▶

b Check if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ▶

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO

9d Yes No

e Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No

If "Yes," attach explanation.

Schedule B Other Information

		Yes	No
1 Check method of accounting: (a) <input checked="" type="checkbox"/> Cash (b) <input type="checkbox"/> Accrual (c) <input type="checkbox"/> Other (specify) ▶			
2 Refer to the list on page 24 of the instructions and state the corporation's principal:			
(a) Business activity ▶ UTILITY	(b) Product or service ▶		
	UTILITY		
3 Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 257(c).) If "Yes," attach a schedule showing: (a) name, address, and employer identification number and (b) percentage owned			X
4 Was the corporation a member of a controlled group subject to the provisions of section 1561?			X
5 At any time during calendar year 1998, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See page 14 of the instructions for exceptions and filing requirements for Form TD F 90-22.1.) If "Yes," enter the name of the foreign country ▶			X
6 During the tax year, did the corporation receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," see page 14 of the instructions for other forms the corporation may have to file			X
7 Check this box if the corporation has filed or is required to file Form 8264, Application for Registration of a Tax Shelter ▶ <input type="checkbox"/>			
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount. If so, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments ▶ <input type="checkbox"/>			
9 If the corporation: (a) filed its election to be an S corporation after 1985, (b) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation, and (c) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see page 14 of the instructions) ▶ \$			
10 Check this box if the corporation had subchapter C earnings and profits at the close of the tax year (see page 15 of the instructions) ▶ <input type="checkbox"/>			

Designation of Tax Matters Person (see page 15 of the instructions)

Enter below the shareholder designated as the tax matters person (TMP) for the tax year of this return

Name of designated TMP ▶ SAM HACIEM Identifying number of TMP ▶

Address of designated TMP ▶ 6939 HACIEM DRIVE
PORT RICHEY, FL 34668

Schedule K Shareholders' Shares of Income, Credits, Deductions, etc.

		(a) Pro rata share items	(b) Total amount
Income (Loss)	1	Ordinary income (loss) from trade or business activities (page 1, line 21)	1 -2,273
	2	Net income (loss) from rental real estate activities (attach Form 8825)	2
	3a	Gross income from other rental activities	3a
	b	Expenses from other rental activities (attach schedule)	3b
	c	Net income (loss) from other rental activities. Subtract line 3b from line 3a	3c
	4	Portfolio income (loss)	
	a	Interest income	4a
	b	Dividend income	4b
	c	Royalty income	4c
	d	Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	4d
	e	Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	4e
	f	Other portfolio income (loss) (attach schedule)	4f
	5	Net gain (loss) under section 1231 (other than due to casualty or theft) (attach Form 4797)	5
6	Other income (loss) (attach schedule)	6	
Deductions	7	Charitable contributions (attach schedule)	7
	8	Section 179 expense deduction (attach Form 4562)	8
	9	Deductions related to portfolio income (loss) (itemize)	9
	10	Other deductions (attach schedule)	10
Investment Interest	11a	Interest expense on investment debts	11a
	b (1)	Investment income included on lines 4a, 4b, 4c, and 4f above	11b(1)
	(2)	Investment expenses included on line 9 above	11b(2)
Credits	12a	Credit for alcohol used as a fuel (attach Form 6478)	12a
	b	Low-income housing credit:	
	(1)	From partnerships to which section 42(j)(5) applies for property placed in service before 1990	12b(1)
	(2)	Other than on line 12b(1) for property placed in service before 1990	12b(2)
	(3)	From partnerships to which section 42(j)(5) applies for property placed in service after 1989	12b(3)
	(4)	Other than on line 12b(3) for property placed in service after 1989	12b(4)
	c	Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468)	12c
d	Credits (other than credits shown on lines 12b & 12c) related to rental real estate activities	12d	
e	Credits related to other rental activities	12e	
13	Other credits	13	
Adjustments and Tax Preference Items	14a	Depreciation adjustment on property placed in service after 1986	14a
	b	Adjusted gain or loss	14b
	c	Depletion (other than oil and gas)	14c
	d (1)	Gross income from oil, gas, or geothermal properties	14d(1)
	(2)	Deductions allocable to oil, gas, or geothermal properties	14d(2)
e	Other adjustments and tax preference items (attach schedule)	14e	
Foreign Taxes	15a	Type of income ▶	
	b	Name of foreign country or U.S. possession ▶	
	c	Total gross income from sources outside the United States (attach schedule)	15c
	d	Total applicable deductions and losses (attach schedule)	15d
	e	Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	15e
	f	Reduction in taxes available for credit (attach schedule)	15f
	g	Other foreign tax information (attach schedule)	15g
Other	16	Section 59(e)(2) expenditures a Type ▶	
	b	Amount	16b
	17	Tax-exempt interest income	17
	18	Other tax-exempt income	18
	19	Nondeductible expenses	19
	20	Total property distributions (including cash) other than dividends reported on line 22 below	20
	21	Other items and amounts required to be reported separately to shareholders (attach schedule)	
	22	Total dividend distributions paid from accumulated earnings and profits	22
23	Income (loss) (Required only if Schedule M-1 must be completed.) Combine lines 1 through 22 column (b). From the result, subtract the sum of lines 7 through 11a, 15e, and 16c.	23 -2,273	

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		1,765		87,868
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts				
3	Inventories				
4	U.S. Government obligations				
5	Tax-exempt securities				
6	Other current assets				
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments				
10a	Buildings and other depreciable assets	500,575		535,575	
b	Less accumulated depreciation	119,412	381,163	159,361	376,214
11a	Depletable assets				
b	Less accumulated depletion				
12	Land (net of any amortization)				
12a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
14	Other assets (attach sch.)				
15	Total assets		382,928		464,082
Liabilities and Shareholders' Equity					
16	Accounts payable				
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities				
19	Loans from shareholders				35,000
20	Mortgages, notes, bonds payable in 1 year or more		100,000		148,427
21	Other liabilities (att. sch.)				
22	Capital stock		1,000		1,000
23	Paid-in or capital surplus		383,128		383,128
24	Retained earnings		-101,200		-103,473
25	Less cost of treasury stock				
26	Total liabilities and shareholders' equity		382,928		464,082

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return (You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than \$25,000.)

1	Net income (loss) per books	-2,273	5	Income recorded on books this year not included on Schedule K, lines 1 through 6 (itemize):	
2	Income included on Schedule K, lines 1 through 6, not recorded on books this year (itemize):		a	Tax-exempt interest \$	
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 11a, 15a, and 16b (itemize):		6	Deductions included on Schedule K, lines 1 through 11a, 15a, and 16b, not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	
b	Travel and entertainment \$		7	Add lines 5 and 6	0
4	Add lines 1 through 3	-2,273	8	Income (loss) per return (see page 22 of the instructions)	-2,273

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see page 22 of the instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of tax year	-101,200	
2	Ordinary income from page 1, line 21		
3	Other additions		
4	Loss from page 1, line 21	2,273	
5	Other reductions		
6	Combine lines 1 through 5	-103,473	
7	Distributions other than div. distributions		
8	Balance at end of tax year. Subtract line 7 from line 6	-103,473	

SCHEDULE K-1
(Form 1120S)

Shareholder's Share of Income, Credits, Deductions, etc.

OMB No. 1545-0046

Department of the Treasury
Internal Revenue Service

▶ See separate instructions
For calendar year 1996 or tax year

1996

beginning Shareholder's identifying number ▶ Shareholder's name, address, and ZIP code SAM HACHEM 6939 HACHEM DRIVE PORT RICHEY FL 34668	and ending Corporation's identifying number ▶ Corporation's name, address, and ZIP code HACIENDA VILLAGE UTILITIES, INC. 6939 HACHEM DRIVE PORT RICHEY FL 34668-1398
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- A Shareholder's percentage of stock ownership for tax year (see instructions for Schedule K-1) ▶ 100.000000%
- B Internal Revenue Service Center where corporation filed its return ▶ Atlanta, GA 39901
- C Tax shelter registration number (see instructions for Schedule K-1) ▶
- D Check applicable boxes: (1) Final K-1 (2) Amended K-1

	(a) PRO RATA share items	(b) Amount	(c) Form 1040 lines enter the amount in column (b) on	
Income (Loss)	1 Ordinary income (loss) from trade or business activities	-2,273	See pages 4 and 5 of the Shareholder's instructions for Schedule K-1 (Form 1120S)	
	2 Net income (loss) from rental real estate activities			
	3 Net income (loss) from other rental activities			
	4 Portfolio income (loss):	a Interest	4a	Sch. B, Part I, line 1
		b Dividends	4b	Sch. B, Part II, line 5
		c Royalties	4c	Sch. E, Part I, line 4
		d Net short-term capital gain (loss)	4d	Sch. D, line 5, col. (f) or (g)
e Net long-term capital gain (loss)		4e	Sch. D, line 13, col. (f) or (g)	
f Other portfolio income (loss) (attach schedule)		4f	(Enter on appl. ln. of your return)	
5 Net gain (loss) under section 1231 (other than due to casualty or theft)	5	See Shareholder's instructions for Schedule K-1 (Form 1120S)		
6 Other income (loss) (attach schedule)	6	(Enter on appl. ln. of your return)		
Deductions	7 Charitable contributions (attach schedule)	7	Sch. A, line 15 or 16	
	8 Section 179 expense deduction	8	See page 6 of the Shareholder's instructions for Schedule K-1 (Form 1120S)	
	9 Deductions related to portfolio income (loss)	9		
	10 Other deductions (attach schedule)	10		
Investment Interest	11a Interest expense on investment debts	11a	Form 4952, line 1	
	b (1) Investment income included on lines 4a, 4b, 4c, and 4f above	b(1)	See Shareholder's instructions for Schedule K-1 (Form 1120S)	
	(2) Investment expenses included on line 9 above	b(2)		
Credits	12a Credit for alcohol used as fuel	12a	Form 6478, line 10	
	b Low-income housing credit:	(1) From section 42(j)(5) partnerships for property placed in service before 1990	b(1)	Form 8586, line 5
		(2) Other than on line 12b(1) for property placed in service before 1990	b(2)	
		(3) From section 42(j)(5) partnerships for property placed in service after 1989	b(3)	
		(4) Other than on line 12b(3) for property placed in service after 1989	b(4)	
	c Qualified rehabilitation expenditures related to rental real estate activities	12c	See page 7 of the Shareholder's instructions for Schedule K-1 (Form 1120S)	
	d Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities	12d		
	e Credits related to other rental activities	12e		
13 Other credits	13			
Adjustments and Tax Preference Items	14a Depreciation adjustment on property placed in service after 1986	14a	See page 7 of the Shareholder's instructions for Schedule K-1 (Form 1120S)	
	b Adjusted gain or loss	14b		
	c Depletion (other than oil and gas)	14c		
	d (1) Gross income from oil, gas, or geothermal properties	14(1)		
	(2) Deductions allocable to oil, gas, or geothermal properties	14(2)		
e Other adjustments and tax preference items	14e			

Depreciation and Amortization
(Including Information on Listed Property)

Name(s) of the taxpayer

Identifying number

HACIENDA VILLAGE UTILITIES, INC.

Business or activity to which this form relates

1120S

Part I Election To Expense Certain Tangible Property (Section 179) (Note: If you have any listed property, complete Pt. V before Pt. I.)

1	Maximum dollar limitation. If an enterprise zone business, see page 2 of the instructions	1	\$17,500
2	Total cost of section 179 property placed in service. See page 2 of the instructions	2	
3	Threshold cost of section 179 property before reduction in limitation	3	\$200,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0- if married filing separately, see page 2 of the instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter amount from line 27	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from 1995. See page 2 of the instructions	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 1997. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

Part II MACRS Depreciation For Assets Placed in Service ONLY During Your 1996 Tax Year (Do Not Include Listed Property)

Section A-General Asset Account Election

14 If you are making the election under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See page 2 of the instructions

Section B-General Depreciation System (GDS) (See page 3 of the instructions)

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business investment use only-see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
15a 3-year property						
b 5-year property		35,000	5.0	MQ	DDB	1,750
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property			27.5 yrs	MM	S/L	
			39 yrs	MM	S/L	
				MM	S/L	

Section C-Alternative Depreciation System (ADS) (See page 4 of the instructions)

15a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part III Other Depreciation (Do Not Include Listed Property.) (See page 4 of the instructions)

17 GDS and ADS deductions for assets placed in service in tax years beginning before 1996	17	18,199
18 Property subject to section 168(f)(1) election	18	
19 ACRS and other depreciation	19	

Part IV Summary (See page 4 of the instructions)

20 Listed property. Enter amount from line 26	20	
21 Total. Add deductions on line 12, lines 15 and 16 in column (g), and lines 17 through 20. Enter line 20 in the appropriate lines of your return. Partnerships and S corporations-see instructions	21	19,949
22 Enter credits allowed above and placed in service during the current year. Enter the portion of the basis attributable to section 263A costs	22	

For Paperwork Reduction Act Notice, see page 1 of the separate instructions

Form 1120S, Page 1, Line 19 - Other Deductions

<u>Description</u>	<u>Amount</u>
Bank charges	\$ 120
Electric expense	4,552
Fees & permits	839
Professional fees	1,105
Supplies	209
	<u>\$ 6,825</u>

Application for Automatic Extension of Time To File Corporation Income Tax Return

Department of the Treasury Internal Revenue Service

Employer identification number

HACIENDA VILLAGE UTILITIES, INC.

Number, street and room or suite no. If a P.O. box or outside the United States, see instructions.

6939 HACHEM DRIVE

City or town, state, and ZIP code

PORT RICHEY

FL 34668-1398

Check type of return to be filed:

Form 1120
Form 1120-A
Form 1120-F

Form 1120-FSC
Form 1120-H
Form 1120-L

Form 1120-ND
Form 1120-PC
Form 1120-POL

Form 1120-REIT
Form 1120-RIC
Form 1120S

Form 1120-SF
Form 990-C
Form 990-T

Form 1120-F filers: Check here if you do not have an office or place of business in the United States

1a I request an automatic 6-month (or, for certain corporations, 3-month) extension of time until 9/15/97 to file the income tax return of the corporation named above for year 1996 or tax year beginning and ending calendar

b If this tax year is for less than 12 months, check reason: Initial return, Final return, Change in accounting period, Consolidated return to be filed

2 If this application also covers subsidiaries to be included in a consolidated return, complete the following:

Table with 3 columns: Name and address of each member of the affiliated group, Employer identification number, Tax period.

3 Tentative tax (see instructions)

4 Credits:

- a Overpayment credited from prior year
b Estimated tax payments for the tax year
c Less refund for the tax year applied for on Form 4466
e Credit from regulated investment companies
f Credit for Federal tax on fuels

Table for credit calculations with columns 4a, 4b, 4c, Bal, 4d, 4e, 4f.

5 Total. Add lines 4d through 4f

6 Balance due. Subtract line 5 from line 3. Deposit this amount electronically or with a Federal Tax Deposit (FTD) Coupon (see instructions)

Signature I, the taxpayer or my authorized agent, declare that I have been authorized by the above-named corporation to make this application and to the best of my knowledge and belief the statements made are true, correct, and complete.

Signature of officer or agent: Jmsilder Jr

CPA Title

3/17/97 Date

Form 1120S

U.S. Income Tax Return for an S Corporation

Do not file this form unless the corporation has timely filed

Form 2553 to elect to be an S corporation.

See separate instructions.

OMB No. 1545-0047

1997

Department of the Treasury
Internal Revenue Service

For calendar year 1997, or tax year beginning:

and ending:

A Date of incorporation as an S corporation

11/21/91

Use IRS label. Otherwise, please print or type.

B Name
HACIENDA VILLAGE UTILITIES, INC.

5939 HACHEM DRIVE

City or town, state, and ZIP code

PORT RICHEY

FL 34668-1398

C Employer identification no.

D Date incorporated
11/21/91

E Total gross receipts for the year

369,991

F Check applicable boxes: (1) Initial return (2) Final return (3) Change in address (4) Amended return

G Enter number of shareholders in the corporation at end of the tax year

1

Caution: Include only trade or business income and expenses on lines 1A through 21. See the instructions for more information.

Income	1a	Gross receipts	8,041	1a	8,041
	2	Cost of goods sold (Schedule A, line 8)		2	
	3	Gross profit: Subtract line 2 from line 1a		3	8,041
	4	Net gain (loss) from Form 4797, Part II, line 18 (attach Form 4797)		4	
	5	Other income (loss) (attach schedule)		5	
	6	Total income (loss). Combine lines 3 through 5		6	8,041
Deductions	7	Compensation of officers		7	
	8	Salaries and wages (less employment credits)		8	
	9	Repairs and maintenance		9	27,918
	10	Bad debts		10	
	11	Rents		11	
	12	Taxes and licenses		12	1,243
	13	Interest		13	
	14a	Depreciation (if required, attach Form 4562)	14a 47,646	14a	47,646
	14b	Depreciation claimed on Schedule A and elsewhere on return	14b		
	14c	Subtract line 14b from line 14a		14c	47,646
	15	Depletion (Do not deduct oil and gas depletion.)		15	
Tax and Payments	16	Advertising		16	
	17	Person, profit-sharing, and plans		17	
	18	Employee benefit programs		18	
	19	Other deductions (attach schedule)	SEE SCH	19	23,881
	20	Total deductions. Add the amounts shown in the far right column for lines 7 through 19		20	100,788
	21	Ordinary income (loss) from trade or business activities. Subtract line 20 from line 6		21	-92,747
	22a	Tax: a Excess net passive income tax (attach sch.)	22a		
	22b	b Tax from Schedule D (Form 1120S)	22b		
	22c	c Add lines 22a and 22b (see pages 12 and 15 of the instructions for additional taxes)	22c		0
	23a	23 Payments: a 1997 est. tax pymt. & amount applied from 1996 return	23a		
23b	b Tax deposited with Form 7065	23b			
23c	c Credit for Federal tax paid on fuels (attach Form 4136)	23c			
24	d Add lines 23a through 23c	24			
25	24 Estimated tax penalty. Check if Form 2220 is attached	25			
26	26 Tax due. If the total of lines 22c and 24 is larger than line 23d, enter amount owed. See page 4 of the instructions for depository method of payment	26		0	
27	27 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid	27			
28	28 Enter amount of tax 27 was Credited to 1998 estimated tax	28			
29	29 Refunded	29			

Please Sign Here

I, the undersigned, declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer

Date

Time

Paid

Preparer's name

J. J. J. J.

Date

6/22/98

Check if preparer is not a CPA

Preparer's signature (other than preparer)

Preparer's Use Only

Firm name

FIELDER & COMPANY CPAs

Address

13902 N. DALE HARRY HWY, SUITE 100

City or town, state, and ZIP code

TAMPA, FL 33624

Form 1120S (1987) **HACIENDA VILLAGE UTILITIES, INC.**

Page 2

Schedule A Cost of Goods Sold (see page 13 of the instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	

9a Check all methods used for valuing closing inventory:

(i) Cost as described in Regulations section 1.471-3

(ii) Lower of cost or market as described in Regulations section 1.471-4

(iii) Other (specify method used and attach explanation) ▶

9b Check if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ▶

9c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 870) ▶

9d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO

9e Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation? Yes No

9f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No

If "Yes," attach explanation.

Schedule B Other Information

	Yes	No
1 Check method of accounting: (a) <input checked="" type="checkbox"/> Cash (b) <input type="checkbox"/> Annual (c) <input type="checkbox"/> Other (specify) ▶		
2 Refer to the list on page 23 of the instructions and state the corporation's principal: (a) Business activity ▶ UTILITY (b) Product or service ▶ UTILITY		
3 Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing (a) name, address and employer identification number and (b) percentage owned		X
4 Was the corporation a member of a controlled group subject to the provisions of section 1561?		X
5 At any time during calendar year 1987, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See page 14 of the instructions for exceptions and filing requirements for Form TD F 90-22.1.) If "Yes," enter the name of the foreign country ▶		X
6 During the tax year, did the corporation receive a distribution from, or was it the grantor of, or partner in, a foreign trust? If "Yes," the corporation may have to file Form 3520 or 320. See page 14 of the instructions.		X
7 Check this box if the corporation has filed or is required to file Form 8254, Application for Regulation of a Tax Shelter ▶ <input type="checkbox"/>		
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount. If so, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments. ▶ <input type="checkbox"/>		
9 If the corporation: (a) filed its election to be an S corporation after 1986 (b) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation, and (c) has not unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain indicated by net recognized built-in gain from prior years (see page 14 of the instructions) ▶ \$		
10 Check this box if the corporation had accumulated earnings and profits at the close of the tax year (see page 14 of the instructions) ▶ <input type="checkbox"/>		

Form 1120S (1987) **HACIENDA VILLAGE UTILITIES, INC.** Page 2
Schedule K Shareholders' Shares of Income, Credits, Deductions, etc.

		(a) Total amount
Income (Loss)	1 Ordinary income (loss) from trade or business activities (page 1, line 21)	1 -22,747
	2 Net income (loss) from rental real estate activities (attach Form 980A)	2
	3a Gross income from other rental activities	3a
	b Expenses from other rental activities (attach schedule)	3b
	c Net income (loss) from other rental activities. Subtract line 3b from line 3a	3c
	4 Portfolio income (loss)	4
	a Interest income	4a
	b Dividend income	4b
	c Royalty income	4c
	d Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	4d
	e Net long-term capital gain (loss) (attach Schedule D (Form 1120S)):	
	(1) 28% rate gain (loss) ▶	(2) Total for year ▶
	4e(2)	
	f Other portfolio income (loss) (attach schedule)	4f
	5 Net section 1231 gain (loss) (other than due to casualty or theft) (attach Form 4797)	5
a 28% rate gain (loss) ▶	b Total for year ▶	
5b		
6 Other income (loss) (attach schedule)	6	
Deductions	7 Charitable contributions (attach schedule)	7
	8 Section 179 expense deduction (attach Form 4562)	8
	9 Deductions related to portfolio income (line 4) (Form 1120S)	9
	10 Other deductions (attach schedule)	10
Investment Interest	11a Interest expense on investment debts	11a
	b (1) Investment income included on lines 4a, 4b, 4c, and 4d above	11b(1)
	(2) Investment expenses included on line 9 above	11b(2)
Credits	12a Credit for alcohol used as a fuel (attach Form 8478)	12a
	b Low-income housing credit:	
	(1) From partnerships to which section 42(b)(5) applies for property placed in service before 1990	12b(1)
	(2) Other than on line 12b(1) for property placed in service before 1990	12b(2)
	(3) From partnerships to which section 42(b)(5) applies for property placed in service after 1989	12b(3)
	(4) Other than on line 12b(3) for property placed in service after 1989	12b(4)
	c Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468)	12c
d Credits (other than credits shown on lines 12a & 12b) related to rental real estate activities	12d	
e Credits related to other rental activities	12e	
13 Other credits	13	
Adjustments and Tax Preference Items	14a Depreciation adjustment on property placed in service after 1989	14a
	b Adjusted gain or loss	14b
	c Depletion (other than oil and gas)	14c
	d (1) Gross income from oil, gas, or geothermal properties	14d(1)
	(2) Deductions allocable to oil, gas, or geothermal properties	14d(2)
e Other adjustments and tax preference items (attach schedule)	14e	
Foreign Taxes	15a Type of income ▶	
	b Name of foreign country or U.S. possessor ▶	
	c Total gross income from sources outside the United States (attach schedule)	15c
	d Total applicable deductions and losses (attach schedule)	15d
	e Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	15e
	f Reduction in taxes available for credit (attach schedule)	15f
	g Other foreign tax information (attach schedule)	15g
Other	16 Section 501(c)(2) expenditures: a Type ▶	
	b Amount ▶	16b
	17 Tax-exempt interest income	17
	18 Other tax-exempt income	18
	19 Non-deductible expenses	19
	20 Total property distributions (including cash) other than distributions reported on line 22 below	20
	21 Other items and amounts required to be reported separately to shareholders (attach schedule)	21
22 Total dividend distributions paid from accumulated earnings or profits	22	
23 Income (loss). (Recurring only if Schedule M-1 must be completed.) Combine lines 1 through 6 in column (b). From this result, subtract the sum of lines 7 through 10, 15, 16, and 19b	23 -92,747	

Form 11200 (1997) **HACIENDA VILLAGE UTILITIES, INC.**

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		87,868		1,302
2a	Trade notes and accounts receivable				
b	Loss allowance for bad debts				
3	Inventories				
4	U.S. Government obligations				
5	Tax-exempt securities				
6	Other current assets				
7	Loans to shareholders				40,121
8	Mortgage and real estate loans				
9	Other investments				
10a	Buildings and other depreciable assets	535,575		535,575	
b	Less accumulated depreciation	189,361	376,214	207,007	326,569
11a	Depreciable assets				
b	Less accumulated depletion				
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
14	Other assets (attach sch.)				
15	Total assets		464,082		369,991
Liabilities and Shareholders' Equity					
16	Accounts payable				
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities				
19	Loans from shareholders		35,000		
20	Mortgages, notes, bonds payable in 1 year or more		148,427		182,083
21	Other liabilities (att. sch.)				
22	Capital stock		1,000		1,000
23	Additional paid-in capital		383,128		383,128
24	Retained earnings		-103,473		-196,220
25	Adjustments to S/I equity				
26	Less cost of treasury stock				
27	Total liabilities and shareholders' equity		464,082		369,991

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return (You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than \$20,000.)

1	Net income (loss) per books	-92,747	1	Income recorded on books this year but included on Schedule K, lines 1 through 8 (Form 990)	
2	Income included on Schedule K, lines 1 through 8, not recorded on books this year (Form 990)		2	Tax-exempt interest	\$
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 11a, 15a, and 16b (Form 990)		3	Deductions included on Schedule K, lines 1 through 11a, 15c, and 16b, not charged against book income this year (Form 990)	
4	Depreciation		4	Depreciation	\$
5	Amortization		5	Charitable contributions	\$
6	Other adjustments		6	Other adjustments	\$
7	Adjustments to S/I equity		7	Adjustments to S/I equity	\$
8	Loss on sale of assets		8	Loss on sale of assets	\$
9	Other adjustments		9	Other adjustments	\$
10	Add lines 1 through 9	-92,747	10	Total adjustments	-92,747

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (See page 27 of the instructions.)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Total undistributed taxable income previously taxed
1	Balance at beginning of tax year	-103,473	
2	Ordinary income from page 1, line 21		
3	Other additions		
4	Loss from page 1, line 21	92,747	
5	Other reductions		
6	Combine lines 1 through 5	-196,220	
7	Distributions other than dividend distributions		
8	Balance at end of tax year (see instructions)	-196,220	

SCHEDULE K-1
(Form 11208)

Shareholder's Share of Income, Credits, Deductions, etc.

OMB No. 1545-0127

See separate instructions

For calendar year 1967 or tax year

1997

Department of the Treasury
Internal Revenue Service

beginning

and ending

Shareholder's identifying number ▶

Corporation's identifying number ▶

Shareholder's name, address, and ZIP code

Corporation's name, address, and ZIP code

SAM HACHEM
6939 HACHEM DRIVE
PORT RICHEY FL 34668

HACIENDA VILLAGE UTILITIES, INC.
6939 HACHEM DRIVE
PORT RICHEY FL 34668-1398

- A** Shareholder's percentage of stock ownership for tax year (see instructions for Schedule K-1) ▶ **100.000000%**
B Internal Revenue Service Center where corporation filed its return ▶ **ATLANTA, GA 39901**
C Tax shelter registration number (see instructions for Schedule K-1) ▶
D Check applicable boxes: (1) Final K-1 (2) Amended K-1

	(a) Pric rata share items	(b) Amount	(c) Form 1040 line or other amount in column (b) on
Income (Loss)	1 Ordinary income (loss) from trade or business activities	1 -92,747	See page 4 and 5 of the Shareholder's instructions for Schedule K-1 (Form 11208). Sch. D, Part I, line 1 Sch. B, Part II, line 6 Sch. E, Part I, line 6 Sch. D, line 5, col. (f) Sch. D line 12, col. (g) Sch. D, line 12, col. (f) (Enter an amount on your return.) See Shareholder's instructions for Schedule K-1 (Form 11208). (Enter an amount on your return.) Sch. A, line 15 or 16 See page 8 of the Shareholder's instructions for Schedule K-1 (Form 11208). Form 4562, line 1 See Shareholder's instructions for Schedule K-1 (Form 11208). Form 6470, line 10 Form 8884, line 5 See pages 8 and 7 of the Shareholder's instructions for Schedule K-1 (Form 11208).
	2 Net income (loss) from rental real estate activities	2	
	3 Net income (loss) from other rental activities	3	
	4 Portfolio income (loss):		
	a Interest	4a	
	b Dividends	4b	
	c Royalties	4c	
	d Net short-term capital gain (loss)	4d	
	e Net long-term capital gain (loss):		
	(1) 28% rate gain (loss)	e(1)	
(2) Total for year	e(2)		
f Other portfolio income (loss) (attach schedule)	4f		
5 Net section 1231 gain (loss) (other than due to casualty or theft):			
a 28% rate gain (loss)	5a		
b Total for year	5b		
6 Other income (loss) (attach schedule)	6		
Deductions	7 Charitable contributions (attach schedule)	7	
	8 Section 179 expense deduction	8	
	9 Deductions related to portfolio income (loss)	9	
	10 Other deductions (attach schedule)	10	
Investment Interest	11a Interest expense on investment debts	11a	
	b (1) Investment income included on lines 4a, 4b, 4c, and 4d above (2) Investment expense included on line 9 above	b(1) b(2)	
Credits	12a Credit for alcohol used as fuel	12a	
	b Low-income housing credit:		
	(1) From section 42(j)(7) partnerships for property placed in service before 1990	b(1)	
	(2) Other than on line 12b(1) for property placed in service before 1990	b(2)	
	(3) From section 42(j)(5) partnerships for property placed in service after 1990	b(3)	
	(4) Other than on line 12b(3) for property placed in service after 1990	b(4)	
	c Qualified rehabilitation expenditures related to rental real estate activities	12c	
d Credits (other than credits shown on lines 17a and 12c) related to rental real estate activities	12d		
e Credits related to other rental activities	12e		
13 Other credits	13		

For Paperwork Reduction Act Notice, see the instructions for Form 11208.

Schedule K-1 (Form 11208) 1997

1122

SAM HACHEM

Schedule K-1 (Form 1120S) (1997) HACIENDA VILLAGE UTILITIES, INC.

(a) Pro rata share items		(b) Amount	(c) Form 1040 line enter the amount in column (b) on
Adjustments and Tax Preference Items	14a Depreciation adjustment on property placed in service after 1988	14a	See page 2 of this Shareholder's instructions for Schedule A-1 (Form 1120S) and instructions for Form 6251.
	b Adjusted gain or loss	14b	
	c Deduction (other than oil and gas)	14c	
	d (1) Gross income from oil, gas, or geothermal properties	d(1)	
	(7) Deductions allocable to oil, gas, or geothermal properties	d(7)	
e Other adjustments and tax preference items	14e		
Foreign Taxes	15a Type of income		Form 1116, Check box
	b Name of foreign country or U.S. possession		
	c Total gross income from sources outside the United States (attach schedule)	15c	Form 1116, Part I
	d Total applicable deductions and losses (att. schedule)	15d	
	e Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	15e	Form 1116, Part II
	f Reduction in taxes available for credit (attach sch.)	15f	Form 1116, Part III
	g Other foreign tax information (attach schedule)	15g	See instructions for Form 1116
Other	16 Tax-exempt income:		See Shareholder's instructions for Schedule K-1 (Form 1120S)
	a Amount	16a	Form 1040, line 8B
	b Tax-exempt interest income	17	
	18 Other tax-exempt income	18	
	19 Non-deductible expenses	19	See page 2 of the Shareholder's instructions for Schedule K-1 (Form 1120S)
	20 Property distributions (including cash) other than dividend distributions reported to you on Form 1099-DIV	20	
	21 Amount of loan repayments for "Loans From Shareholders"	21	
	22 Receipts of low-income housing credit:		
a From section 528(b) partnerships	22a	Form 0611, line 8	
b Other than on Form 828	22b		

23 Supplemental information required to be reported separately to each shareholder (attach additional schedules if more space is needed)

S U P P L I E M E N T A L I N F O R M A T I O N

SHAREHOLDER EQUITY AT 12/31/96	315,655
REDUCTION IN N/P SHAREHOLDER 1997	-35,000
1997 LOSS	-92,747
SHAREHOLDER EQUITY AT 12/31/97	<u>187,908</u>

FORM 1120B, P1

HACIENDA VILLAGE UTILITIES, INC.
FYE: 12/31/97

11221

EIN:

FORM 1120B, PAGE 1, LINE 19 - OTHER DEDUCTIONS

<u>DESCRIPTION</u>	<u>AMOUNT</u>
BANK CHARGES	\$ 247
ELECTRIC EXPENSE	1,916
FEES & PERMITS	6,395
GROUNDS MAINTENANCE	7,255
MANAGEMENT FEES	378
OFFICE EXPENSE	114
POSTAGE	54
PROFESSIONAL FEES	450
SUPPLIES	5,072
	<u>\$ 27,821</u>

Form 7004

Rev. July 1997

Application for Automatic Extension of Time To File Corporation Income Tax Return

OMB No. 1545-0041

Department of the Treasury
Internal Revenue Service

Name of corporation

Employer identification number

CIACIENDA VILLAGE UTILITIES, INC.

Number, street, and city or village, State, P. O. box or outside the United States, see instructions

6239 HACIENDA DRIVE

City or town, State, and ZIP code

PORT RICHEY

FL 34668-1398

Check type of return to be filed

- Form 1120
- Form 1120-FSC
- Form 1120-ND
- Form 1120-RBIT
- Form 1120-AF
- Form 1120-A
- Form 1120-H
- Form 1120-PC
- Form 1120-RIC
- Form 990-C
- Form 1120-F
- Form 1120-L
- Form 1120-POL
- Form 1120S
- Form 990-T

Form 1120-F filers: Check here if you do not have an office or place of business in the United States

1a I request an automatic 6-month (or, for certain corporations, 3-month) extension of time until 9/15/98, to file the income tax return of the corporation named above for year 1997 or tax year beginning , and ending calendar

b If this tax year is for less than 12 months, check reason:
 Initial return Final return Change in accounting period Consolidated return to be filed

2 If this application also covers subsidiaries to be included in a consolidated return, complete the following:

Name and address of each member of the affiliated group	Employer identification number	Tax period

3 Tentative tax (see instructions)	3	
4 Credits:		
a Overpayment credit from prior year	4a	
b Estimated tax payments for two tax years	4b	
c Loss refund for the tax year applied for on Form 4415	4c	
e Credit from regulated investment companies	4e	
f Credit for Federal tax on state	4f	
5 Total. Add lines 4d through 4f	5	
6 Balance due. Subtract line 5 from line 3. Deposit this amount electronically or with a Federal Tax Deposit (FTD) Coupon (see instructions)	6	

Signatures of officer, director, or other person authorized to sign the return, and the preparer, if any, must be typed and printed below the signature line.

[Signature]
Signature of officer, director, or other person

[Signature]
Signature of preparer

3/10/98
Date

EXHIBIT "C"

HACIENDA UTILITIES, LTD.
Documentation of Ownership

Will be filed as a late-filed exhibit.

EXHIBIT "D"

HACIENDA UTILITIES, LTD.

Sample Tariff

(Original and two copies of sample
tariff have been provided in the original)

WASTEWATER TARIFF

HACIENDA UTILITIES, LTD.

FILED WITH
FLORIDA PUBLIC SERVICE COMMISSION

HACIENDA UTILITIES, LTD.
WASTEWATER TARIFF

SECOND REVISED SHEET NO. 1.0
Cancels FIRST REVISED SHEET NO. 1.0

WASTEWATER TARIFF

Hacienda Utilities, Ltd.
6939 Hachem Drive
Port Richey, FL 34668
(813) 868-7418

FILED WITH
FLORIDA PUBLIC SERVICE COMMISSION

Issuing Officer: Barry Haase
Title: Manager

SEWER TARIFF

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Issuing Officer: Barry Haase
Title: Manager

HACIENDA UTILITIES, LTD.
WASTEWATER TARIFF

SECOND REVISED SHEET NO. 3.0
Cancels FIRST REVISED SHEET NO. 3.0

TERRITORY SERVED

CERTIFICATE NUMBER - 285-S

COUNTY - Pasco County, Florida

COMMISSION ORDER(s) APPROVING TERRITORY SERVED -

<u>Order No.</u>	<u>Date Issued</u>	<u>Docket No.</u>	<u>Filing Type</u>
9600	10/20/80	790813-S	Original Certificate Application
PSC-93-0020-FOF-SU	1/05/93	920419-SU	Transfer

(Continued to Sheet No. 3.1)

Issuing Officer: Barry Haase
Title: Manager

HACIENDA UTILITIES, LTD.
WASTEWATER TARIFF

FIRST REVISED SHEET NO. 3.1
Cancels ORIGINAL SHEET NO. 3.1

(Continued from Sheet No. 3.0)

DESCRIPTION OF TERRITORY SERVED

The following territory in Pasco County, Florida:

Township 26 South, Range 16 East

Section 3

The West 1/2 of the Southeast 1/4 of said Section 3.

Issuing Officer: Barry Haase
Title: Manager

HACIENDA UTILITIES, LTD.
WASTEWATER TARIFF

SECOND REVISED SHEET NO. 4.0
Cancels FIRST REVISED SHEET NO. 4.0

MISCELLANEOUS

Issuing Officer: Barry Haase
Title: Manager

TECHNICAL TERMS AND ABBREVIATIONS

- 1.0 "COMPANY" - Hacienda Utilities, Ltd.
- 2.0 "CONSUMER" - Any person, firm, association, corporation, governmental agency or similar organization supplied with sewer service by the company.
- 3.0 "SERVICE" - Service, as mentioned in this tariff and in agreement with customers, shall be construed to include, in addition to all sewer service required by the customer the readiness and ability on the part of the company to furnish sewer service to the customer. Service shall conform to the standards set forth in Section 367.111 of the Florida Statutes.
- 4.0 "CUSTOMER'S INSTALLATION" - All pipes, shut-offs, valves, fixtures and appliances or apparatus of every kind and nature used in connection with or forming a part of an installation for disposing sewage located on the customer's side of "Point of Collection" whether such installation is owned by customer, or used by consumer under lease or otherwise.
- 5.0 "POINT OF COLLECTION" - The point where the company's pipes or meters are connected with pipes of the consumer.
- 6.0 "MAIN" - Shall refer to a pipe, conduit, or other facility installed to convey sewer service from individual service lines or other mains.
- 7.0 "SERVICE LINES" - The pipes of the company which are connected from the mains to point of collection.
- 8.0 "RATE SCHEDULE" - Refers to rates or charges for the particular classification of service.
- 9.0 "COMMISSION" - Refers to Florida Public Service Commission.
- 10.0 "CERTIFICATE" - Means the sewer certificate issued to the company by the Commission.
- 11.0 "CUSTOMER" - Means the person, firm or corporation who has entered into an agreement to receive sewer service from the Company and who is liable for the payment of that sewer service.

Issuing Officer: Barry Haase
Title: Manager

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Issuing Officer: Barry J. ...
Title: Manager

HACIENDA UTILITIES, LTD.
WASTEWATER TARIFF

SECOND REVISED SHEET NO. 7.0
Cancels FIRST REVISED SHEET NO. 7.0

(Continued from Sheet No. 6)

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Issuing Officer: Barry Haas
Title: Manager

RULES AND REGULATIONS

- 1.0 Policy Dispute - Any dispute between the Company and the Customer or prospective customer regarding the meaning or application of any provision of this Tariff shall upon written request by either party be resolved by the Florida Public Service Commission.
- 2.0 General Information - The Company's Rules and Regulations, insofar as they are inconsistent with any Statute, Law or Commission Order shall be null and void. These Rules and Regulations are a part of the rate schedules, applications and contracts of the Company, and in the absence of specific written agreement to the contrary, then apply without modifications or change to each and every Customer to whom the Company renders sewage service.

In the event that a portion of these Rules and Regulations is declared unconstitutional or void for any reason by any court of competent jurisdiction, such decision shall in no way affect the validity of the remaining portions of the Rules and Regulations for sewage service unless such court order or decision shall so direct.

The Company shall provide service to all customers requiring such service within the territory described in its certificate upon such terms as are set forth in this Tariff.

- 3.0 Signed Application Necessary - Sewage service is furnished only upon signed application or agreement accepted by the Company and the conditions of such application or agreement are binding upon the Customer as well as upon the Company. A copy of the application or agreement for sewer service accepted by the Company will be furnished to the applicant on request.

The Applicant shall furnish to the Company the correct name, street address or lot and block number, at which sewer service is to be rendered.

- 4.0 Applications by Agents - Applications for sewer service requested by firms, partnerships, associations, corporations, and others, shall be tendered only by duly authorized parties. When sewer service is rendered under agreement or agreements entered into between the Company and an Agent of the principal. The use of such sewer service by the principal or agent shall constitute full and complete ratification by the principal of the agreement or agreements entered into between agent and the Company and under which such sewer service is rendered.

Issuing Officer: Barry Haase
Title: Manager

HACIENDA UTILITIES, LTD.
WASTEWATER TARIFF

SECOND REVISED SHEET NO. 9.0
Cancels FIRST REVISED SHEET NO. 9.0

- 5.0 Withholding Service - The Company may withhold or discontinue sewer service rendered under application made by any member or agent of a household, organization or business unless all prior indebtedness to the Company of such household, organization or business for the sewer service has been settled in full.
- Service may also be discontinued for any violation by the Customer or Consumer of any rule or regulation set forth in this Tariff.
- 6.0 Extensions - Extensions will be made to the Company's facilities in compliance with the Rules/Orders/Tariff by the Commission.
- 7.0 Limitation of Use - Sewer service purchased from the Company shall be used by the Consumer only for the purposes specified in the application for sewer service. Sewer service furnished to the Consumer shall be for the Consumer's own use and sewage shall be received directly from the Consumer into the Company's main sewage lines. In no case shall a Consumer, except with the written consent of the Company, extend his lines across a street, alley, lane, court, property line, avenue, or other way, in order to furnish sewer service for adjacent property even though such adjacent property be owned by him. In case of such unauthorized extension, sale or disposition of service, Consumer's sewer service is subject to discontinuance until such unauthorized extension, sale or disposition is discontinued and full payment is made of bills for sewer service, calculated on proper classification and rate schedules and reimbursement made in full to the Company for all extra expenses incurred for clerical work, testing, and inspections.
- 8.0 Continuity of Service - The Company will at all times use reasonable diligence to provide continuous sewer service, and having used reasonable diligence, shall not be liable to the Customer for failure or interruption of continuous sewer service. The Company shall not be liable for any act or omission caused directly or indirectly by strikes, labor troubles, accident, litigations, breakdowns, shutdowns for emergency repairs, or adjustments, acts of sabotage, enemies of the United States, wars, United States, state, municipal or other governmental interference, acts of God or other causes beyond its control. If at any time the Company shall interrupt or discontinue its service for any period greater than one hour, all customers effected by said interruption or discontinuance shall be given not less than 24 hours notice.
- 9.0 Type and Maintenance - The Customer's pipes, apparatus and equipment shall be selected, installed, used and maintained in accordance with the standard practice, conforming with the Rules and Regulations of the Company, and in full compliance with all laws and governmental regulations

Issuing Officer: Barry Hause
Title: Manager

applicable to same. The Company shall not be responsible for the maintenance and operation of the Customer's pipes and facilities. The Customer expressly agrees not to utilize any appliance or device which is not properly constructed, controlled and protected, or which may adversely affect the sewer service; and the Company reserves the right to discontinue or withhold sewer service to such apparatus or device.

10.0 Change of Customer's Installation - No changes or increases in Customer's installation, which will materially affect the proper operation of the pipes, mains, or stations of the Company shall be made without written consent of the Company. The Customer will be liable for any change resulting from a violation of this rule.

11.0 Inspection of Customer's Installation - All Customer's sewer service installations or changes shall be inspected upon completion by competent authority to insure that Customer's piping, equipment, and devices have been installed in accordance with accepted standard practice and such local governmental or other rules as may be in effect. Where municipal or other governmental inspection is required by local rules or ordinances, the Company cannot render sewer service until such inspection has been made and a formal notice of approval from the inspecting authority has been received by the Company.

The Company reserves the right to inspect Customer's installation prior to rendering sewer service and from time to time thereafter, but assumes no responsibility whatsoever for any portion thereof.

12.0 Protection of Company's Property - The Customer shall exercise reasonable diligence to protect the Company's property on the Customer's premises, and shall knowingly permit no one but the Company's agents, or persons authorized by law, to have access to the Company's pipes and apparatus.

In the event of any loss, or damage to property of the Company caused by or arising out of carelessness, neglect or misuse by the Customer, the cost of making good such loss or repairing such damage shall be paid by the Customer.

13.0 Access to Premises - The duly authorized agents of the Company shall have access at all reasonable hours to the premises of the Customer for the purpose of installing, maintaining and inspecting or removing Company's property, and other purposes incident to performance under or termination of the Company's agreement with the Customer and in such performance shall not be liable for trespass.

Issuing Officer: Barry Haase
Title: Manager

- 14.0 Right of Way or Easement - The Customer shall grant or cause to be granted to the Company and without cost to the Company all rights, easements, permits, and privileges which are necessary for the rendering of sewer service.
- 15.0 Billing Periods - Bills for sewer service will be rendered monthly and will be sent to Customers by the Company. Bills are due when rendered and shall be considered as received by Customer when delivered to our mailed to sewer service address or some other place mutually agreed upon. Nonreceipt of bills by Customer shall not release or diminish the obligation of Customer with respect to payment thereof.
- 16.0 Delinquent Bills - Bills are due when rendered, and if not paid within twenty (20) days thereafter become delinquent, and sewer service may then, after five (5) days written notice, be discontinued. Service will be resumed only upon payment of all past-due bills and penalties, together with a reconnect charge established on the basis of the expenses incurred in the disconnection and restoration of service which shall be non-discriminatory in its application. There shall be no liability of any kind against the Company by reason of discontinuance of sewer service to the Consumer for failure of the Consumer to pay the bills on time.
- No partial payment of any bill rendered will be accepted by the Company except by Agreement with Company, or by order of the Commission.
- 17.0 Held for future use.

Issuing Officer: Barry Haase
Title: Manager

18.0 Held for future use.

19.0 Evidence of Consumption - The initiation or continuation or resumption of water service to the premises shall constitute the initiation, continuation or resumption of sanitary sewer services to the premises, regardless of occupancy.

20.0 Tax Clause - Rates and/or charges may be increased or a surcharge added in the amount of the applicable proportionate part of any taxes and assessments imposed by any governmental authority in excess of those in effect after the approval of this rule which are assessed on the basis of meters or customers or the price of or revenues from sewage service sold, not including income taxes.

21.0 Change of Occupancy - When change of occupancy takes place on any premises supplied by the Company with sewer service, WRITTEN NOTICE thereof shall be given at the office of the company not less than three (3) days prior to the date of change by the outgoing Customer who will be held responsible for all sewer service used on such premises until such written notice is so received and the Company has had reasonable time to discontinue sewer service. However, if such written notice has not been received, the application of a succeeding occupant or sewer service will automatically terminate the prior account. Customer's deposit may be transferred from one service location to another, if both locations are supplied by the Company, Consumer's deposit may NOT be transferred from one name to another.

For the convenience of its Customers, the Company will accept telephone orders to discontinue or transfer sewer service and will use all reasonable diligence in the execution thereof. However, oral orders or advice shall not be deemed binding or be considered formal notification to the Company.

Issuing Officer: Barry Haase
Title: Manager

- 22.0 Unauthorized Connections - Sewer - Connections to the Company's sewer system for any purpose whatsoever are to be made only by employees of the Company. Unauthorized connections render the service subject to immediate discontinuance without notice and sewer service will not be restored until such unauthorized connections have been removed and unless settlement is made in full and for sewer service estimated by the Company to have been used by reason of such unauthorized connection.
- 23.0 Adjustment of Bills - When a Customer has been overcharged or undercharged as a result of incorrect application of the rate schedule, or if sewer service is measured by water consumption, a meter error is determined, the amount may be credited or billed to the Consumer, as the case may be.
- 24.0 Customer Deposits - Customer deposits are not required by the Company.
- 25.0 Filing of Contracts - The Company shall file copies of all contracts for service availability with the Commission within thirty (30) days after execution.

Issuing Officer: Barry Haase
Title: Manager

26.0 Service Availability Policy -

Purpose. Service Company hereby establishes this policy for the purpose of creating a uniform method of determining the contribution in aid of construction to be borne by property owners, builders or developers (hereafter sometimes referred to as Contributor) within the service area. To insure the desired uniformity, the provisions of Part IX, Chapter 25-10, F.A.C., are incorporated herein and made a part hereof.

Applicability of Service Availability Policy. The provisions of this policy are applicable to all Contributors who desire service within or within reasonable proximity to the certificated territory of Service Company.

Service Outside Territory. Provision of service outside Service Company's certificated territory involves formal proceedings before the Florida Public Service Commission and entails engineering, administrative and legal expenses in addition to costs expected by the Service Company to provide service within its territory. Service Company will not be obligated to provide service outside the territory unless the Contributor agrees to pay in advance the reasonable costs of necessary formal proceedings, and the amount advanced will be adjusted to conform with actual expenses after the proceedings have been completed. Service Company will make extensions outside the territory only if the extensions and treatment plant reservation of expansion to serve such extensions and treatment plant reservation or expansion to serve such extensions are economically feasible as defined by Rule 25-10.121(9), F.A.C., and satisfy the requirements of Section 367.121(1)(d), Florida Statutes.

Requirements for Payment of Contributions in Aid of Construction. Service Company requires the payment of contributions in aid of construction either by cash payments or through transfer of sewage collection facilities and appurtenances thereto which have been installed by the prospective customer or through a combination of both cash payments and a transfer of such facilities.

Issuing Officer: Barry Haase
Title: Manager

On-Site Facilities (Contributions in Aid of Construction). Contributors may design and install on-site facilities with such design, installation and construction to be subject to the approval of Service Company. Contributor shall pay all Service Company's reasonable costs for engineering, supervision, administration and legal work incident to the approval of facilities. Contributor shall also be responsible for financing of the on-site facilities in such a manner as to permit transfer or ownership and control of the facilities to Service Company free and clear of any impediment to the continuous unfettered enjoyment of Service Company. On-Site facilities will, at the option of Service Company, be transferred to Service Company. All transfers of on-site facilities shall be in form reasonably satisfactory to Service Company and shall be accompanied by satisfactory evidence of ownership free and clear of any liens and encumbrances.

All expenses of any nature related to the on-site project, such as, but not limited to, fees for permits and costs incurred in connection with inspection, installation, analysis, testing, insurance, legal work or engineering shall be paid by Contributor.

Service Company may install or may require the installation of oversized lines or facilities on Contributor's property to provide service to other properties in accordance with the master plan of Service Company. In this event, Contributor may be required to advance the entire cost and the balance of the cost in excess of the cost to serve the Contributor will then be the subject of a refundable advance agreement.

Main Capacity Charge (Contributions in Aid of Construction) - Service to property may be dependent upon the extension of or the existence of previously extended off-site sewage collection facilities. Whenever use of such off-site facilities is necessary to render service, the Contributor must pay in advance the total cost of the pro rata share of all off-site facilities necessary to provide service to the property (tract) to be rendered service.

It is hereby declared and established that the determination of the pro rata share will be based upon reasonable engineering judgment that includes consideration of the utility demands of (a) the quantum area to be developed; (b) the development trends

Issuing Officer: Barry Haase
Title: Manager

in the surrounding territory; and (c) the consumer density and the estimated use of service by the proposed development. It is further declared that the charge for the pro rata share of off-site facilities is applicable whether or not the facilities have been previously constructed or are necessary to be constructed to serve Contributor. Service Company may require the installation of oversized off-site lines and facilities to provide service for other properties in accordance with the master plan of Service Company. In this event, Contributor may be required to advance the entire cost and the balance of the cost in excess of the cost to serve the Contributor and will then be the subject of a refundable agreement.

Treatment Facilities (Contributions In Aid Of Construction). Service Company requires that all Contributors pay for a pro rata share of the cost of treatment plant facilities, whether or not the facilities have been constructed or may be constructed to continue to render service. Such payments are herein defined as contributions in aid of construction and shall be paid in advance as follows:

(a) Sewer - \$700.00 per F.R.C., computed upon a basis of sewer plant capacity of 350 gallons per day per ERC. Equivalency determinations shall be made by Service Company and will give consideration to the waste characteristics of sewage to be treated.

Meter Installation (Contributions In Aid Of Construction). Each Contributor will pay the actual cost of sewage flow meters and meter installation if such meters are required by the property to be served, as determined by Service Company. The cost must be paid in advance.

Guaranteed Revenue Agreements. It is declared and established that nothing herein shall remove the financial risk of development from Contributor and such financial risk shall not be borne in any way by Service Company.

If Service Company deems it is prudent and necessary, a guaranteed revenue agreement may be required as a prerequisite to service availability. All service company expansions must be self-supporting.

Issuing Officer: Barry Haase
Title: Manager

All guaranteed revenue agreements will be in conformity with Rule 25-10.121(9) and (12), F.A.C., and Rule 25-10.138, F.A.C.

Refundable Advances. As previously stated in this policy, occasions may arise when, for sound engineering reasons relating to Service Company's master plan, it is necessary to serve a Contributor with facilities greater in size than the facilities related to the Contributor's pro rata share. In the event Service Company requires a Contributor to advance the entire cost of oversized facilities, then that portion of the cost in excess of the cost necessary to provide service to Contributor may then become the subject of a refundable advance agreement. The agreement shall provide a reasonable plan of contingent return to the customer of amounts in excess of the cost of facilities necessary to serve Contributor. Contributor shall not be entitled to any refunds after the end of seven years after the advance was received and Service Company shall not be obligated to pay interest to the Contributor on any money advanced to Service Company.

Easements and Rights-of-Way. As a prerequisite to the construction of any sewage collection system proposed to be connected to the facilities of Service Company, Contributors shall be responsible for obtaining all easements or rights-of-way necessary in connection with the installation of the proposed facilities and the master plan of Service Company. All grants or conveyances shall be free and clear of all liens and encumbrances and in form proper for recording and satisfactory to Service Company. Such conveyances shall be made without cost to Service Company.

Developer's Agreement. Whenever the situation dictates or Commission rules require preparation and execution of a Developer's Agreement, such agreement will be consistent with the provisions of this Service Availability Policy and in conformity with the rules promulgated and revised from time to time by the Commission.

Issuing Officer: Barry Haase
Title: Manager

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Issuing Officer: Barry Haase
Title: Manager

RESIDENTIAL SERVICE

RATE SCHEDULE RS

- AVAILABILITY - Available throughout the area served by the Company.
- APPLICABILITY - For wastewater service for all purposes in private residences and individually metered apartment units.
- LIMITATIONS - Subject to all of the Rules and Regulations of this tariff and General Rules and Regulations of the Commission.
- BILLING PERIOD - Monthly
- RATE - \$12.13 per month
- MINIMUM BILL - \$12.13 Per month
- TERMS OF PAYMENT Bills are due and payable when rendered and become delinquent if not paid within twenty (20) days. After five (5) working days written notice is mailed to the customer separate and apart from any other bill, service may then be discontinued.
- EFFECTIVE DATE March 27, 1997
- TYPE OF FILING - Four year of rate case expense reduction.

Issuing Officer: Barry Haase
Title: Manager

MULTI-RESIDENTIAL SERVICE

RATE SCHEDULE MS

- AVAILABILITY - Available throughout the area served by the Company.
- APPLICABILITY - For wastewater service for all master-metered residential customers including, but not limited to, Condominiums, Apartments and Mobile Home Parks.
- LIMITATIONS - Subject to all of the Rules and Regulations of this tariff and General Rules and Regulations of the Commission.
- BILLING PERIOD - Monthly
- RATE - \$12.13 per month, per residential unit
- MINIMUM BILL - \$12.13 per month, per residential unit
- TERMS OF PAYMENT Bills are due and payable when rendered and become delinquent if not paid within twenty (20) days. After five (5) working days written notice is mailed to the customer separate and apart from any other bill, service may then be discontinued.
- EFFECTIVE DATE - March 27, 1997
- TYPE OF FILING - Four year of rate case expense reduction.

Issuing Officer: Barry Haase
Title: Manager

MISCELLANEOUS SERVICE CHARGES

The Company may charge the following miscellaneous service charges in accordance with the terms stated herein. If both water and wastewater services are provided, only a single charge is appropriate unless circumstances beyond the control of the Company require multiple actions.

INITIAL CONNECTION - This charge would be levied for service initiation at a location where service did not exist previously.

NORMAL RECONNECTION - This charge would be levied for transfer of service to a new customer account at a previously served location, or reconnection of service subsequent to a customer-requested disconnection.

VIOLATION RECONNECTION - This charge would be levied prior to reconnection of an existing customer after disconnection of service for cause according to Rule 25-30.320(2), Florida Administrative Code, including a delinquency in bill payment.

PREMISES VISIT CHARGE (IN LIEU OF DISCONNECTION) - This charge would be levied when a service representative visits a premises for the purpose of discontinuing service for nonpayment of a due and collectible bill and does not discontinue service because the customer pays the service representative or otherwise makes satisfactory arrangements to pay the bill.

Schedule of Miscellaneous Service Charges

Initial Connection Fee	\$1.00
Normal Reconnection Fee	\$15.00
Violation Reconnection Fee	Actual Cost ¹
Premises Visit Fee (in lieu of disconnection)	\$10.00

[1] Actual cost is equal to the total cost incurred for services.

EFFECTIVE DATE - April 2, 1993

TYPE OF FILING - SARC

Issuing Officer: Barry Haase
Title: Manager

SERVICE AVAILABILITY SCHEDULE OF FEES AND CHARGES

<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>REFER TO SERVICE AVAILABILITY POLICY SHEET NO./RULE NO.</u>
<u>Customer Connection (Tap-in Charge)</u>		
5/8" x 3/4" metered service		
1" metered service		
1 1/2" metered service		
2" metered service		
Over 2" metered service	Actual Cost ¹	
<u>Guaranteed Revenue Charge</u>		
With Prepayment of Service Availability Charges:		
Residential-per ERC/month (___ GPD)		
All others-per gallon/month		
Without Prepayment of Service Availability Charges:		
Residential-per ERC/month (___ GPD)		
All others-per gallon/month		
<u>Inspection Fee</u>	Actual Cost ¹	
<u>Main Extension Charge</u>		
Residential-per ERC (___ GPD)		
All others-per gallon		
or		
Residential-per lot (___ ft. frontage)		
All others-per gallon		
<u>Plan Review Charge</u>	Actual Cost ¹	
<u>Plant Capacity Charge</u>		
Residential-per ERC (___ GPD)	\$700.00	16.0
All others-per gallon		
<u>System Capacity Charge</u>		
Residential-per ERC (___ GPD)		
All others-per gallon		

¹ Actual cost is equal to the total cost incurred for services rendered by a customer.

EFFECTIVE DATE - April 2, 1993

TYPE OF FILING - SARC

Issuing Officer: Barry Haase
Title: Manager

HACIENDA UTILITIES, LTD.
WASTEWATER TARIFF

SECOND REVISED SHEET NO. 21.0
Cancels FIRST REVISED SHEET NO. 21.0

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Issuing Officer: Barry Haase
Title: Manager

HACIENDA UTILITIES, LTD.
WASTEWATER TARIFF

SECOND REVISED SHEET NO. 22.0
Cancels FIRST REVISED SHEET NO. 22.0

APPLICATION FOR SEWER SERVICE

SEWER TAP AND SERVICE APPLICATION FORM

Hacienda Utilities, Ltd.
6939 Hachem Drive
Port Richey, Florida 34668
Phone: (813) 868-7418

Account No. _____
Date Application Requested: _____
Date Application Issued: _____

TO WHOM IT MAY CONCERN:

This is to acknowledge receipt from _____, Owner-Applicant,
a sewer tap fee to service a _____ (type of structure or development),
located at _____, Florida.
Zip: _____.

Sewer Service will be provided for this dwelling. Anticipated need for this service to begin _____.
LEGAL DESCRIPTION: _____

All residential sewage service connections shall be inspected and approved by Hacienda Utilities, Ltd. At least 24 hours notice must be given to Hacienda Utilities, Ltd., prior to the desired time for inspection.

HACIENDA UTILITIES, LTD.

Barry Haase, Manager

Upper portion of this form to be used with Pasco County Building Permit Application Form.

Lower portion of this form to be retained by Owner-Applicant or Builder.

SEWER TAP AND SERVICE APPLICATION FORM

Hacienda Utilities, Ltd.
6939 Hachem Drive
Port Richey, Florida 34668
Phone: (813) 868-7418

Account No. _____

Issuing Officer: Barry Haase
Title: Manager

EXHIBIT "E"

HACIENDA UTILITIES, LTD.

Notice

October 7, 1998

NOTICE OF APPLICATION FOR TRANSFER
OF A WASTEWATER CERTIFICATE

Hacienda Utilities, Ltd., 4340 East West Highway, Ste. 206, Bethesda, Maryland, pursuant to Section 367.071, Florida Statutes, hereby notices its intent to apply to the Florida Public Service Commission for transfer of Certificate No. 285-S for the following described territory located in Pasco County, Florida:

The following described lands located in portions of Section 03, Township 26 South, Range 16 East, Pasco County, Florida:

Section 03

The West 1/2 of the Southeast 1/4

Any objections to the Application must be filed with the Director, Division of Records & Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, with copy to John L. Wharton, Esq. Rose, Sundstrom & Bentley, 2548 Blairstone Pines Drive, Tallahassee, Florida 32301, no later than 30 days after the last date that the Notice was mailed or published, whichever is later.