

MAXWELL, BAKER & McFATRIDGE, P.C.

ATTORNEYS AT LAW
2525 SOUTH SHORE BLVD., SUITE 410
LEAGUE CITY, TEXAS 77573

KYLE L. DICKSON
Shareholder
kdickson@maxwellbaker.com

TELEPHONE (281) 521-2000
FACSIMILE (281) 521-2010

GALVESTON OFFICE (409) 765-7446
FACSIMILE (409) 762-8519

July 21, 1999

VIA FEDERAL EXPRESS

Florida Public Service Commission
Division of Communications, Certification & Compliance Section
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0866

990967-TX

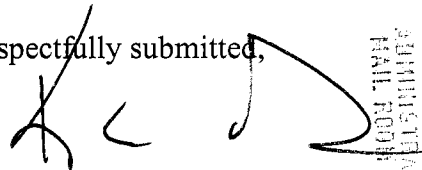
Re: *Application of Credit Loans, Inc. d/b/a Lone Star State Telephone Co. for Authority to Provide Alternative Local Exchange Service Within the State of Florida.*

Dear Sir or Madam:

Enclosed herewith for filing on behalf of *Credit Loans, Inc. d/b/a Lone Star State Telephone Co.*, please find an original and six (6) copies of its Application for Authority to Provide Alternative Local Exchange Services within the State of Florida. Also, please find our firm check in the amount of \$250.00 made payable to the Florida Public Service Commission to cover filing fees.

Please date-stamp the extra copy and return to the undersigned in the self-addressed stamped envelope provided. If you have any questions, please contact me at (281) 521-2000.

Respectfully submitted,



Kyle L. Dickson

ADMINISTRATOR
MAIL ROOM

JUL 27 9 58 AM '99

RECEIVED

Enclosures

S:\WPDOCS\KLD\Telecom Clients\LONESTAR\flapuc.079.wpd

Check received with filing and forwarded to Fiscal for deposit. Fiscal to forward a copy of check to RAR with proof of deposit.

Initials of person who forwarded check:



DOCUMENT NUMBER-DATE

08821 JUL 27 99

FPSO-RECORDS/REPORTING

MAXWELL, BAKER & McFATRIDGE, P.C.

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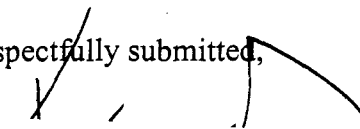
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Respectfully submitted,



JUL 21 9 10 AM '99
FEDERAL EXPRESS MAIL ROOM

MAXWELL, BAKER & McFATRIDGE, P.C.
17625 EL CAMINO REAL, SUITE 310
HOUSTON, TEXAS 77058-3052

FIRST PROSPERITY BANK
CLEAR LAKE
P.O. BOX 35560
HOUSTON, TEXAS 77235-5560
88-2265/1131

12672

7/23/99

PAY TO THE ORDER OF

Florida - PSC

\$ **250.00

Two Hundred Fifty and 00/100*****

Florida - PSC

DOLLARS

MEMO Filing fee - LON03



AUTHORIZED SIGNATURE

FD Security features. Details on back.

1. This is an application for (check one):

Original authority (new company)

Approval of transfer (to another certificated company)

Example, a certificated company purchases an existing company and desires to retain the original certificate authority.

Approval of assignment of existing certificate (to a noncertificated company)

Example, a non-certificated company purchases an existing company and desires to retain the certificate of authority rather than apply for a new certificate.

Approval for transfer of control (to another certificated company)

Example, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. Name of Applicant:

Credit Loans, Inc. d/b/a Lone Star State Telephone Co.

3. A. National mailing address including street name, number, post office box, city, state, zip code, and phone number.

**137 North Main St.
Conroe, Texas 77301
(409) 788-5580
(800) 393-1481 FAX**

B. Florida mailing address including street name, number, post office box, city, state, zip code, and phone number.

**1200 South Pine Island Road
Plantation, Florida 33324
(305) 473-5503**

C. Physical address of alternative local exchange service in Florida including street name, number, post office box, city, zip code, and phone number.
N/A.

4. Structure of organization:

- | | |
|---|--|
| <input type="checkbox"/> Individual | <input type="checkbox"/> Corporation |
| <input checked="" type="checkbox"/> Foreign Corporation | <input type="checkbox"/> Foreign Partnership |
| <input type="checkbox"/> General Partnership | <input type="checkbox"/> Limited Partnership |
| <input type="checkbox"/> Joint Venture | <input type="checkbox"/> Other, Please explain _____ |

5. If incorporated, please provide proof from the Florida Secretary of State that the applicant has authority to operate in Florida.

Corporate charter number: _____

A copy of Applicant's Certificate of Authority to do Business in Florida is attached hereto as Exhibit "A".

6. Name under which the applicant will do business (d/b/a):

Lone Star State Telephone Co.

7. If applicable, please provide proof of fictitious name (d/b/a) registration:

Fictitious name registration number: **G99175900161** _____

8. If applicant is an individual, partnership, or joint venture, please give name, title and address of each legal entity.

9. State whether any of the officers, directors, or any of the ten largest stockholders have previously been adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. If so, please explain.

None

-
10. Please provide the name, title, address, telephone number, Internet address, and facsimile number for the person serving as ongoing liaison with the Commission, and if different, the liaison responsible for this application.

Ongoing Operations:

**Larry Miller
President
137 N. Main St.
Conroe, Tx 77301
(409) 788-5580**

Application

**Kyle L. Dickson
Maxwell, Baker & McFatrige, P.C.
2525 South Shore Blvd., Suite 410
League City, Texas 77573
(281) 521-2000 (Phone)
(281) 521-2010 (Fax)**

11. Please list other states in which the applicant is currently providing or has applied to provide local exchange or alternative local exchange service.
Texas
12. Has the applicant been denied certification in any other state? If so, please list the state and reason for denial.
No.
13. Have penalties been imposed against the applicant in any other state? If so, please list the state and reason for penalty.
No.
14. Please indicate how a customer can file a service complaint with your company.
Customers can either call the Company's toll-free telephone number (800) 393-1479 or write to the Company directly.

15. Please provide all available documentation demonstrating that the applicant has the following capabilities to provide alternative local exchange service in Florida.

A. Financial capability. **See Exhibit “B”.**

Regarding the showing of financial capability, the following applies:

The application should contain the applicant’s financial statements, including:

1. the balance sheet
2. income statement
3. statement of retained earnings for the most recent 3 years.

If available, the financial statements should be audited financial statements.

If the applicant does not have audited financial statements, it shall be so stated. The unaudited financial statements should then be signed by the applicant’s chief executive officer and chief financial officer. The signatures should affirm that the financial statements are true and correct.

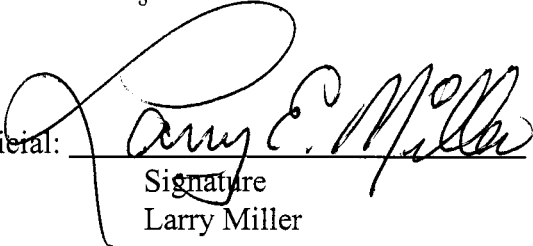
B. Managerial capability. **See Exhibit “C”.**

C. Technical capability. **See Exhibit “C”.**

AFFIDAVIT

By my signature below, I, the undersigned officer, attest to the accuracy of the information contained and attached documents and that the applicant has the technical expertise, managerial ability, and financial capability to provide alternative local exchange service in the State of Florida. I have read the foregoing and declare that to the best of my knowledge and belief, the information is true and correct. I attest that I have the authority to sign on behalf of my company and agree to comply, now and in the future, with all applicable Commission rules and orders.

Further, I am aware that pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in §775.082 and §775.083."

Official: 
Signature
Larry Miller

7-19-99
Date

Title: President

(409) 788-5580
Telephone Number

Address: Lone Star State Telephone Co.
137 North Main Street
Conroe, Tx 77301

EXHIBIT "A"

**CERTIFICATE OF AUTHORITY TO DO
BUSINESS IN THE STATE OF FLORIDA**



FLORIDA DEPARTMENT OF STATE
Katherine Harris
Secretary of State

June 24, 1999

CT CORPORATION SYSTEM
660 E. JEFFERSON STREET
TALLAHASSEE, FL 32301

Qualification documents for CREDIT LOANS, INC. were filed on June 24, 1999 and assigned document number F99000003279. Please refer to this number whenever corresponding with this office.

Your corporation is now qualified and authorized to transact business in Florida as of the file date.

A corporation annual report will be due this office between January 1 and May 1 of the year following the calendar year of the file date. A Federal Employer Identification (FEI) number will be required before this report can be filed. If you do not already have an FEI number, please apply NOW with the Internal Revenue by calling 1-800-829-3676 and requesting form SS-4.

Please be aware if the corporate address changes, it is the responsibility of the corporation to notify this office.

Should you have any questions regarding this matter, please telephone (850) 487-6091, the Foreign Qualification/Tax Lien Section.

Agnes Lunt
Document Specialist
Division of Corporations

Letter Number: 699A00033693

APPLICATION BY FOREIGN CORPORATION FOR AUTHORIZATION TO TRANSACT BUSINESS IN FLORIDA

IN COMPLIANCE WITH SECTION 607.1503, FLORIDA STATUTES, THE FOLLOWING IS SUBMITTED TO REGISTER A FOREIGN CORPORATION TO TRANSACT BUSINESS IN THE STATE OF FLORIDA:

1. Credit Loans, Inc. (Name of corporation: must include the word "INCORPORATED", "COMPANY", "CORPORATION", or words or abbreviations of like import in language as will clearly indicate that it is a corporation instead of a natural person or partnership if not so contained in the name at present.)

2. Texas (State or country under the law of which it is incorporated) 3. 74-1478325 (FEI number, if applicable)

4. September 26, 1963 (Date of incorporation) 5. Perpetual (Duration: Year corp. will cease to exist or "perpetual")

6. Upon Initial Incorporation (Date first transacted business in Florida. (See sections 607.1501, 607.1502, and 817.155, F.S.))

7. 137 North Main St., Conroe, Texas 77301 (Current mailing address)

8. TO PROVIDE TELECOMMUNICATION SERVICES (Purpose(s) of corporation authorized in home state or country to be carried out in the state of Florida)

9. Name and street address of Florida registered agent:

Name: C T Corporation System Office Address: c/o C T Corporation System, 1200 South Pine Island Road Plantation, Florida, 33324 (Zip Code)

10. Registered agent acceptance: Having been named as registered agent and to accept service of process for the above stated corporation at the place designated in this application. I hereby accept the appointment as registered agent and agree to act in this capacity. I further agree to comply with the provisions of all statutes relative to the proper and complete performance of my duties, and I am familiar with and accept the obligation of my position as registered agent.

C T Corporation System

Jennifer MCBurnett (Registered agent's signature) (Officer)

Jennifer McBurnett, Asst. Secy. (Type Name and Title of Officer)

FILED SECRETARY OF STATE DIVISION OF CORPORATIONS 99 JUN 24 PM 1:05

11. Attached is a certificate of existence duly authenticated, not more than 90 days prior to delivery of this application to the Department of State, by the Secretary of State or other official having custody of corporate records in the jurisdiction under the law of which it is incorporated.

12. Names and addresses of officers and/or directors:

A. DIRECTORS

Chairman: Larry Miller

Address: 137 North Main St., Conroe, TX 77301

Vice Chairman: _____

Address: _____

Director: _____

Address: _____

Director: _____

Address: _____

B. OFFICERS

President: Larry Miller

Address: 137 North Main St., Conroe, TX 77301

Vice President: _____

Address: _____

Secretary: _____

Address: _____

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
99 JUN 24 PM 1:05

Treasurer: _____

Address: _____

NOTE: If necessary, you may attach an addendum to the application listing additional officers and/or directors.

13. Larry E Miller
(Signature of Chairman, Vice Chairman, or any officer listed in number 12 of the application)

14. Larry Miller, President
(Typed or printed name and capacity of person signing application)

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
99 JUN 24 PM 1:05



FLORIDA DEPARTMENT OF STATE

Katherine Harris
Secretary of State

June 24, 1999

LONE STAR STATE TELEPHONE CO.
137 NORTH MAIN STREET
CONROE, TX 77301

Subject: **LONE STAR STATE TELEPHONE CO.**

REGISTRATION NUMBER: **G99175900161**

This will acknowledge the filing of the above fictitious name registration which was registered on June 24, 1999. This registration gives no rights to ownership of the name.

Each fictitious name registration must be renewed every five years between July 1 and December 31 of the expiration year to maintain registration. Three months prior to the expiration date a statement of renewal will be mailed.

IT IS THE RESPONSIBILITY OF THE BUSINESS TO NOTIFY THIS OFFICE IN WRITING IF THEIR MAILING ADDRESS CHANGES. Whenever corresponding please provide assigned Registration Number.

Should you have any questions regarding this matter you may contact our office at (850) 488-9000.

Reinstatement Section
Division of Corporations

Letter No. 599A00033733

APPLICATION FOR REGISTRATION OF FICTITIOUS NAME

09 JUN 99 01:08:59
 STATE OF FLORIDA
 TREASURY DEPARTMENT

Section 1

1. Lone Star State Telephone Co.
 Fictitious Name to be Registered

2. 137 North Main Street
 Mailing Address of Business

City Conroe, Texas, Florida 77301
 Zip Code

3. Florida County Broward

4. FEI Number: 74-1478325

This space for office use only

Section 2

A. Owner(s) of Fictitious Name If Individual(s) (use an attachment if necessary):

1. Last First M.I. Address City State Zip Code SS#

2. Last First M.I. Address City State Zip Code SS#

B. Owner(s) of Fictitious Name If Corporation(s) (use an attachment if necessary):

1. CREDIT LOANS, INC.
 Corporate Name
2525 So. Shore Blvd., Ste. 410
 Address
League City TX 77573
 City State Zip Code
 Florida Corporate Document No.:
 FEI Number: 74-1478325
 Applied for Not Applicable

2. Corporate Name Address City State Zip Code Florida Corporate Document No.: FEI Number: Applied for Not Applicable

Section 3

I (we) the undersigned, being the sole (all the) party(ies) owning interest in the above fictitious name, certify that the information indicated on this form is true and accurate. I (we) further certify that the fictitious name shown in Section 1 of this form has been advertised at least once in a newspaper as defined in chapter 50, Florida Statutes, in the county where the applicant's principal place of business is located. I (we) understand that the signature(s) below shall have the same legal effect as if made under oath. (At Least One Signature Required)

6-15-99 Larry Miller
 Signature of Owner Date
 Larry Miller
 Phone Number: (409) 756-5558

Signature of Owner Date
 Phone Number:

Section 4

**FOR CANCELLATION COMPLETE SECTION 4 ONLY:
 FOR FICTITIOUS NAME OWNERSHIP CHANGE COMPLETE SECTIONS 1 THROUGH 4:**

I (we) the undersigned, hereby cancel the fictitious name _____, which was registered on _____ and was assigned registration number _____

Signature of Owner Date Signature of Owner Date

Mark the applicable boxes Certificate of Status - \$10 Certified Copy - \$30
FILING FEE: \$50

Note: Acknowledgements/certificates will be sent to the address in Section 1 only.

EXHIBIT "B"

BALANCE SHEET

INCOME STATEMENT

STATEMENT OF RETAINED EARNINGS FOR 3 YEARS

Credit Loans Inc.
FINANCIAL STATEMENTS
December 31, 1998

Caridad Pelayo Sentmanat
Certified Public Accountant
932-B West Dallas
P. O. Box 1368
Conroe, Texas
77305

Caridad Pelayo Sentmanat

CERTIFIED PUBLIC ACCOUNTANT

932B WEST DALLAS

P.O. BOX 1368

CONROE, TEXAS 77305

409-756-3915

FAX - 409-756-3940

Mr. Larry E. Miller
Credit Loans Inc.
139 N. Main
Conroe, Texas 77301

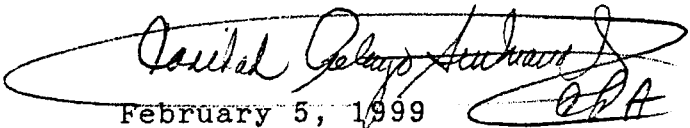
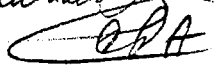
Dear Mr. Miller:

I have compiled the accompanying statement of assets, liabilities and equity-income tax basis of Credit Loans Inc. as of December 31, 1998 and the related statement of revenues and expenses-income tax basis for the four months then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared on the accounting basis used by the Company for income tax purposes, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all the disclosures and the statement of retained earnings ordinarily included in financial statements. If the omitted disclosures and statement were included in the financial statements they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The information included in the accompanying Schedules of Revenues and Expenses for the Conroe, Huntsville and Navasota Offices and Lone Star Telephone is presented only for supplementary analysis purposes.


February 5, 1999 

CREDIT LOANS INC.
Statement of Assets, Liabilities and Equity-Income Tax Basis
December 31, 1998

Assets

Current and Long Term Assets

Cash in Bank - WF - Conroe	52,390.39	
Cash in Drawer - Conroe	899.19	
Cash in Bank - Nations - Huntsville	(1,865.58)	
Cash in Drawer - Huntsville	1,069.08	
Cash in Bank - FB - Navasota	104,965.74	
Cash in Drawer - Navasota	1,666.29	
Cash In Bank - Lone Star Account	344,084.22	
Cash in Bank - WF - MMA	252,969.74	
Loans Receivable - Conroe	321,359.31	
Loans Receivable - Huntsville	190,182.06	
Loans Receivable - Navasota	185,033.94	
Accounts Receivable - Special	1,230.00	
Accounts Receivable -Lone Star T.	11,266.87	
Investments - Charles Schwabb	51,671.54	
Note Receivable - Huntsville Church	50,882.07	
Loans to Stockholder	12,586.55	
Inventory	18,156.25	
Total Current Assets		1,598,547.66

Fixed Assets

Land	97,963.26	
Buildings	91,340.04	
Furniture & Fixtures	52,955.84	
Vehicles	36,900.00	
Rental Property	70,899.76	
Acc. Dep. Buildings	(43,327.53)	
Acc. Dep. Furniture & Fixtures	(50,913.58)	
Acc. Dep. Vehicles	(9,700.67)	
Acc. Dep. Rental Property	(12,352.34)	
Total Fixed Assets		233,764.78

Other Assets

Deposits	105.00	
Prepaid Insurance	7,687.35	
Prepaid Dues	324.97	
CSV Life Insurance	49,914.26	
Total Other Assets		58,031.58

Total Assets

	1,890,344.02
	=====

CREDIT LOANS INC.
Statement of Assets, Liabilities and Equity-Income Tax Basis
December 31, 1998

Liabilities

Current Liabilities

Accounts Payable	57,289.20	
Federal WH Payable	10,428.09	
TWC Payable	51.01	
FUTA Payable	135.13	
TX Telecommunication Assessment	4,255.00	
Sales Tax Payable	10,725.39	
Phone Excise Tax Payable	4,243.45	
Corporate Income Tax Payable	39,639.32	
Note Payable - Eloise Scrivener	2,400.00	
Total Current Liabilities		129,166.59

Long Term Liabilities

Note Payable - Eloise Scrivener	9,415.07	
Note Payable - Insurance Company	3,172.39	
Deferred Revenue - Real Estate Sale	27,595.66	
Total Long Term Liabilities		40,183.12

Total Liabilities		169,349.71

Capital

Common Stock	350.00	
Paid in Capital	16,650.00	
Retained Earnings	1,610,815.70	
Dividends Distribution	(2,100.00)	
Net Income <Loss>	95,278.61	
Total Capital		1,720,994.31

Total Liabilities and Capital		1,890,344.02
		=====

CREDIT LOANS INC.
Statement of Revenues and Expenses-Income Tax Basis
December 31, 1998

	Current	%	Year-to-Date	%
Income				
Loan Acquisition Income	30,053.03	4.0	30,053.03	4.0
Loan Handling Income	270,950.92	36.0	270,950.92	36.0
Late Charges Income	7,555.79	1.0	7,555.79	1.0
Bad Debt Recoveries	1,134.41	0.2	1,134.41	0.2
Returned Checks Fees	257.00	0	257.00	0
Rental Income - Merchan	85,227.65	11.3	85,227.65	11.3
Interest Income - Bank	2,579.83	0.3	2,579.83	0.3
Interest Income - Churc	1,731.72	0.2	1,731.72	0.2
Interest Income - Stock	145.41	0	145.41	0
Refunds and Adjustments	(110,859.25)	14.7	(110,859.25)	14.7
Real Estate Rental Inco	1,350.00	0.2	1,350.00	0.2
Sign Rental Income	300.00	0	300.00	0
Income from Phone Servi	460,171.37	61.1	460,171.37	61.1
Refunds and Adjustments	(212.42)	0	(212.42)	0
Dividend Income	406.09	0.1	406.09	0.1
Capital Gain - Schwab	1,136.60	0.2	1,136.60	0.2
Capital Gain - Real Est	906.85	0.1	906.85	0.1
Capital Gain - Riversid	828.00	0.1	828.00	0.1
	-----		-----	
Total Income	753,663.00	100.0	753,663.00	100.0
Cost of Sales				
Rental Merchandise Cost	56,935.74	7.6	56,935.74	7.6
Title Transfers	258.81	0	258.81	0
Phone Services for Resa	209,465.29	27.8	209,465.29	27.8
	-----		-----	
Total Cost of Sales	266,659.84	35.4	266,659.84	35.4
	-----		-----	
Gross Profit (Loss)	487,003.16	64.6	487,003.16	64.6
Expenses				
Accounting	3,316.50	0.4	3,316.50	0.4
Advertising & Business	15,116.83	2.0	15,116.83	2.0
Bad Debts	49,358.42	6.5	49,358.42	6.5
Bank Charges	395.57	0.1	395.57	0.1
Cash Short/Over	2,233.64	0.3	2,233.64	0.3
Commissions	39,262.50	5.2	39,262.50	5.2
Collection Expense	407.73	0.1	407.73	0.1
Contract Labor	4,371.75	0.6	4,371.75	0.6
Computer Supplies	2,470.04	0.3	2,470.04	0.3
Credit Reports	1,251.33	0.2	1,251.33	0.2
Depreciation	2,979.47	0.4	2,979.47	0.4
Donations	100.00	0	100.00	0
Dues & Publications	271.03	0	271.03	0
Insurance - General	2,656.27	0.4	2,656.27	0.4
Insurance - Workman Com	316.98	0	316.98	0
Interest	679.53	0.1	679.53	0.1
Legal & Professional Se	829.55	0.1	829.55	0.1
Licenses & Permits	1,697.40	0.2	1,697.40	0.2
Maintenance & Repairs	4,262.44	0.6	4,262.44	0.6
Office Expense & Suppli	7,194.65	1.0	7,194.65	1.0
Postage	6,998.37	0.9	6,998.37	0.9
Rent	3,000.00	0.4	3,000.00	0.4

CREDIT LOANS INC.
Statement of Revenues and Expenses-Income Tax Basis
December 31, 1998

	Current	%	Year-to-Date	%
Salary - Officer	71,400.00	9.5	71,400.00	9.5
Salaries - Employees	94,431.23	12.5	94,431.23	12.5
Security System	326.88	0	326.88	0
Supplies - Other	1,197.34	0.2	1,197.34	0.2
Taxes - Payroll	8,485.28	1.1	8,485.28	1.1
Telephone	10,998.90	1.5	10,998.90	1.5
Travel	2,069.30	0.3	2,069.30	0.3
Utilities	2,702.46	0.4	2,702.46	0.4
Vehicle Expense	1,308.90	0.2	1,308.90	0.2
Officer's Life Insuranc	7,004.80	0.9	7,004.80	0.9
Non-Deductible Penaltie	2,990.14	0.4	2,990.14	0.4
	-----		-----	
Total Expenses	352,085.23	46.7	352,085.23	46.7
	-----		-----	
Operating Income (Loss)	134,917.93	17.9	134,917.93	17.9
Other Income				
Other Expenses				
Federal Income Tax	39,639.32	5.3	39,639.32	5.3
	-----		-----	
Total Other Expenses	39,639.32	5.3	39,639.32	5.3
	-----		-----	
Net Income (Loss)	95,278.61	12.6	95,278.61	12.6
	=====		=====	

CREDIT LOANS INC.
 Schedule of Revenues and Expenses-Conroe Office
 December 31, 1998

	Current	%	Year-to-Date	%
Income				
Loan Acquisition Income	12,971.00	7.2	12,971.00	7.2
Loan Handling Income	129,254.19	71.5	129,254.19	71.5
Late Charges Income	3,134.77	1.7	3,134.77	1.7
Bad Debt Recoveries	329.21	0.2	329.21	0.2
Rental Income - Merchan	85,227.65	47.1	85,227.65	47.1
Interest Income - Bank	2,579.83	1.4	2,579.83	1.4
Interest Income - Stock	145.41	0.1	145.41	0.1
Refunds and Adjustments	(54,463.61)	30.1	(54,463.61)	30.1
Real Estate Rental Inco	1,350.00	0.7	1,350.00	0.7
Sign Rental Income	300.00	0.2	300.00	0.2
	-----		-----	
Total Income	180,828.45	100.0	180,828.45	100.0
Cost of Sales				
Rental Merchandise Cost	56,935.74	31.5	56,935.74	31.5
Title Transfers	258.81	0.1	258.81	0.1
	-----		-----	
Total Cost of Sales	57,194.55	31.6	57,194.55	31.6
	-----		-----	
Gross Profit (Loss)	123,633.90	68.4	123,633.90	68.4
Expenses				
Accounting	957.75	0.5	957.75	0.5
Advertising & Business	50.00	0	50.00	0
Bad Debts	1,515.44	0.8	1,515.44	0.8
Cash Short/Over	(2,598.79)	1.4	(2,598.79)	1.4
Collection Expense	107.73	0.1	107.73	0.1
Contract Labor	132.00	0.1	132.00	0.1
Credit Reports	434.19	0.2	434.19	0.2
Depreciation	774.00	0.4	774.00	0.4
Donations	100.00	0.1	100.00	0.1
Dues & Publications	155.00	0.1	155.00	0.1
Insurance - General	1,884.83	1.0	1,884.83	1.0
Insurance - Workman Com	316.98	0.2	316.98	0.2
Interest	7.77	0	7.77	0
Legal & Professional Se	285.00	0.2	285.00	0.2
Licenses & Permits	300.00	0.2	300.00	0.2
Maintenance & Repairs	3,220.52	1.8	3,220.52	1.8
Office Expense & Suppli	1,640.50	0.9	1,640.50	0.9
Postage	26.04	0	26.04	0
Rent	1,000.00	0.6	1,000.00	0.6
Salary - Officer	17,129.00	9.5	17,129.00	9.5
Salaries - Employees	17,009.41	9.4	17,009.41	9.4
Security System	181.84	0.1	181.84	0.1
Supplies - Other	184.27	0.1	184.27	0.1
Taxes - Payroll	2,362.37	1.3	2,362.37	1.3
Telephone	4,302.78	2.4	4,302.78	2.4
Travel	259.30	0.1	259.30	0.1
Utilities	1,162.55	0.6	1,162.55	0.6
Vehicle Expense	1,187.59	0.7	1,187.59	0.7
Officer's Life Insuranc	7,004.80	3.9	7,004.80	3.9
Non-Deductible Penaltie	1,627.34	0.9	1,627.34	0.9
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CREDIT LOANS INC.
Schedule of Revenues and Expenses-Conroe Office
December 31, 1998

	Current	%	Year-to-Date	%
Total Expenses	62,720.21	34.7	62,720.21	34.7
	-----		-----	
Operating Income (Loss)	60,913.69	33.7	60,913.69	33.7
Other Income				
Other Expenses				
Federal Income Tax	23,030.90	12.7	23,030.90	12.7
	-----		-----	
Total Other Expenses	23,030.90	12.7	23,030.90	12.7
	-----		-----	
Net Income (Loss)	37,882.79	20.9	37,882.79	20.9
	=====		=====	

CREDIT LOANS INC.
Schedule of Revenues and Expenses-Huntsville Office
December 31, 1998

	Current	%	Year-to-Date	%
Income				
Loan Acquisition Income	8,172.50	14.2	8,172.50	14.2
Loan Handling Income	73,489.00	127.9	73,489.00	127.9
Late Charges Income	2,729.45	4.7	2,729.45	4.7
Bad Debt Recorereries	805.20	1.4	805.20	1.4
Returned Checks Fees	92.00	0.2	92.00	0.2
Interest Income - Churc	1,731.72	3.0	1,731.72	3.0
Refunds and Adjustments	(31,288.17)	54.4	(31,288.17)	54.4
Capital Gain - Real Est	906.85	1.6	906.85	1.6
Capital Gain - Riversid	828.00	1.4	828.00	1.4
	-----		-----	
Total Income	57,466.55	100.0	57,466.55	100.0
Cost of Sales				
	-----		-----	
Gross Profit (Loss)	57,466.55	100.0	57,466.55	100.0
Expenses				
Accounting	792.75	1.4	792.75	1.4
Advertising & Business	338.32	0.6	338.32	0.6
Bad Debts	744.56	1.3	744.56	1.3
Bank Charges	380.57	0.7	380.57	0.7
Cash Short/Over	4,295.39	7.5	4,295.39	7.5
Contract Labor	1,850.00	3.2	1,850.00	3.2
Credit Reports	427.44	0.7	427.44	0.7
Depreciation	785.01	1.4	785.01	1.4
Dues & Publications	59.70	0.1	59.70	0.1
Insurance - General	385.72	0.7	385.72	0.7
Interest	97.21	0.2	97.21	0.2
Licenses & Permits	200.00	0.3	200.00	0.3
Maintenance & Repairs	382.50	0.7	382.50	0.7
Office Expense & Suppli	688.18	1.2	688.18	1.2
Postage	440.00	0.8	440.00	0.8
Rent	1,000.00	1.7	1,000.00	1.7
Salary - Officer	5,448.00	9.5	5,448.00	9.5
Salaries - Employees	14,082.00	24.5	14,082.00	24.5
Security System	145.04	0.3	145.04	0.3
Supplies - Other	950.87	1.7	950.87	1.7
Taxes - Payroll	1,148.60	2.0	1,148.60	2.0
Telephone	718.84	1.3	718.84	1.3
Travel	40.00	0.1	40.00	0.1
Utilities	929.24	1.6	929.24	1.6
Vehicle Expense	121.31	0.2	121.31	0.2
	-----		-----	
Total Expenses	36,451.25	63.4	36,451.25	63.4
	-----		-----	
Operating Income (Loss)	21,015.30	36.6	21,015.30	36.6
Other Income				
Other Expenses				
Federal Income Tax	4,207.70	7.3	4,207.70	7.3
	-----		-----	
Total Other Expenses	4,207.70	7.3	4,207.70	7.3

CREDIT LOANS INC.
Schedule of Revenues and Expenses-Huntsville Office
December 31, 1998

	Current	%	Year-to-Date	%
Net Income (Loss)	16,807.60	29.2	16,807.60	29.2

CREDIT LOANS INC.
Schedule of Revenues and Expenses-Navasota Office
December 31, 1998

	Current	%	Year-to-Date	%
Income				
Loan Acquisition Income	8,909.53	16.1	8,909.53	16.1
Loan Handling Income	68,207.73	123.1	68,207.73	123.1
Late Charges Income	1,691.57	3.1	1,691.57	3.1
Returned Checks Fees	165.00	0.3	165.00	0.3
Refunds and Adjustments	(25,107.47)	45.3	(25,107.47)	45.3
Dividend Income	406.09	0.7	406.09	0.7
Capital Gain - Schwab	1,136.60	2.1	1,136.60	2.1
	-----		-----	
Total Income	55,409.05	100.0	55,409.05	100.0
Cost of Sales				
	-----		-----	
Gross Profit (Loss)	55,409.05	100.0	55,409.05	100.0
Expenses				
Accounting	566.25	1.0	566.25	1.0
Bank Charges	14.00	0	14.00	0
Cash Short/Over	537.04	1.0	537.04	1.0
Contract Labor	1,129.78	2.0	1,129.78	2.0
Computer Supplies	691.69	1.2	691.69	1.2
Credit Reports	389.70	0.7	389.70	0.7
Depreciation	399.33	0.7	399.33	0.7
Dues & Publications	25.03	0	25.03	0
Insurance - General	385.72	0.7	385.72	0.7
Interest	573.57	1.0	573.57	1.0
Licenses & Permits	200.00	0.4	200.00	0.4
Office Expense & Suppli	250.28	0.5	250.28	0.5
Postage	672.00	1.2	672.00	1.2
Rent	1,000.00	1.8	1,000.00	1.8
Salary - Officer	5,248.00	9.5	5,248.00	9.5
Salaries - Employees	13,495.08	24.4	13,495.08	24.4
Taxes - Payroll	1,062.25	1.9	1,062.25	1.9
Telephone	952.66	1.7	952.66	1.7
Travel	1,440.00	2.6	1,440.00	2.6
Utilities	610.67	1.1	610.67	1.1
	-----		-----	
Total Expenses	29,643.05	53.5	29,643.05	53.5
	-----		-----	
Operating Income (Loss)	25,766.00	46.5	25,766.00	46.5
Other Income				
Other Expenses				
Federal Income Tax	5,741.72	10.4	5,741.72	10.4
	-----		-----	
Total Other Expenses	5,741.72	10.4	5,741.72	10.4
	-----		-----	
Net Income (Loss)	20,024.28	36.1	20,024.28	36.1
	=====		=====	

CREDIT LOANS INC.
Schedule of Revenues and Expenses-Lone Star Telephone
December 31, 1998

	Current	%	Year-to-Date	%
Income				
Income from Phone Servi	460,171.37	100.0	460,171.37	100.0
Refunds and Adjustments	(212.42)	0	(212.42)	0
	-----		-----	
Total Income	459,958.95	100.0	459,958.95	100.0
Cost of Sales				
Phone Services for Resa	209,465.29	45.5	209,465.29	45.5
	-----		-----	
Total Cost of Sales	209,465.29	45.5	209,465.29	45.5
	-----		-----	
Gross Profit (Loss)	250,493.66	54.5	250,493.66	54.5
Expenses				
Accounting	999.75	0.2	999.75	0.2
Advertising & Business	14,728.51	3.2	14,728.51	3.2
Bad Debts	47,098.42	10.2	47,098.42	10.2
Bank Charges	1.00	0	1.00	0
Commissions	39,262.50	8.5	39,262.50	8.5
Collection Expense	300.00	0.1	300.00	0.1
Contract Labor	1,259.97	0.3	1,259.97	0.3
Computer Supplies	1,778.35	0.4	1,778.35	0.4
Depreciation	1,021.13	0.2	1,021.13	0.2
Dues & Publications	31.30	0	31.30	0
Interest	0.98	0	0.98	0
Legal & Professional Se	544.55	0.1	544.55	0.1
Licenses & Permits	997.40	0.2	997.40	0.2
Maintenance & Repairs	659.42	0.1	659.42	0.1
Office Expense & Suppli	4,615.69	1.0	4,615.69	1.0
Postage	5,860.33	1.3	5,860.33	1.3
Salary - Officer	43,575.00	9.5	43,575.00	9.5
Salaries - Employees	49,844.74	10.8	49,844.74	10.8
Supplies - Other	62.20	0	62.20	0
Taxes - Payroll	3,912.06	0.9	3,912.06	0.9
Telephone	5,024.62	1.1	5,024.62	1.1
Travel	330.00	0.1	330.00	0.1
Non-Deductible Penaltie	1,362.80	0.3	1,362.80	0.3
	-----		-----	
Total Expenses	223,270.72	48.5	223,270.72	48.5
	-----		-----	
Operating Income (Loss)	27,222.94	5.9	27,222.94	5.9
Other Income				
Other Expenses				
Federal Income Tax	6,659.00	1.4	6,659.00	1.4
	-----		-----	
Total Other Expenses	6,659.00	1.4	6,659.00	1.4
	-----		-----	
Net Income (Loss)	20,563.94	4.5	20,563.94	4.5
	=====		=====	

Credit Loans Inc.

FINANCIAL STATEMENTS

August 31, 1998

Caridad Pelayo Sentmanat
Certified Public Accountant

932-B West Dallas

P. O. Box 1368

Conroe, Texas

77305

Caridad Pelayo Sentmanat

CERTIFIED PUBLIC ACCOUNTANT

932B WEST DALLAS

P.O. BOX 1368

CONROE, TEXAS 77305

409-756-3915

FAX - 409-756-3940

Mr. Larry E. Miller
Credit Loans Inc.
139 N. Main
Conroe, Texas 77301

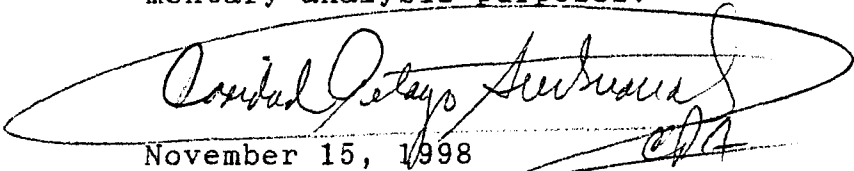
Dear Mr. Miller:

I have compiled the accompanying statement of assets, liabilities and equity-income tax basis of Credit Loans Inc. as of August 31, 1998 and the related statement of revenues and expenses-income tax basis for the eight months and the twelve months then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared on the accounting basis used by the Company for income tax purposes, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all the disclosures and the statement of retained earnings ordinarily included in financial statements. If the omitted disclosures and statement were included in the financial statements they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The information included in the accompanying Schedules of Revenues and Expenses for the Conroe, Huntsville and Navasota Offices and Lone Star Telephone is presented only for supplementary analysis purposes.


November 15, 1998

CREDIT LOANS INC.
Schedule of Revenues and Expenses-Conroe Office
August 31, 1998

	Current	%	Year-to-Date	%
Income				
Loan Acquisition Income	24,699.50	6.7	39,582.86	7.1
Loan Handling Income	246,602.57	66.7	374,805.89	67.3
Late Charges Income	6,942.39	1.9	10,398.93	1.9
Bad Debt Recoveries	136.84	0	419.29	0.1
Returned Checks Fees	12.00	0	63.00	0
Rental Income - Merchan	179,186.47	48.5	264,178.00	47.5
Miscellaneous Income	1,850.50	0.5	1,850.50	0.3
Interest Income - Bank	4,661.85	1.3	7,189.87	1.3
Interest Income - Stock	367.47	0.1	519.88	0.1
Refunds and Adjustments	(106,926.54)	28.9	(161,793.45)	29.1
Real Estate Rental Inco	11,600.00	3.1	18,500.00	3.3
Sign Rental Income	600.00	0.2	900.00	0.2
	<hr/>		<hr/>	
Total Income	369,733.05	100.0	556,614.77	100.0
Cost of Sales				
Rental Merchandise Cost	122,797.44	33.2	180,194.15	32.4
Title Transfers	707.63	0.2	707.63	0.1
	<hr/>		<hr/>	
Total Cost of Sales	123,505.07	33.4	180,901.78	32.5
	<hr/>		<hr/>	
Gross Profit (Loss)	246,227.98	66.6	375,712.99	67.5
Expenses				
Accounting	1,282.00	0.3	2,483.25	0.4
Advertising & Business	490.31	0.1	852.28	0.2
Bad Debts	45,394.40	12.3	45,394.40	8.2
Bank Charges	532.15	0.1	532.15	0.1
Cash Short/Over	2,830.67	0.8	0.00	0
Commissions	0.00	0	440.00	0.1
Contract Labor	218.00	0.1	1,830.25	0.3
Credit Reports	1,309.28	0.4	1,868.40	0.3
Depreciation	1,660.02	0.4	2,490.00	0.4
Donations	25.00	0	25.00	0
Dues & Publications	267.95	0.1	347.95	0.1
Insurance - General	2,488.72	0.7	3,388.26	0.6
Insurance - Workman Com	892.72	0.2	1,392.82	0.3
Interest	518.07	0.1	686.76	0.1
Licenses & Permits	0.00	0	300.00	0.1
Maintenance & Repairs	5,273.00	1.4	5,942.74	1.1
Office Expense & Suppli	3,604.20	1.0	5,689.90	1.0
Postage	0.00	0	1,332.72	0.2
Rent	1,750.00	0.5	3,000.00	0.5
Salary - Officer	18,297.00	4.9	28,901.00	5.2
Salaries - Employees	28,947.75	7.8	47,477.45	8.5
Security System	409.38	0.1	621.22	0.1
Supplies - Other	275.67	0.1	275.67	0
Taxes - Franchise	9,062.10	2.5	9,062.10	1.6
Taxes - Payroll	8,759.20	2.4	10,655.13	1.9
Taxes - Property & Othe	5,734.08	1.6	5,734.08	1.0
Telephone	2,872.72	0.8	3,937.72	0.7
Travel	4,208.11	1.1	6,357.44	1.1
Utilities	4,314.80	1.2	6,260.62	1.1

CREDIT LOANS INC.
 Schedule of Revenues and Expenses-Conroe Office
 August 31, 1998

	Current	%	Year-to-Date	%
Vehicle Expense	3,874.47	1.0	8,076.17	1.5
Officers' Life Insuranc	5,868.75	1.6	5,868.75	1.1
Non-Deductible Penaltie	3,396.82	0.9	3,396.82	0.6
 	 -----		 -----	
Total Expenses	164,557.34	44.5	214,621.05	38.6
 	 -----		 -----	
Operating Income (Loss)	81,670.64	22.1	161,091.94	28.9
Other Income				
Other Expenses				
Officer's Life Insuranc	(7,039.80)	1.9	0.00	0
Federal Income Tax	32,390.62	8.8	57,923.69	10.4
 	 -----		 -----	
Total Other Expenses	25,350.82	6.9	57,923.69	10.4
 	 -----		 -----	
Net Income (Loss)	56,319.82	15.2	103,168.25	18.5
	=====		=====	

CREDIT LOANS INC.
 Schedule of Revenues and Expenses-Huntsville Office
 August 31, 1998

	Current	%	Year-to-Date	%
Income				
Loan Acquisition Income	14,167.50	14.5	21,919.04	14.6
Loan Handling Income	124,037.10	126.8	189,325.17	126.4
Late Charges Income	3,608.54	3.7	5,430.97	3.6
Bad Debt Recoveries	0.00	0	35.32	0
Returned Checks Fees	728.89	0.7	876.89	0.6
Rental Income - Merchan	553.70	0.6	1,474.38	1.0
Miscellaneous Income	600.03	0.6	600.03	0.4
Interest Income - Churc	3,628.58	3.7	5,521.84	3.7
Refunds and Adjustments	(51,219.32)	52.4	(77,896.84)	52.0
Capital Gain - Real Est	1,725.82	1.8	2,546.72	1.7
	-----		-----	
Total Income	97,830.84	100.0	149,833.52	100.0
 Cost of Sales				
	-----		-----	
Gross Profit (Loss)	97,830.84	100.0	149,833.52	100.0
 Expenses				
Accounting	604.00	0.6	1,436.00	1.0
Advertising & Business	2,313.58	2.4	3,360.78	2.2
Bad Debts	17,186.54	17.6	17,186.54	11.5
Bank Charges	336.84	0.3	336.84	0.2
Cash Short/Over	212.23	0.2	390.99	0.3
Contract Labor	268.00	0.3	735.50	0.5
Credit Reports	971.45	1.0	1,351.84	0.9
Depreciation	1,612.02	1.6	2,418.00	1.6
Dues & Publications	269.85	0.3	349.85	0.2
Insurance - General	1,542.88	1.6	2,206.05	1.5
Insurance - Workman Com	85.00	0.1	85.00	0.1
Licenses & Permits	238.00	0.2	438.00	0.3
Maintenance & Repairs	1,478.96	1.5	1,895.22	1.3
Office Expense & Suppli	2,700.34	2.8	3,456.35	2.3
Postage	1,676.00	1.7	2,088.00	1.4
Rent	2,107.50	2.2	2,822.50	1.9
Salary - Officer	4,837.00	4.9	7,787.00	5.2
Salaries - Employees	25,855.30	26.4	34,316.18	22.9
Security System	294.38	0.3	439.42	0.3
Supplies - Other	662.79	0.7	1,088.23	0.7
Taxes - Franchise	2,264.95	2.3	2,264.95	1.5
Taxes - Payroll	2,237.19	2.3	3,459.15	2.3
Taxes - Property & Othe	299.19	0.3	299.19	0.2
Telephone	3,134.11	3.2	4,170.69	2.8
Travel	0.00	0	20.00	0
Utilities	2,629.13	2.7	3,526.78	2.4
Vehicle Expense	1,860.93	1.9	2,085.25	1.4
	-----		-----	
Total Expenses	77,678.16	79.4	100,014.30	66.8
	-----		-----	
Operating Income (Loss)	20,152.68	20.6	49,819.22	33.2
 Other Income				
 Other Expenses				

CREDIT LOANS INC.
 Schedule of Revenues and Expenses-Huntsville Office
 August 31, 1998

	Current	%	Year-to-Date	%
Federal Income Tax	9,868.70	10.1	16,932.83	11.3
	-----		-----	
Total Other Expenses	9,868.70	10.1	16,932.83	11.3
	-----		-----	
Net Income (Loss)	10,283.98	10.5	32,886.39	21.9
	=====		=====	

CREDIT LOANS INC.
Schedule of Revenues and Expenses-Navasota Office
August 31, 1998

	Current	%	Year-to-Date	%
Income				
Loan Acquisition Income	15,838.76	17.1	24,687.24	17.4
Loan Handling Income	116,047.02	125.1	179,623.45	126.5
Late Charges Income	3,236.89	3.5	4,825.78	3.4
Bad Debt Recoveries	382.82	0.4	382.82	0.3
Returned Checks Fees	210.00	0.2	360.00	0.3
Refunds and Adjustments	(43,105.29)	46.5	(67,981.69)	47.9
Dividend Income	128.85	0.1	128.85	0.1
	-----		-----	
Total Income	92,739.05	100.0	142,026.45	100.0
Cost of Sales				
	-----		-----	
Gross Profit (Loss)	92,739.05	100.0	142,026.45	100.0
Expenses				
Accounting	490.00	0.5	1,050.50	0.7
Advertising & Business	25.00	0	110.00	0.1
Bad Debts	12,320.34	13.3	12,320.34	8.7
Bank Charges	26.00	0	44.00	0
Cash Short/Over	517.16	0.6	505.21	0.4
Contract Labor	133.00	0.1	163.00	0.1
Computer Supplies	0.00	0	37.89	0
Credit Reports	535.40	0.6	722.91	0.5
Depreciation	798.68	0.9	1,198.00	0.8
Donations	0.00	0	20.00	0
Dues & Publications	240.00	0.3	353.36	0.2
Insurance - General	1,542.88	1.7	2,206.04	1.6
Insurance - Workman Com	157.00	0.2	157.00	0.1
Interest	611.11	0.7	1,258.08	0.9
Licenses & Permits	0.00	0	200.00	0.1
Maintenance & Repairs	67.44	0.1	110.74	0.1
Office Expense & Suppli	3,859.02	4.2	4,553.97	3.2
Postage	1,972.00	2.1	2,340.00	1.6
Rent	2,059.82	2.2	3,059.82	2.2
Salary - Officer	4,579.00	4.9	7,378.00	5.2
Salaries - Employees	25,136.75	27.1	40,609.23	28.6
Taxes - Franchise	2,831.75	3.1	2,831.75	2.0
Taxes - Payroll	2,086.04	2.2	3,309.79	2.3
Taxes - Property & Othe	670.89	0.7	670.89	0.5
Telephone	2,639.52	2.8	3,437.57	2.4
Travel	2,800.00	3.0	4,395.00	3.1
Utilities	2,792.09	3.0	3,504.38	2.5
	-----		-----	
Total Expenses	68,890.89	74.3	96,547.47	68.0
	-----		-----	
Operating Income (Loss)	23,848.16	25.7	45,478.98	32.0
Other Income				
Other Expenses				
Federal Income Tax	11,006.98	11.9	15,423.96	10.9
	-----		-----	
Total Other Expenses	11,006.98	11.9	15,423.96	10.9

CREDIT LOANS INC.
Schedule of Revenues and Expenses-Navasota Office
August 31, 1998

	Current	%	Year-to-Date	%
Net Income (Loss)	12,841.18	13.8	30,055.02	21.2

CREDIT LOANS INC.
Schedule of Revenues and Expenses-Lone Star Telephone
August 31, 1998

	Current	%	Year-to-Date	%
Income				
Miscellaneous Income	2,970.69	0.3	2,970.69	0.2
Interest - IRS	26.14	0	26.14	0
Income from Phone Servi	874,887.50	99.8	1,218,364.19	99.9
Refunds and Adjustments	(1,015.82)	0.1	(1,770.23)	0.1
	-----		-----	
Total Income	876,868.51	100.0	1,219,590.79	100.0
Cost of Sales				
Phone Services for Resa	508,790.91	58.0	730,411.82	59.9
	-----		-----	
Total Cost of Sales	508,790.91	58.0	730,411.82	59.9
	-----		-----	
Gross Profit (Loss)	368,077.60	42.0	489,178.97	40.1
Expenses				
Accounting	713.25	0.1	1,452.50	0.1
Advertising & Business	33,047.68	3.8	44,133.44	3.6
Bad Debts	17,972.92	2.0	18,664.52	1.5
Commissions	61,314.17	7.0	96,974.85	8.0
Collection Expense	0.00	0	500.00	0
Contract Labor	7,901.56	0.9	14,089.36	1.2
Computer Supplies	1,220.65	0.1	1,220.65	0.1
Depreciation	2,968.57	0.3	3,724.51	0.3
Dues & Publications	608.06	0.1	1,013.03	0.1
Insurance - Workman Com	180.00	0	180.00	0
Interest	732.73	0.1	732.73	0.1
Legal & Professional Se	2,302.68	0.3	2,302.68	0.2
Licenses & Permits	250.00	0	600.00	0
Maintenance & Repairs	1,935.61	0.2	2,364.89	0.2
Office Expense & Suppli	10,380.18	1.2	14,520.08	1.2
Postage	14,494.29	1.7	18,736.04	1.5
Salary - Officer	43,887.00	5.0	63,334.00	5.2
Salaries - Employees	68,726.21	7.8	86,460.04	7.1
Seminars & Conventions	0.00	0	479.00	0
Supplies - Other	171.24	0	205.86	0
Taxes - Payroll	4,789.05	0.5	5,846.58	0.5
Taxes - Property & Othe	401.48	0	401.48	0
Telephone	18,772.86	2.1	24,035.74	2.0
Travel	250.00	0	550.00	0
Non-Deductible Penaltie	601.51	0.1	601.51	0
	-----		-----	
Total Expenses	293,621.70	33.5	403,123.49	33.1
	-----		-----	
Operating Income (Loss)	74,455.90	8.5	86,055.48	7.1
Other Income				
Other Expenses				
Federal Income Tax	27,730.85	3.2	29,470.79	2.4
	-----		-----	
Total Other Expenses	27,730.85	3.2	29,470.79	2.4
	-----		-----	
Net Income (Loss)	46,725.05	5.3	56,584.69	4.6
	=====		=====	

CREDIT LOANS INC.
Statement of Assets, Liabilities and Equity-Income Tax Basis
August 31, 1998

Assets

Current Assets

Cash in Bank - WF - Conroe	44,391.71	
Cash in Drawer - Conroe	3,959.46	
Cash in Bank - Nations - Huntsville	10,963.72	
Cash in Drawer - Huntsville	5,298.48	
Cash in Bank - FB - Navasota	95,631.56	
Cash in Drawer - Navasota	2,600.02	
Cash In Bank - Lone Star Account	281,970.07	
Cash in Bank - WF - MMA	237,105.53	
Loans Receivable - Conroe	284,336.55	
Loans Receivable - Huntsville	166,624.70	
Loans Receivable - Navasota	157,978.67	
IRS - Payroll Deposits Overpayment	409.26	
Accounts Receivable - Special	2,230.00	
Accounts Receivable -Lone Star T.	58,365.29	
Investments - Charles Schwabb	50,128.85	
Note Receivable - Huntsville Church	52,586.35	
Loans to Stockholder	14,541.14	
Inventory	18,156.25	
Total Current Assets		1,487,277.61

Fixed Assets

Land	80,826.16	
Buildings	91,340.04	
Furniture & Fixtures	49,892.45	
Vehicles	36,900.00	
Rental Property	70,899.76	
Acc. Dep. Buildings	(42,554.20)	
Acc. Dep. Furniture & Fixtures	(49,892.45)	
Acc. Dep. Vehicles	(9,265.00)	
Acc. Dep. Rental Property	(11,603.00)	
Total Fixed Assets		216,543.76

Other Assets

Deposits	105.00	
Prepaid Insurance	1,569.80	
Prepaid Dues	31.30	
CSV Life Insurance	49,914.26	
Total Other Assets		51,620.36

Total Assets

1,755,441.73
=====

CUSTOMER HISTORY

ACCT#

PHONE #

DATE

9-1-1 Monthly Service Fee Report

CUSTOMER NAME:

Trunk Fee \$.77 Collected

CHANGES TO EXISTING ACCOUNT

CHANGE/S

DUE DATE

NEW #

CARRIER

TURN ON DATE:

**From: Credit Loans, dba Lone Star State Telephone Co.
137 N. Main St.
Conroe, Texas 77301**

Reporting Period:

COUNTY	Residential Lines Billed	Residential Fee \$.22 Collected	Business Lines Billed	Business Fee \$.51 Collected	Trunks Billed	CHANGES TO EXISTING ACCOUNT	DUE DATE	NEW #	CARRIER
Bexar									
Comal									
Guadalupe									
TOTALS									

Total Service Fee Collected:

Administrative Charge (2%):

Net Fee Remitted to Bexar Metro:

Fee Remitted to:

**Bexar Metro 9-1-1 Network District
10715 Gulfdale, Suite 180
San Antonio, Texas 78216
(210) 366-3911 (V) and (210) 366-0050**

CREDIT LOANS INC.
Statement of Assets, Liabilities and Equity-Income Tax Basis
August 31, 1998

Liabilities

Current Liabilities

Accounts Payable	53,506.52	
Federal WH Payable	10.00	
TWC Payable	40.44	
FUTA Payable	58.49	
TX Telecommunication Assessment	3,003.08	
Sales Tax Payable	10,698.59	
Phone Excise Tax Payable	1,588.27	
Corporate Income Tax Payable	13,751.27	
Note Payable - Krueger Building	652.97	
Note Payable - Eloise Scrivener	2,400.00	
Total Current Liabilities		85,709.63

Long Term Liabilities

Note Payable - Eloise Scrivener	10,241.50	
Note Payable - Insurance Company	3,172.39	
Deferred Revenue - Real Estate Sale	28,502.51	
Total Long Term Liabilities		41,916.40

Total Liabilities		127,626.03
-------------------	--	------------

Capital

Common Stock	350.00	
Paid in Capital	16,650.00	
Retained Earnings	1,394,421.35	
Dividends Distribution	(6,300.00)	
Net Income <Loss>	222,694.35	
Total Capital		1,627,815.70

Total Liabilities and Capital		1,755,441.73
-------------------------------	--	--------------

Today's Date: 06/03/99

DAILY CASH FLOW REPORT

STORE NUMBER: 001

Sorted By:

asst

TRANSACTION DATE: 06/01/99

CUSTOMER ID:	TRANS. ID	PAYMENT	CREDIT	CHARGES	TAXES	REFERENCE
TRANSACTION GROUP: .SRV (Service Charges)						
JL-00100317	281-438-3075	0.00	0.00	53.00	0.00	
HCY00107039	409-634-4052	0.00	0.00	53.00	0.00	
	Sub-Total:	0.00	0.00	106.00	0.00	
TRANSACTION GROUP: .POS (Purchase Charges)						
WT-00117036	.STDADMIN	0.00	0.00	40.00	0.00	Admin Fee
TT-00104044	.STDTRNSF	0.00	0.00	40.00	0.00	Transfer Fee
	Sub-Total:	0.00	0.00	80.00	0.00	
	DAILY TOTAL:	0.00	0.00	186.00	0.00	

CARRIER # NEW DUE DATE CHANGE/S DATE

CHANGES TO EXISTING ACCOUNT

TURN ON DATE:

PHONE #

CUSTOMER NAME:

ACCT#

CUSTOMER HISTORY

CREDIT LOANS INC.
Statement of Revenues and Expenses-Income Tax Basis
August 31, 1998

Income	Current	%	Year-to-Date	%
Loan Acquisition Income	54,705.76	3.8	86,189.14	4.2
Loan Handling Income	486,686.69	33.9	743,754.51	36.0
Late Charges Income	13,787.82	1.0	20,655.68	1.0
Bad Debt Recoveries	519.66	0	837.43	0
Returned Checks Fees	950.89	0.1	1,299.89	0.1
Rental Income - Merchan	179,740.17	12.5	265,652.38	12.8
Miscellaneous Income	5,421.22	0.4	5,421.22	0.3
Interest Income - Bank	4,661.85	0.3	7,189.87	0.3
Interest Income - Churc	3,628.58	0.3	5,521.84	0.3
Interest Income - Stock	367.47	0	519.88	0
Interest - IRS	26.14	0	26.14	0
Refunds and Adjustments	(201,251.15)	14.0	(307,671.98)	14.9
Real Estate Rental Inco	11,600.00	0.8	18,500.00	0.9
Sign Rental Income	600.00	0	900.00	0
Income from Phone Servi	874,887.50	60.9	1,218,364.19	58.9
Refunds and Adjustments	(1,015.82)	0.1	(1,770.23)	0.1
Dividend Income	128.85	0	128.85	0
Capital Gain - Real Est	1,725.82	0.1	2,546.72	0.1
	<hr style="border-top: 1px dashed black;"/>		<hr style="border-top: 1px dashed black;"/>	
Total Income	1,437,171.45	100.0	2,068,065.53	100.0
 Cost of Sales				
Rental Merchandise Cost	122,797.44	8.5	180,194.15	8.7
Title Transfers	707.63	0	707.63	0
Phone Services for Resa	508,790.91	35.4	730,411.82	35.3
	<hr style="border-top: 1px dashed black;"/>		<hr style="border-top: 1px dashed black;"/>	
Total Cost of Sales	632,295.98	44.0	911,313.60	44.1
	<hr style="border-top: 1px dashed black;"/>		<hr style="border-top: 1px dashed black;"/>	
Gross Profit (Loss)	804,875.47	56.0	1,156,751.93	55.9
 Expenses				
Accounting	3,089.25	0.2	6,422.25	0.3
Advertising & Business	35,876.57	2.5	48,456.50	2.3
Bad Debts	92,874.20	6.5	93,565.80	4.5
Bank Charges	894.99	0.1	912.99	0
Cash Short/Over	3,560.06	0.2	896.20	0
Commissions	61,314.17	4.3	97,414.85	4.7
Collection Expense	0.00	0	500.00	0
Contract Labor	8,520.56	0.6	16,818.11	0.8
Computer Supplies	1,220.65	0.1	1,258.54	0.1
Credit Reports	2,816.13	0.2	3,943.15	0.2
Depreciation	7,039.29	0.5	9,830.51	0.5
Donations	25.00	0	45.00	0
Dues & Publications	1,385.86	0.1	2,064.19	0.1
Insurance - General	5,574.48	0.4	7,800.35	0.4
Insurance - Workman Com	1,314.72	0.1	1,814.82	0.1
Interest	1,861.91	0.1	2,677.57	0.1
Legal & Professional Se	2,302.68	0.2	2,302.68	0.1
Licenses & Permits	488.00	0	1,538.00	0.1
Maintenance & Repairs	8,755.01	0.6	10,313.59	0.5
Office Expense & Suppli	20,543.74	1.4	28,220.30	1.4
Postage	18,142.29	1.3	24,496.76	1.2
Rent	5,917.32	0.4	8,882.32	0.4

AGENT LIST
4-12-99

000	HOME	FRONT OFFICE PMTS.
001	HOME	MAIL IN PMTS.
004	ESC	ELECTRONIC SERVICE CENTER
005	NAE	NEW AGE ELECTRONICS
006	ACA	ALLIANCE CAR AUDIO
007	CLH	CREDIT LOANS-HUNTSVILLE
008	CLN	CREDIT LOANS-NAVASOTA
011	MMV	M & M VIDEO
013	PF	PREFERRED FINANCE-ROSENBERG
016	RC	RUFFIN COMMUNICATIONS
027	LSC	LONE STAR CELLULAR
028	PFB	PREFERRED FINANCE-BRYAN
031	CCF	CHAMBERS COUNTY FINANCE
038	WTS	WHARTON'S TELEPHONE SERVICE
039	MBE	MAIL BOXES, ETC.-LUFKIN
040	EXO	EXOTIC ELECTRONICS
041	HTV	HART TV
044	IP	INSURANCE PLUS-ALVIN
045	BC	BELLMEAD CREDIT
046	CCC	COMMUNITY CREDIT CO.
047	CFT	CONSUMER FINANCE-TEMPLE
048	CFW	CONSUMER FINANCE-WACO
050	SDF	SQUARE DEAL FINANCE
053	VCT	VIDEO CENTER TERRELL
054	QRO	QUALITY RENT TO OWN- NEW BOSTON
055	LRG	LOCKE'S RENT TO OWN - JASPER
056	OSC	ONE STOP COMPUTERS
075	QC	QUICK COLLECT-WESTERN UNION
101	CP1	CASH PAWN #1
102	CP2	CASH PAWN #2
103	FL	FAST LOANS
104	ART	AARON'S RENTAL-TEMPLE
105	ARW	AARON'S RENTAL-WACO
106	SSP1	SOUTHSIDE PAWN #1
107	SSP2	SOUTHSIDE PAWN #2
108	TRS	TRS TELEPHONE SYSTEM
109	GP	GONZALES PAWN
110	SSP3	SOUTHSIDE PAWN #3-SAN MARCOS
503	FBD	F & B DESIGNS
504	EL	EXPRESS LOANS
506	MTV	MOVIE TIME VIDEO
507	CA	CHIPS AWAY
508	JP	JAMCO PAGING
509	MBET	MAIL BOXES, ETC.-TYLER
510	BMAN	BEAMAN'S
515	MBEM	MAIL BOXES, ETC.-MARSHALL
516	SVC	STANLEY VIDEO-COLUMBUS
517	MVL	MAGIC VIDEO-LULING
518	CV	CAMERON VIDEO
519	MSR	MOVIE STORE-ROCKDALE
520	DVW	DOWNTOWN VIDEO-WHARTON
521	MTC	MOVIES TO GO-YOAKUM
525	VTG	VIDEO 2 GO
527	SWS	SOUTHWEST SERVICES
529	MBTC	MAIL BOXES, ETC.-TEXAS CITY
530	DPT	DIAMOND PAWN-TIDWELL
532	HBI	HAROLD SMALL INSURANCE
533	COT	CRADLE OF TEXAS VIDEO
535	KFH	KOUNTRY FARM HOUSE
536	RAY	RAYCO ENTERPRISES
538	G&S	GOLD & SILVER
539	CUJ	COAT'S LIVINGSTON JEWELERS
540	HOT	HOUSE OF TREASURES
541	VEL	VIDEO ETC.-LA GRANGE
542	VEB	VIDEO ETC.-BRENHAM
543	VEM	VIDEO, ETC.-MADISONVILLE
545	PEG	PAGE ENCORE-GALVESTON

CUSTOMER HISTORY

CUSTOMER NAME: _____

ACCT# _____

TURN ON DATE: _____

PHONE # _____

CHANGES TO EXISTING ACCOUNT

DATE _____

DUE DATE _____

NEW # _____

CARRIER

CHANGES/S _____

CREDIT LOANS INC.
Statement of Revenues and Expenses-Income Tax Basis
August 31, 1998

	Current	%	Year-to-Date	%
Salary - Officer	71,600.00	5.0	107,400.00	5.2
Salaries - Employees	148,666.01	10.3	208,862.90	10.1
Security System	703.76	0	1,060.64	0.1
Seminars & Conventions	0.00	0	479.00	0
Supplies - Other	1,109.70	0.1	1,569.76	0.1
Taxes - Franchise	14,158.80	1.0	14,158.80	0.7
Taxes - Payroll	17,871.48	1.2	23,270.65	1.1
Taxes - Property & Othe	7,105.64	0.5	7,105.64	0.3
Telephone	27,419.21	1.9	35,581.72	1.7
Travel	7,258.11	0.5	11,322.44	0.5
Utilities	9,736.02	0.7	13,291.78	0.6
Vehicle Expense	5,735.40	0.4	10,161.42	0.5
Officers' Life Insuranc	5,868.75	0.4	5,868.75	0.3
Non-Deductible Penaltie	3,998.33	0.3	3,998.33	0.2
	-----		-----	
Total Expenses	604,748.09	42.1	814,306.31	39.4
	-----		-----	
Operating Income (Loss)	200,127.38	13.9	342,445.62	16.6
Other Income				
Other Expenses				
Officer's Life Insuranc	(7,039.80)	0.5	0.00	0
Federal Income Tax	80,997.15	5.6	119,751.27	5.8
	-----		-----	
Total Other Expenses	73,957.35	5.1	119,751.27	5.8
	-----		-----	
Net Income (Loss)	126,170.03	8.8	222,694.35	10.8
	=====		=====	

Lone Star State Telephone Co.
 137 N. MAIN ST.
 CONROE, TX 77301

CUSTOMER HISTORY

CUSTOMER NAME: 800-393-1484

Phone:

Fax:

IF YOU WISH TO PAY BY CREDIT CARD:

MC VISA AMEX DISC.

EXP. DATE: _____

CARD. NO.: CREDIT CARDS

NOT ACCEPTED AT

SIGNATURE: THIS TIME

DATE: _____

PHONE # _____

TURN ON DATE: _____

Due Date:

03/20/99

CHANGES TO EXISTING ACCOUNT

CLH
 TO: LEOLA WASHINGTON
 RT. 1 BOX 114-9
 MIDWAY, TX 75852

DATE CHANGE/S
 DUE DATE
 409-348-2176

Cap/ESN:
 929326

This Period Charges: 0.00

Billing Date

05/21/99

Account Number: NEW # WL-00101507

Ref. Number: CARRIER 1507

Previous Balance: 149.00

Amount Due: 149.00

Please Check Here for Change of Address:

Detach Here

Amount Enclosed \$ _____

KEEP FOR YOUR RECORD	Account Number: WL-00101507	Due Date: 03/20/99
	Amount Due: 149.00	Previous Balance: 0.00

NUMBER	LAST PAY	START	BILLING CYCLE			Term	TOTAL	w/TAX	SERVICE CODE
			EXPIRE	NEXT	CYC.				
409-348-2176	05/21/99	60.00	02/20/99	03/20/99	04/20/99	01	63.00	BASIC,CW,CID,	

*Thank You for using
 Lone Star State Telephone.*

THIS IS YOUR BILL. PAY FROM THIS STATEMENT. PAY ON TIME TO AVOID LATE FEES OR SUSPENSION OF SERVICE.

Lone Star State Telephone Co. 137 N. MAIN ST. CONROE TX 77301 800-393-1479

EXHIBIT "C"

MANAGERIAL AND TECHNICAL CAPABILITIES

"Schematic of Business Structure of affiliated entities"

Larry E. Miller is the sole Stock holder of Credit Loans, Inc. which was incorporated in the State of Texas on September 26, 1963 and is in good standing. Lone Star Communications was also approved as an assumed name of Credit Loans, Inc. on July 12, 1996 by the Texas Secretary of State.

Larry E. Miller

|

Credit Loans, Inc.

|

d/b/a

Lone Star Communications

Application for Certificate of
Authority to Provide Local
Telecommunication Services

Show technical capability and experience.

The applicant has been the resale business for almost one year and has gained experience in negotiating with various Exchange Carriers, such as ~~South Western Bell, General Telephone Exchange, Sprint-Contel, Centel, Altell, East Tex Telephone Company, Lufkin-Conroe Telephone Exchange, Livingston Telephone Company~~ and with various long distance carriers, including AT & T, MCI, Phone Communications, Inc. and Var Tec Telecom.

In addition to negotiating rates with various telecommunication exchange carriers, the staff is competent in dealing with the charges for basic service, the many options and services as requested for each customer. The management and staff have an understanding of each exchange company's bills and can therefore explain a customer's phone bill with no difficulty.

The management and staff are also competent in handling repair or trouble problems as they are called in to Lone Star Communications. The management and staff know the contacts and contact numbers to advise the customer on a daily basis of the status of their repairs and the due dates for repair.

The management and staff are also knowledgeable when explanations are necessary for the purpose and use of options available to the customer and the costs for such services.

Related services are also offered, such as insuring that the customer gets a phone book, and offered advise where they can make their payments, or where they can purchase phone accessories, such as a caller ID or an inexpensive phone.

Lone Star Communications also has on staff a capable and experienced telephone technician that will provide telephone repair at a much lower cost than other telephone exchanges. He is available for same day repair.

Lone Star Communications also relies on the underlying exchange carrier for the more technical aspects of telecommunications and meets the standards accepted in the telecommunications field

MAXWELL, BAKER & McFATRIDGE, P.C.

ATTORNEYS AT LAW
2525 SOUTH SHORE BLVD., SUITE 410
LEAGUE CITY, TEXAS 77573

KYLE L. DICKSON
Shareholder

TELEPHONE (281) 521-2000
FACSIMILE (281) 521-2010

GALVESTON OFFICE (409) 765-7446
FACSIMILE (409) 762-8519

kdickson@maxwellbaker.com

July 21, 1999

DEPOSIT DATE
D 1 7 5 JUL 2 7 1999

VIA FEDERAL EXPRESS

Florida Public Service Commission
Division of Communications, Certification & Compliance Section
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0866

990967-TX

Re: *Application of Credit Loans, Inc. d/b/a Lone Star State Telephone Co. for Authority to Provide Alternative Local Exchange Service Within the State of Florida.*

Dear Sir or Madam:

Enclosed herewith for filing on behalf of *Credit Loans, Inc. d/b/a Lone Star State Telephone Co.*, please find an original and six (6) copies of its Application for Authority to Provide Alternative Local Exchange Services within the State of Florida. Also, please find our firm check in the amount of \$250.00 made payable to the Florida Public Service Commission to cover filing fees.

Please date-stamp the extra copy and return to the undersigned in the self-addressed stamped envelope provided. If you have any questions, please contact me at (281) 521-2000.

JUL 21

MAXWELL, BAKER & McFATRIDGE, P.C.
17625 EL CAMINO REAL, SUITE 310
HOUSTON, TEXAS 77058-3052

FIRST PROSPERITY BANK
CLEAR LAKE
P.O. BOX 35560
HOUSTON, TEXAS 77235-5560
88-2265/1131

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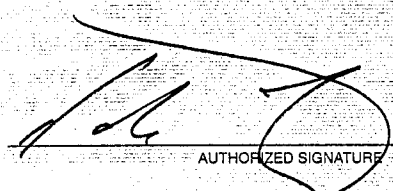
PAY TO THE ORDER OF Florida - PSC

\$ **250.00

Two Hundred Fifty and 00/100*****

DOLLARS

Florida - PSC



AUTHORIZED SIGNATURE

MEMO Filing fee - LON03

012672

Security features. Details on back.