We conclude with the evidence at hand that

- Any rates or consolidation based on EPCOR owning all of the water system infrastructure in Bullhead City are invalid since clearly they don't own it.

- EPCOR has been engaged in deceptive practices with the people and the Arizona Corporation Commission by claiming that they own all the water system infrastructure in Bullhead City.

- The existing franchise agreement may be invalid since there is no record of any emergency requiring the bypassing of a vote of the people.

(Documents attached in Manage Documents)

Regards,
Al Scigliano
Mohave County Board of Supervisors
% Mohave County Planning Commission
Kingman, Arizona

STATEMENT REGARDING IMPROVEMENTS AND CONDITIONS

Gentlemen:

We are submitting the Final Subdivision plat of Holiday Shores, Unit I, Tract No. 1151 for your consideration and approval prior to recording.

In connection with the development of this subdivision we intend to make the following improvements:

1. Extensive grading work will be required to accomplish the street drainage plan depicted by the Preliminary Plan. We intend to do this work together with sufficient grading work to provide an adequate building site on each lot and a means of access onto each lot from adjoining streets.

2. Except as noted below all streets within the subdivision will be graded and drained and constructed with gravel base course and 2" of asphaltic concrete paving in accordance with applicable County Minimum Standards.

The exception is as follows:

A. Hancock Road is a major road which was for the most part originally opened and constructed by the County and has been maintained by the County for many years. Except for grading work on the shoulders of the road which will or may be required for proper drainage we do not propose to grade or further improve Hancock Road at this time.

3. We will install a water distribution system and water supply lines to provide water service to each lot of the subdivision. Water for the system will be supplied by and the system will be operated and maintained by the Oasis Utility Co., a franchised public utility co. All water system construction will be in accordance with plans which have been approved by the Arizona State Health Department.

4. A sanitary sewer system will be constructed to serve each lot of the subdivision. Initially sewage disposal will be by means of a 300,000 gpd community sewage disposal plant which we have recently constructed to serve Holiday Shores properties. This Tract is located within the...
Riverside Sanitary District and ultimately it is expected that sewage disposal will be by means of a separate disposal plant owned and operated by the District. All sewer system construction will be in accordance with plans which have been approved by the Arizona State Health Department.

5. All lots of the subdivision will be surveyed and the corners monumented with iron pipes or pins in accordance with the requirements of Section 36K of the County Planning Ordinance.

All the above mentioned improvements will be under our control and we expect to have all improvements completed within one year after the Final Plat is recorded.

The following improvements and services will be done or are available through independent utility companies:

1. Electric service in this area is provided by the Mohave Electric Cooperative and we expect that these facilities will be extended to provide this service to each lot of the subdivision as the need for such services arises.

At the time the Preliminary Subdivision Plat was approved, we had represented that all electric utility lines would be of the overhead type construction. We are however at the present time negotiating with the Mohave Electric Cooperative and it is believed that an agreement will be reached whereby the electric utility lines will be placed underground.

2. Telephone service in this area is provided by the Citizens Utilities Rural Co., Inc. It is expected that these facilities will be extended to provide this service to each lot of the subdivision as the need for such service arises. We are also negotiating with Citizens Utilities Rural Co. and it is believed that an agreement will be reached whereby all telephone lines will be placed underground.

3. Natural gas service in this area is provided by the Southwest Gas Company and it is expected that lines for the distribution of natural gas will be installed by this company at the same time that other improvements within the subdivision are being installed.

4. Refuse and garbage collection service is available and will be provided upon request by the Tri-State Refuse Disposal.

All lots within the subdivision will be sold subject to private restrictions and protective covenants. A copy of these restrictions is being furnished for your information.

We intend to apply to the California Real Estate Department to advertise and sell the lots in this subdivision in the State of California. Since all the required improvements for the subdivision will not be completed at the time the lots are sold or offered for sale, we will be required to enter into a construction contract covering all essential and required improvements and to impound sufficient funds to cover the cost of installing these improvements. An arrangement such as this is being used in adjacent Holiday Shores subdivisions with funds impounded in the Valley National Bank (Holiday Shores Branch). Such an arrangement is accepted by the State of California as a satisfactory assurance or guarantee that the required improvements will in fact be installed as represented.

Sincerely,

HOLIDAY SHORES, INC.

[Signature]
City of Bullhead City  
1255 Marina Boulevard  
Bullhead City, Arizona 86442-5733  
Attn: City Clerk

Re: Assignment of Rights by Citizens Communications Company, a Delaware corporation formerly known as Citizens Utilities Company ("Citizens"), to Arizona-American Water Company, an Arizona corporation ("Arizona-American")

Sir or Madam:

Citizens currently provides water service under a franchise granted by the City of Bullhead City (the "City") pursuant to Ordinance No. 97-855 granted on May 7, 1997 (the "Franchise"). Citizens is also a party to a separate subcontract entitled Subcontract Between the City of Bullhead City and Citizens Utilities Company for Use of Colorado River Water, dated July 18, 1995, ("Subcontract") under which the City granted certain rights to Citizens to divert Colorado river water for delivery to Citizens customers within Citizens' CC&N areas located within the City's permitted service area under its agreement with the United States. Copies of the Franchise and the Subcontract are enclosed for your convenience.

Pursuant to Section 40-285 of the Arizona Revised Statutes, Citizens has obtained approval from the Arizona Corporation Commission (the "Commission") for the following:

(a) the acquisition of Citizens' and its affiliates' water and wastewater operations by Arizona-American, a wholly-owned subsidiary of American Water Works Company, Inc., a Delaware corporation; and

(b) pursuant to that transaction the assignment of all water and wastewater assets of Citizens and its affiliates, including the assignment of all related franchise rights and other similar or related rights held by Citizens and its affiliates.

Decision No. 63584 granting such approval from the Commission was filed on April 24, 2001.

Under Section 9 of the Franchise, which gives Citizens the right to assign the Franchise to its successors, lessees and assigns, we hereby notify you of Citizens' intent to assign its rights under the Franchise to Arizona-American. Pursuant to the request of the City Attorney, Paul Lenkowsky, by a letter dated January 3, 2001 to Mark Clark of Citizens, we have enclosed the proposed Assignment and Assumption Agreement. We will forward a copy of the fully executed Assignment and Assumption Agreement for your records, after execution by the parties.

September 10, 2001
Also, pursuant to Section Z of the July 18, 1995 Subcontract, the parties hereby request the City’s consent to the assignment of all of Citizens’ rights under the Subcontract to Arizona-American.

Please indicate your consent to the assignment of the Subcontract from Citizens to Arizona-American by signing in the space indicated below, and returning the same to Citizens in the enclosed self-addressed, stamped envelope. Of course, if you should have any questions or comments with regard to the above, please feel free to contact Mark Clark of Citizens at (602) 763-0477.

Sincerely,

CITIZENS COMMUNICATIONS COMPANY

By: [Signature]
Name: David L. Call
Its: VP - CFO

ARIZONA-AMERICAN WATER COMPANY

By: [Signature]
Name: Kent Turner
Its: VP - CFO

THE UNDERSIGNED HEREBY CONSENTS TO THE FOREGOING:

City of Bullhead City, an Arizona municipal corporation

By: [Signature]
Name: Diane Rae Vick
Its: Mayor
Date: September 6, 2001
days after the request is made, and the City Council shall either confirm, modify or reverse the determination within forty-five (45) days after the conclusion of the hearing. No adjustment shall be made or become effective until the City’s Council renders its decision.

8. City acknowledges and agrees that it will not enter into other subcontracts with Public Service Corporations which are utilities within Subcontractor’s CC&N. Notwithstanding the foregoing, the City shall have the right to enter into subcontract agreements with individuals or entities that pump water from privately owned wells located within the City’s Contract Area provided that such individuals or entities are not Public Service Corporations within Subcontractor’s CC&N regulated by the Arizona Corporation Commission.

9. In the event that City determines that the sum of all amounts of water, including Final Allocations subcontracted by the City to Subcontractor and all other subcontractors or water users of Colorado River water diverted or withdrawn under the Contract equals or exceeds ninety percent (90%) of City’s Total Colorado River Water Allocation, as defined in the Contract, City’s Engineering and Public Works Department, or successor department thereto, shall promptly provide written notification of the same to Subcontractor. Upon receipt of such notification, Subcontractor, to the extent allowed by law, shall
or charges, the obligation to make such payments hereinabove provided for shall forthwith cease.

Section 11: The Company shall, at no cost or expense to the City, and as a part of the consideration for the granting of the franchise, provide City with written monthly reports stating the volume of water delivered on a monthly basis to each of Company's water customers served by the City's sewer system under City's commercial wastewater rates and previously identified to Company by City in writing as being served under said commercial rate. The written monthly report shall be provided to City not later than the fifth working day of each succeeding month for water delivered to commercial customers of the City during the preceding month. Amounts of water delivered shall be determined and reported from Company's billing and meter records and may on occasion be estimated as a result of customers not permitting access to meters.

Section 12: This franchise shall be accepted by the Company in writing, which acceptance shall be filed with the City within sixty (60) days after the passage of this ordinance, and when so accepted, this ordinance shall be a contract duly executed by and between the City and the Company.

Section 13: If any section, paragraph, subdivision, clause, phrase or provision hereof shall be adjudged invalid or unconstitutional, the same shall not affect the validity hereof as a whole, or any part or provision other than the part so decided to be invalid or unconstitutional.

Section 14: This franchise shall continue in full force and effect for a period of twenty-five (25) years from the date of passage of this ordinance, however, the City may terminate this franchise in the event the City shall have found, after notice and hearing, that the Company has failed to comply with any material provisions of this ordinance or has failed to correct any failure after thirty (30) days written notice.

Section 15: All plant, system, pipelines, works, and all other physical property installed by the Company in accordance with the terms of this franchise shall be and remain the property of the Company, and upon expiration of this franchise or any extension or renewal thereof, the Company is hereby granted the right to enter upon the streets, avenues, easements, rights-of-way, alleys, highways, sidewalks, bridges or other structures and places and public grounds of said City for the purpose of removing any and all such plant, system, pipelines, works and other property of the Company, at any time within six (6) months after termination of this franchise or any such extension or renewal thereof.

Section 16: The Company's service and extension policies shall show no preferential or discriminatory practices and shall be on
file with the City Clerk.

Section 17: No person in the existing service area of Company shall be arbitrarily refused service provided, that Company shall not be required to provide service to any subscriber who does not pay the applicable connection fee or monthly service charge.

Section 18: This ordinance shall only become effective after its approval by a majority vote of the qualified electors of the city at a regular election or at a special election duly and regularly called by the City Council of the City of Bullhead City for that purpose.

WHEREAS; it is necessary for the preservation of the peace, health and safety of the City of Bullhead City, Arizona, an emergency is declared to exist, and this ordinance shall become immediately operative and in force from and after the date of posting hereof.

PASSED AND ADOPTED by the Mayor and City Council of the City of Bullhead City, Arizona, this 6th day of May, 1997.

APPROVED this 6th day of May, 1997 by the affirmative vote of three-fourths of the members of the City Council of the City of Bullhead City, Arizona.

NORM HICKS, Mayor
DATE: 5/07/97

ATTEST:
PAT NICHOLS, City Clerk

APPROVED AS TO FORM:
PAUL LENKOWSKY, City Attorney

Ordinance No. 97-855
AN ORDINANCE OF THE CITY OF BULLHEAD CITY, ARIZONA, GRANTING TO CITIZENS UTILITIES COMPANY, ITS LEGAL REPRESENTATIVES, SUCCESSEES AND ASSIGNS, CERTAIN POWERS, LICENSES, RIGHTS-OF-WAY, PRIVILEGES AND FRANCHISE TO CONSTRUCT, OPERATE AND MAINTAIN IN BULLHEAD CITY, MOHAVE COUNTY, ARIZONA, AS NOW OR HEREAFTER CONSTITUTED, A SYSTEM FOR THE COLLECTION AND TRANSMISSION OF WATER FOR ALL PURPOSES FOR WHICH SUCH WATER MAY BE USED, INTO, OUT OF AND THROUGH SAID MUNICIPALITY, AND FOR THE DISTRIBUTION AND SALE OF SUCH POTABLE WATER TO SAID MUNICIPALITY, ITS INHABITANTS AND OTHERS, INCLUDING CUSTOMERS INSIDE, BEYOND AND OUTSIDE THE LIMITS OF SAID MUNICIPALITY; AND TO USE THE STREETS, AVENUES, EASEMENTS, RIGHTS-OF-WAY, ALLEYS, HIGHWAYS, SIDEWALKS, BRIDGES AND OTHER STRUCTURES AND PLACES AND PUBLIC GROUNDS IN SAID MUNICIPALITY FOR A PERIOD OF TWENTY-FIVE (25) YEARS; AND PRESCRIBING IN CONNECTION THERewith CERTAIN RIGHTS, DUTIES, TERMS AND CONDITIONS HEREIN MENTIONED; AND PROVIDING FOR THE PAYMENT OF SAID MUNICIPALITY OF A PERCENTAGE OF CERTAIN REVENUES OF GRANTEE FROM ITS OPERATIONS THEREIN; AND DECLARING AN EMERGENCY.

BE IT ORDAINED by the Mayor and City Council of the City of Bullhead City, Arizona, as follows:

Section 1: That the City of Bullhead City, a municipal corporation in Mohave County, Arizona, hereinafter called the "City", hereby grants to and vests in Citizens Utilities Company, a corporation, duly authorized to transact within the State a public service business as a water utility, hereinafter called the "Company", a franchise with the right to operate a system for the collection, transmission, distribution and sale of potable water for all purposes for which such water may be used, in the City, as now or hereafter constituted, and the authority, license, power and privilege to construct, extend, maintain, repair, replace, operate and remove or otherwise establish and operate in said City, works or systems and plants to collect, transmit, distribute, sell, convey or otherwise establish, conduct, serve, supply or furnish the inhabitants of said City and others, and to the City whenever it may desire to contract therefor, potable water for all purposes for which such water may be used, and the Company is hereby granted passage, right-of-way and the right to occupy and use in any lawful way during the life of this franchise each and any and all streets, avenues, easements, rights-of-way, alleys, highways, sidewalks, bridges and other structures and places and public grounds of said
PROPERTY REPORT
NOTICE AND DISCLAIMER
BY OFFICE OF INTERSTATE LAND SALES REGISTRATION
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

This document should be read before signing.

PURCHASER

It is unlawful for any one to make or cause to be made any representations or promises in any way passed upon the merits of, or given approval to this subdivision, or any representations or promises in any way passed upon the value, if any, of the property.

Important: Read "A"EFQ.

By signing this receipt you acknowledge that you have received a copy of the property report prepared pursuant to the Rules and Regulations of the Office of Interstate Land Sales Registration, U.S. Department of Housing and Urban Development.

Name of Subdivision: HOLIDAY SHORES, INC.
Address: Post Office Box 707
Location: MOHAVE COUNTY, ARIZONA

Name(s) of Developer: HOLIDAY SHORES, INC.

Effective Date of Property Report: JUL 2, 1976

Unless you received this property report prior to or at the time you enter into a contract, you may void the contract by notice to the seller.

Important: Read "A"EFQ.

If you received the Property Report less than 48 hours prior to signing a contract, you may void the contract by notice to the seller.

Notwithstanding your signature by which you acknowledged that you received the Property Report you still have other important rights under the Interstate Land Sales Full Disclosure Act.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Office of Interstate Land Sales Registration, 451 Seventh Street, S.W., Washington, D.C. 20402

Received Date of Property Report: JUL 2, 1976

Name(s) of Developer: HOLIDAY SHORES, INC.
Address: Post Office Box 707
Location: MOHAVE COUNTY, ARIZONA

Effective Date of Property Report: JUL 2, 1976

Unless you received this property report prior to or at the time you enter into a contract, you may void the contract by notice to the seller.

Important: Read "A"EFQ.

If you received the Property Report less than 48 hours prior to signing a contract, you may void the contract by notice to the seller.

Notwithstanding your signature by which you acknowledged that you received the Property Report you still have other important rights under the Interstate Land Sales Full Disclosure Act.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Office of Interstate Land Sales Registration, 451 Seventh Street, S.W., Washington, D.C. 20402

Received Date of Property Report: JUL 2, 1976

Name(s) of Developer: HOLIDAY SHORES, INC.
Address: Post Office Box 707
Location: MOHAVE COUNTY, ARIZONA

Effective Date of Property Report: JUL 2, 1976

Unless you received this property report prior to or at the time you enter into a contract, you may void the contract by notice to the seller.

Important: Read "A"EFQ.

If you received the Property Report less than 48 hours prior to signing a contract, you may void the contract by notice to the seller.

Notwithstanding your signature by which you acknowledged that you received the Property Report you still have other important rights under the Interstate Land Sales Full Disclosure Act.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Office of Interstate Land Sales Registration, 451 Seventh Street, S.W., Washington, D.C. 20402

Received Date of Property Report: JUL 2, 1976

Name(s) of Developer: HOLIDAY SHORES, INC.
Address: Post Office Box 707
Location: MOHAVE COUNTY, ARIZONA

Effective Date of Property Report: JUL 2, 1976

Unless you received this property report prior to or at the time you enter into a contract, you may void the contract by notice to the seller.

Important: Read "A"EFQ.

If you received the Property Report less than 48 hours prior to signing a contract, you may void the contract by notice to the seller.

Notwithstanding your signature by which you acknowledged that you received the Property Report you still have other important rights under the Interstate Land Sales Full Disclosure Act.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Office of Interstate Land Sales Registration, 451 Seventh Street, S.W., Washington, D.C. 20402

Received Date of Property Report: JUL 2, 1976

Name(s) of Developer: HOLIDAY SHORES, INC.
Address: Post Office Box 707
Location: MOHAVE COUNTY, ARIZONA

Effective Date of Property Report: JUL 2, 1976

Unless you received this property report prior to or at the time you enter into a contract, you may void the contract by notice to the seller.

Important: Read "A"EFQ.

If you received the Property Report less than 48 hours prior to signing a contract, you may void the contract by notice to the seller.

Notwithstanding your signature by which you acknowledged that you received the Property Report you still have other important rights under the Interstate Land Sales Full Disclosure Act.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Office of Interstate Land Sales Registration, 451 Seventh Street, S.W., Washington, D.C. 20402

Received Date of Property Report: JUL 2, 1976

Name(s) of Developer: HOLIDAY SHORES, INC.
Address: Post Office Box 707
Location: MOHAVE COUNTY, ARIZONA

Effective Date of Property Report: JUL 2, 1976

Unless you received this property report prior to or at the time you enter into a contract, you may void the contract by notice to the seller.

Important: Read "A"EFQ.
b. This offering consists of lots existing in the subdivisions itemized below, all of which have been recorded in the Mohave County Recorder's Office.

Total number of lots offered in each tract are as follows:

<table>
<thead>
<tr>
<th>Tract</th>
<th>Description</th>
<th>Lots</th>
</tr>
</thead>
<tbody>
<tr>
<td>133</td>
<td>Holiday Shores, Inc.</td>
<td>81</td>
</tr>
<tr>
<td>1137</td>
<td>Holiday Highlands</td>
<td>28</td>
</tr>
<tr>
<td>1138A</td>
<td>Holiday Highlands</td>
<td>65</td>
</tr>
<tr>
<td>1138B</td>
<td>Holiday Highlands</td>
<td>35</td>
</tr>
<tr>
<td>1140</td>
<td>Holiday Highlands</td>
<td>46</td>
</tr>
<tr>
<td>1141</td>
<td>Holiday Highlands</td>
<td>192</td>
</tr>
<tr>
<td>1142</td>
<td>Holiday Highlands</td>
<td>311</td>
</tr>
<tr>
<td>1143</td>
<td>Buena Vista</td>
<td>299</td>
</tr>
<tr>
<td>1144</td>
<td>Buena Vista, Unit 2</td>
<td>367</td>
</tr>
<tr>
<td>1147</td>
<td>Buena Vista, Unit 3</td>
<td>581</td>
</tr>
<tr>
<td>1149</td>
<td>Holiday Shores</td>
<td>557</td>
</tr>
<tr>
<td>1150</td>
<td>Holiday Shores</td>
<td>675</td>
</tr>
<tr>
<td>1151</td>
<td>Holiday Shores</td>
<td>458</td>
</tr>
<tr>
<td>1154</td>
<td>Holiday Shores</td>
<td>128</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>3,023</strong></td>
</tr>
</tbody>
</table>

3. LIST NAMES AND POPULATIONS OF SURROUNDING COMMUNITIES AND LIST DISTANCES OVER PAVED AND UNPAVED ROADS TO THE SUBDIVISION.

<table>
<thead>
<tr>
<th>Name of Community</th>
<th>Population</th>
<th>Distance Over Paved Roads</th>
<th>Unpaved Roads</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Kingman, Arizona</td>
<td>10,000</td>
<td>35 miles</td>
<td>None</td>
<td>35 miles</td>
</tr>
<tr>
<td>b. Needles, California</td>
<td>5,000</td>
<td>22 miles</td>
<td>None</td>
<td>22 miles</td>
</tr>
<tr>
<td>c. Las Vegas, Nevada</td>
<td>150,000</td>
<td>100 miles</td>
<td>None</td>
<td>100 miles</td>
</tr>
<tr>
<td>d. Bullhead City, Ariz.</td>
<td>1,800</td>
<td>3 miles</td>
<td>None</td>
<td>3 miles</td>
</tr>
</tbody>
</table>

4. COMPLETE ALL ITEMS UNDER THIS PARAGRAPH REGARDLESS OF WHETHER THE SALE WILL BE AN INSTALLMENT OR CASH SALE.

a. WILL THE SALES CONTRACT BE RECORDABLE? YES OR NO?
   Yes. The sales contract will be recorded.

b. IN THE ABSENCE OF RECORDING THE CONTRACT OR DEED, COULD THIRD PARTIES OR CREDITORS OF ANY PERSON HAVING AN INTEREST IN THE LAND ACQUIRE TITLE TO THE PROPERTY FREE OF ANY OBLIGATION TO DELIVER A DEED? YES OR NO?
   No. The contracts are recorded and developer owns entire beneficial interest of the subject property.

c. STATE WHETHER AND/OR WHEN THE CONTRACT OR DEED WILL BE RECORDED, AND WHO WILL RECORD IT. STATE WHO WILL BEAR THE COSTS OF RECORDATION, AND THE AMOUNT IF THOSE COSTS ARE TO BE BORNE BY THE PURCHASER.
6. Does the offering contemplate leases of the property in addition to, or as distinguished from sales? Yes or No?
No.

7. a. Is buyer or lessee to pay taxes, special assessments, or to make payments of any kind for the maintenance of common facilities in the subdivision (a) before taking title or signing of lease or (b) after taking title or signing of lease? If yes, complete the schedule below:

(a) No, not before taking title or signing a contract to purchase.
(b) Yes, after taking title or signing a contract to purchase.

### APPROXIMATE AMOUNT OF BUYER'S OR LESSEE'S ANNUAL PAYMENTS

<table>
<thead>
<tr>
<th></th>
<th>Residential</th>
<th>$60.00 to $250.00 per lot</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Commercial</td>
<td>$100.00 to $400.00 per lot</td>
</tr>
<tr>
<td>SPECIAL ASSESSMENTS:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) HOLIDAY LIGHTING DISTRICT</td>
<td>$5.00</td>
<td>Consult local taxing authorities</td>
</tr>
<tr>
<td>(ii) BIG BEND IRRIGATION AND DRAINAGE DISTRICT</td>
<td></td>
<td>Consult local taxing authorities</td>
</tr>
<tr>
<td>(iii) RIVERSIDE SANITARY DISTRICT</td>
<td></td>
<td>Consult local taxing authorities</td>
</tr>
<tr>
<td>(iv) RIVERSIDE IMPROVEMENT DISTRICT</td>
<td>$200.00</td>
<td>Consult local taxing authorities</td>
</tr>
<tr>
<td>(v) BULLHEAD VOLUNTEER FIRE DISTRICT</td>
<td>$12.00</td>
<td>Consult local taxing authorities</td>
</tr>
</tbody>
</table>

### PAYMENTS TO PROPERTY OWNER'S ASSOCIATION

- None

### OTHER

- None

### SPECIFY

- None

7. b. State whether the developer has control of the organization or entity of if any of the developer's officers and directors or employees are also officers and directors of the organization or entity and if and when the developer's control will be relinquished. State the amount of the loan or debt, the
Buyer's down payment will be held by Amtitle Trust Company, an Arizona corporation, as escrow agent for the parties. Subsequent installments will be made to General Electric Credit Corporation. Title to the property will be held by Amtitle Trust Company until such time the balance due along with all accrued interest is paid in full.

b. EXCEPT FOR THOSE PROPERTY RESERVATIONS WHICH LAND DEVELOPERS COMMONLY CONVEY OR DEDICATE TO LOCAL BODIES OR PUBLIC UTILITIES FOR THE PURPOSE OF BRINGING PUBLIC SERVICES TO THE LAND BEING DEVELOPED, WILL BUYER RECEIVE A DEED FREE OF EXCEPTIONS? YES OR NO? IF NO, LIST ALL RESTRICTIONS, EASEMENTS, COVENANTS, RESERVATIONS AND THEIR EFFECT UPON BUYER.

Buyer's deed and title report will reflect the following exceptions:

1. Liabilities and Obligations of
   Fort Mohave Improvement District

   The subject development is within the boundaries of this district. The district is and has been dormant for over ten years but is still of public record. There are no assessments payable to this district nor has there been for many years.

2. Liabilities and Obligations of
   Bullhead Volunteer Fire Company District

   Bullhead Volunteer Fire District provides fire protection to the development which will result in special assessments assessed against your property and collected as general taxes are collected.

3. Liabilities and Obligations of
   Holiday Lighting District

   Special assessments are levied upon each lot in Tract 133, Holiday Shores, Inc.; Tract 1142, Holiday Highlands; Tract 1143, Buena Vista; Tract 1144, Buena Vista; Tract 1147, Buena Vista; Tract 1149, Holiday Shores; Tract 1150, Holiday Shores; Tract 1151, Holiday Shores and Tract 1154, Holiday Shores, for the purpose of providing street light facilities. Such assessments are levied against your property and collected as general taxes.
C-2  Block 1, all lots; Block 2, Lot 11;  
     Block 2, Parcel D (Medical Center);  
     Block 3, Lots 1-6; Block 4, Lots 1, 2;  
     Block 4, Parcel B (Service Station);  
     Block 5, Lots 1-3; Block 6, Lots 1-7;  
     Block 9, Lots 1-5; Block 9, Parcel C  
     (Restaurant Site).

Tract 1141, Holiday Highlands

R-1  Blocks 1-8, all lots and parcels;  
     Block 9, Lots 1-13; Block 9, Lots 16-30.

C-2  Block 9, Lots 14, 15.

Tract 1142, Holiday Highlands

R-1  Block 1, Lots 4-29 (mobile homes permitted);  
     Block 2, Lots 4-27 (mobile homes permitted);  
     Block 3, Lots 4-27 (mobile homes permitted);  
     Block 4, Lots 4-27 (mobile homes permitted);  
     Block 5, Lots 4-27 (mobile homes permitted).

R-0  Blocks 6-10, all lots; Block 11, Lots 1-18.

R-M  Block 1, Lots 1-3; Block 2, Lots 1, 2, 3,  
     28, 29, 30; Block 3, Lots 1, 2, 3, 28, 29, 30;  
     Block 4, Lots 1, 2, 3, 28, 29, 30;  
     Block 5, Lots 1, 2, 3, 28, 29, 30.

Tract 1143, Buena Vista

R-1  Block 7, Lots 10-41; Block 3, all lots;  
     Block 6, all lots; Block 8, all lots;  
     Block 9, all lots; Block 10, all lots;  
     Block 11, all lots; Block 12, all lots;  
     Block 13, all lots; Block 14, all lots;  
     Parcels B, C, D.

R-M  Block 1, Lots 9-12; Block 2, Lots 1-4;  
     Block 4, Lots 6-18; Block 7, Lots 4-9;  
     Block 7, lots 42-47.

C-1  Block 4, Lots 1-5; Block 4, Lots 19-21;  
     Block 5, Lots 2-10; Block 7, Lots 1, 2,  
     3, 48, 49.

C-2  Block 1, Lots 1-8; Block 5, Lot 1; Parcel A

Tract 1144, Buena Vista

R-1  Block 2, Lots 13-24; Block 3, Lot 2;  
     Block 4, all lots; Block 5, all lots;  
     Block 10, all lots; Block 11, all lots;  
     Block 12, all lots; Block 13, all lots;  
     Block 14, all lots; Block 15, all lots;  
     Block 16, all lots.

R-0  Block 1, Lots 11-20; Block 6, all lots;  
     Block 7, all lots; Block 8, all lots;  
     Block 9, all lots.

C-2  Block 1, Lots 1-10; Block 2, Lots 1-12;  
     Block 3, lot 1.
The following lots border flood control channels:
Lots 25, 27, 70, 71, 118, 119, 169 through 175, 207 through 214, Tract 133;
Lots 1, 2, 3, 4 and 5, Block 1, Parcel B,
Lots 1 and 2, Block 4, Lots 1 and 3, Block 5,
Lots 7 and 8, Block 6, Lots 4, 6, 7 and 8,
Block 7, Tract 1140;
Lots 1 through 10, Block 5, Lots 1 through 23, Block 6, Tract 1143;
Lots 1, 9 and 10, Block 9, Lots 1 and 3 through 19, Block 10, Lots 1 through 15, Block 16,
Tract 1144;
Lots 1 through 22, Block 1, Lots 1 through 20, Block 2, Lots 1 through 11, Block 3,
Tract 1147;
Lot 32, Block 1, Tract 1149;
Lots 1 and 44, Block 1, Tract 1150;
Lots 1 and 29, Block 1, Tract 1151.

9. List all recreational facilities currently available, proposed, or partly completed (e.g. swimming pools, golf courses, ski slopes, etc.) and complete the following format for each facility:

<table>
<thead>
<tr>
<th>FACILITY</th>
<th>% COMPLETE</th>
<th>ESTIMATED COMPLETION DATE</th>
<th>FINANCIAL ASSURANCE OF COMPLETION</th>
<th>DEVELOPER OBLIGATED?</th>
<th>BUYER'S COSTS OR ASSESSMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holiday Shores Marina</td>
<td>Complete</td>
<td>Not</td>
<td>Not</td>
<td>Not</td>
<td>Not</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Applicable</td>
<td>Applicable</td>
<td>Not</td>
<td>Applicable (Not Mandatory)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Boat Slip Rental $13.00 per month</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Holiday Hacienda Club</td>
<td>Complete</td>
<td>Not</td>
<td>Not</td>
<td>Not</td>
<td>Not</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Applicable</td>
<td>Applicable</td>
<td>Not</td>
<td>Applicable (Membership Annually) $18.00</td>
</tr>
</tbody>
</table>

STATE WHO WILL OWN THE FACILITIES.

Developer will own all facilities.
2. ELECTRICITY.

Electricity is provided by Mohave Electric Cooperative, Inc., Post Office Box 1045, Bullhead City, Arizona, 86430. Current electric rates are 5.75 cents per kilowatt hour for the first 100 kilowatt hours per month, 3.45 cents per kilowatt hour for the next 200 kilowatt hours per month and 1.15 cents per kilowatt hour for each kilowatt hour above 300 kilowatt hours per month. In addition thereto a fuel adjustment cost is levied depending upon the cost of power to the utility company, which costs fluctuate. Currently the fuel adjustment cost is .01212 cents per kilowatt hour used per month. The electric company requires a $20.00 deposit prior to providing electricity. Currently the electrical distribution system is installed in all tracts with the exception of Tract 1154. The electrical distribution system will be installed in Tract 1154 on or before December 13, 1976. The cost of the system will be paid by Riverside Improvement District with individual lot owners being assessed for the same by the District, the same being a portion of the assessment as set forth in paragraph 7 (a) above.

3. GAS.

Natural gas is provided by Southwest Gas Corporation, Post Office Box 1450, Las Vegas, Nevada 89101. Gas distribution system is installed in all tracts except Holiday Shores Tract 1154. The natural gas system will be installed in Tract 1154 on or before December 13, 1976. Purchasers will pay no part of the installation cost of the gas distribution system. Natural gas rates for the subdivision are as follows:

$3.18 for the first 2 therms
.21687 per therm for the next 28 therms
.19831 per therm for the next 70 therms
.17625 per therm for all over 100 therms

The gas company requires a $20.00 security deposit and $7.50 service (turn-on) charge.

4. TELEPHONE.

Telephone service is supplied by Citizens Utilities Rural Company, Inc., Post Office Box 111, Kingman, Arizona 86401. Telephone service is available in all tracts. The telephone system is installed by the utility company and no cost thereof paid for by
6. DRAINAGE AND FLOOD CONTROL.

Flood control channels have been installed over Tract 133, Holiday Shores, Inc.; Tract 1140, Holiday Highlands; Buena Vista Tract 1143; Buena Vista, Tract 1144 and Buena Vista Tract 1147. All flood control channels are so designated on plat maps for each tract. Flood control channels are complete and no cost thereof will be borne by the purchaser.

7. TELEVISION.

Television is available to all lots in the subdivision without cost. Cable television is available for approximately $8.50 per month.

c. MUNICIPAL SERVICES:

1. FIRE PROTECTION.

Fire protection is provided by Bullhead City Fire District, Bullhead City, Arizona. The District charges annual assessments to each lot within the District with the 1975 tax rate being $1.1459 per $100.00 of assessed valuation. It is estimated the annual assessment will not exceed $12.00.

2. POLICE PROTECTION.

Police protection is provided by the Mohave County Sheriff's Substation. There is no direct cost for such service.

3. GARBAGE AND TRASH COLLECTION.

Garbage and trash collection is provided by private companies. The cost of this service is paid by lot owner upon subscription. Presently the cost for garbage and trash collection is $4.50 per month per customer.

4. PUBLIC SCHOOLS.

1. ELEMENTARY SCHOOL.

Bullhead City Elementary School is located approximately three road miles from the geographical center of the subdivision. School bus transportation is available at no cost.

II. JUNIOR HIGH SCHOOL.

Bullhead City Junior High School is located immediately adjacent to the south boundary of the subdivision. School bus transportation is provided without cost.
$200.00 to $250.00 for a one-story residential structure. Lots possibly affected are as follows:

- Lots 1 through 29 of Parcel A, Block 1, Tract 1151;
- Lots 1 through 44, Block 1, Tract 1150;
- Lots 1 through 32, Block 1, Tract 1149.

13. STATE WHETHER SHOPPING FACILITIES ARE AVAILABLE IN THE SUBDIVISION. IF NOT, STATE THE DISTANCE IN MILES TO SUCH FACILITIES AND WHETHER PUBLIC TRANSPORTATION IS AVAILABLE.

Shopping facilities are available in the subdivision.

14. APPROXIMATELY HOW MANY HOMES WERE OCCUPIED AS OF April 30, 1976?

Approximately 931 dwelling units were occupied as of the effective date hereof.

15. a. STATE ELEVATION OF THE HIGHEST AND LOWEST LOTS IN THE SUBDIVISION AND BRIEFLY DESCRIBE TOPOGRAPHY AND PHYSICAL CHARACTERISTICS OF THE PROPERTY.

Elevation of the subject tract ranges from 386 feet to 675 feet. General topography of the area being offered is level to rolling hills. General soil characteristics of the subdivision are rocky and desert sand.

b. STATE IN INCHES THE AVERAGE ANNUAL RAINFALL AND, IF APPLICABLE, THE AVERAGE ANNUAL SNOWFALL FOR THE SUBDIVISION OR THE AREA IN WHICH IT IS LOCATED.

Annual average rainfall is approximately 4 inches. No measurable amount of snow falls during the year.

c. STATE TEMPERATURE RANGES FOR SUMMER AND WINTER, INCLUDING HIGHS, LOWS AND MEANS.

Temperature ranges pertaining to the subject filing are as follows:

- Winter: High 85°, Low 26°, Mean 62°
- Summer: High 115°, Low 60°, Mean 83°

16. WILL ANY SUBSURFACE IMPROVEMENT, OR SPECIAL FOUNDATION WORK BE NECESSARY TO CONSTRUCT ONE STORY RESIDENTIAL OR COMMERCIAL STRUCTURES ON THE LAND? YES OR NO? IF YES, STATE IF ANY PROVISION HAS BEEN MADE AND ESTIMATE ANY COSTS BUYER WOULD INCUR.
21. STATE WHETHER OR NOT THE DEVELOPER HAS A DEFICIT IN RETAINED EARNINGS OR HAS EXPERIENCED AN OPERATING LOSS DURING THE LAST FISCAL YEAR.

Yes.

If yes, your attention is directed to those items in the Property Report wherein the developer may have promised to complete certain facilities or to discharge financial obligations.

SPECIAL RISK FACTORS

(a) THE FUTURE VALUE OF LAND IS VERY UNCERTAIN; TO NOT COUNT ON APPRECIATION.

(b) YOU MAY BE REQUIRED TO PAY THE FULL AMOUNT OF YOUR OBLIGATION TO A BANK OR OTHER THIRD PARTY TO WHOM THE DEVELOPER MAY ASSIGN YOUR CONTRACT OR NOTE, EVEN THOUGH THE DEVELOPER MAY HAVE FAILED TO FULFILL PROMISES HE HAS MADE.

(c) RESALE OF YOUR LOT MAY BE SUBJECT TO THE DEVELOPER'S RESTRICTIONS, SUCH AS LIMITATIONS ON THE POSTING OF SIGNS, LIMITATIONS TO THE RIGHTS OF OTHER PARTIES TO ENTER THE SUBDIVISION UNACCOMPANIED, MEMBERSHIP PREREQUISITES OR APPROVAL REQUIREMENTS, OR DEVELOPER'S FIRST RIGHT OF REFUSAL. YOU SHOULD CHECK YOUR CONTRACT FOR SUCH RESTRICTIONS AND ALSO NOTE WHETHER YOUR LIEN OR ANY OTHER LIENS ON THE PROPERTY WOULD AFFECT YOUR RIGHT TO SELL YOUR LOT.

(d) YOU SHOULD CONSIDER THE COMPETITION WHICH YOU MAY EXPERIENCE FROM THE DEVELOPER IN ATTEMPTING TO RESELL YOUR LOT AND THE POSSIBILITY THAT REAL ESTATE BROKERS MAY NOT BE INTERESTED IN LISTING YOUR LOT.

(e) CHANGING LAND DEVELOPMENT AND LAND USE REGULATIONS BY GOVERNMENT AGENCIES MAY AFFECT YOUR ABILITY TO OBTAIN LICENSES OR PERMITS OR OTHERWISE AFFECT YOUR ABILITY TO USE THE LAND.

FINANCIAL STATEMENTS

YOU SHOULD CAREFULLY REVIEW THE ATTACHED FINANCIAL STATEMENTS OF THE DEVELOPER (SEE EXHIBIT A).

SIGNATURE OF THE SENIOR EXECUTIVE OFFICER OF THE DEVELOPER

Joseph E. Hancock

- 18 -
NOTE 15: SUBSEQUENT EVENTS:

Subsequent to January 31, 1976 substantially all of the assets of Hancock and Kelley were sold.

A gain of approximately $298,500 will be recorded. The estimated effect will be to reduce the loss of Hancock and Kelley Construction after taxes to $14,000.
The accompanying notes are an integral part of these financial statements.

**CONSOLIDATED BALANCE SHEET**

**December 31, 1976**

**ASSETS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$310,700.54</td>
</tr>
<tr>
<td>Receivables</td>
<td>$53,248.76</td>
</tr>
<tr>
<td>Inventories</td>
<td>$576,960.92</td>
</tr>
<tr>
<td>Equipment</td>
<td>$1,453,876.25</td>
</tr>
<tr>
<td>Real estate</td>
<td>$1,024,980.00</td>
</tr>
<tr>
<td>Other assets (Note 2)</td>
<td></td>
</tr>
</tbody>
</table>

**LIABILITIES AND EQUITY**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total liabilities (unaudited)</td>
<td>$1,443,427.17</td>
</tr>
<tr>
<td>Total stockholders’ equity</td>
<td>$53,248.76</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>$5,289,876.25</td>
</tr>
</tbody>
</table>

**Total stockholders’ equity**

100,000 shares authorized and outstanding 100,000 shares.

Common stock, par value $1.

**Footnotes:***

(1) Depreciation deferred income taxes (Note 10)

(2) Deferred costs to complete improvements (Note 10)

(3) Due to affiliates and stockholders (Note 6)

(4) Less: unallocated depreciable assets

(5) Due from affiliated company

(6) Note receivable

(7) Note receivable (Note 2)

(8) Note receivable (Note 7)
The Board of Directors
Holiday Shores, Inc.
Bullhead City, Arizona

We have examined the consolidated balance sheet of Holiday Shores, Inc. and subsidiary as of July 31, 1975 and 1974, and the related consolidated statements of operations, retained earnings, and sources and uses of cash for the years then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the consolidated financial position of Holiday Shores, Inc. and subsidiary as of July 31, 1975 and 1974, and the results of their operations and sources and uses of cash for the years then ended, in conformity with generally accepted accounting principles consistently applied between periods.

Certified Public Accountants

October 2, 1975
In the income statement, certain transactions and losses are recorded.

- Transactions that result in a loss are recorded on the income statement.
- Transactions that result in a gain are recorded on the income statement.

Summarized Financial Statements (continued)
NOTE 12: **PROVISION FOR INCOME TAXES**

The provision for taxes on income consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>1975</th>
<th>1974</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred taxes on income</td>
<td>(64,848)</td>
<td>2,194,454</td>
</tr>
<tr>
<td>Estimated future income tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>benefits from carryforward</td>
<td></td>
<td></td>
</tr>
<tr>
<td>of losses for income tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>purposes</td>
<td>(217,000)</td>
<td>755,000</td>
</tr>
<tr>
<td></td>
<td>(281,848)</td>
<td>1,439,454</td>
</tr>
</tbody>
</table>

In management's opinion, the estimated future income tax benefits will be realized by utilization of deferred tax gains and other taxable income by the expiration date of the benefits as follows:

- July 31, 1979: $755,000
- July 31, 1980: $217,000

The Company's income tax returns are subject to examination for the past three years.

NOTE 13: **CONTINGENT LIABILITIES**

The Company has executed an assurance agreement with the County of Mohave, Arizona, and the Riverside Improvement District, a Mohave County improvement district, covering the issuance of $937,600 face value improvement bonds. The agreement remains in effect as long as any of the bonds are outstanding, and binds the Company to maintain and keep current all assessments in the District should normal tax collections ever be deficient. The bonds mature from July 1, 1977 through July 1, 1990.
To prevent this item, are continuously applied to the loan with further borrowing made subject to certain default events occur. Collection on the assigned contracts and are calculated on demand to the terms of involuntary contracts and are calculated on demand. Loans under the revolving credit agreement have no fixed terms, and secured by the assignment of specified interest rate contracts, and the loan are at the prime rate of 5% above the prime rate of the Morgan Guaranty Trust Company of New York, not to exceed 5%. The loan are not to exceed 50,000 on a revolving credit basis at an interest rate at 7.5% above the prime rate of the Morgan Guaranty Trust Company. The loan arises from 9.25% to 12.4% at January 31, 1976. The contract interest rate of 10% at January 31, 1976. The mortgage average rate of interest is 11.76% at January 31, 1976.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5% 6.367%</td>
<td>570.7</td>
<td>696.9</td>
<td>899.5</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
</tr>
<tr>
<td>6.424%</td>
<td>570.7</td>
<td>696.9</td>
<td>899.5</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
</tr>
<tr>
<td>6.481%</td>
<td>570.7</td>
<td>696.9</td>
<td>899.5</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
</tr>
<tr>
<td>6.538%</td>
<td>570.7</td>
<td>696.9</td>
<td>899.5</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
<td>622.4</td>
</tr>
</tbody>
</table>

A summary of debt follows:

Note 6: Notes, contracts and mortgages payable

Holiday Shores, Inc. and Subsidiaries

Note 6: Notes, contracts and mortgages payable

Holiday Shores, Inc. and Subsidiaries

Note 6: Notes, contracts and mortgages payable
The estimated cost to complete improvements in units from which sales are being made approximates $56,000. These necessary expenditures are based on internal and external engineering studies.

Will be made in fiscal year 1976.

The estimated cost to complete improvements in units from which sales are being made approximates $56,000. These necessary expenditures are based on internal and external engineering studies.

The estimated cost to complete improvements in units from which sales are being made approximates $56,000. These necessary expenditures are based on internal and external engineering studies.

The estimated cost to complete improvements in units from which sales are being made approximates $56,000. These necessary expenditures are based on internal and external engineering studies.

The estimated cost to complete improvements in units from which sales are being made approximates $56,000. These necessary expenditures are based on internal and external engineering studies.

The estimated cost to complete improvements in units from which sales are being made approximates $56,000. These necessary expenditures are based on internal and external engineering studies.

The estimated cost to complete improvements in units from which sales are being made approximates $56,000. These necessary expenditures are based on internal and external engineering studies.

The estimated cost to complete improvements in units from which sales are being made approximates $56,000. These necessary expenditures are based on internal and external engineering studies.

The estimated cost to complete improvements in units from which sales are being made approximates $56,000. These necessary expenditures are based on internal and external engineering studies.

The estimated cost to complete improvements in units from which sales are being made approximates $56,000. These necessary expenditures are based on internal and external engineering studies.

The estimated cost to complete improvements in units from which sales are being made approximates $56,000. These necessary expenditures are based on internal and external engineering studies.

The estimated cost to complete improvements in units from which sales are being made approximates $56,000. These necessary expenditures are based on internal and external engineering studies.
<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Debit</th>
<th>Credit</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>76</td>
<td>1/1/77</td>
<td>11,000</td>
<td>10,000</td>
<td>11,000</td>
</tr>
<tr>
<td>77</td>
<td>1/2/77</td>
<td>12,000</td>
<td>11,000</td>
<td>12,000</td>
</tr>
<tr>
<td>78</td>
<td>1/3/77</td>
<td>13,000</td>
<td>12,000</td>
<td>13,000</td>
</tr>
</tbody>
</table>

**Note:**
- The balance of the account is $13,000 as of January 3, 1977.
- The account is expected to remain in transactions until January 3, 1978.

**Change in Accounting Method:**
- The change in accounting method affects the presentation of the financial statements for the year ended December 31, 1976.
the accommodation notes are an integral part of the financial statements.

$1.17

16,774

$482,750

2,290

114,441

$168,561

$21,971

(1)61,619

(1)61,619

12,585

1,426

$257,614

at the beginning of year

balance

464,167

104,400

695,886

2,290

77,063

2,070,809

16,774

$482,750

2,290

114,441

$168,561

$21,971

(1)61,619

(1)61,619

12,585

1,426

$257,614

at the end of year

balance

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

HOLIDAY SHOES, INC. AND SUBSIDIARIES

SIX MONTHS ENDED JUNE 30, 1976

CONSOLIDATED STATEMENT OF OPERATING RESULTS

HOLIDAY SHOES, INC. AND SUBSIDIARIES

SIX MONTHS ENDED JUNE 30, 1976

CONSOLIDATED STATEMENT OF OPERATING RESULTS

HOLIDAY SHOES, INC. AND SUBSIDIARIES

SIX MONTHS ENDED JUNE 30, 1976

CONSOLIDATED STATEMENT OF OPERATING RESULTS

HOLIDAY SHOES, INC. AND SUBSIDIARIES

SIX MONTHS ENDED JUNE 30, 1976

CONSOLIDATED STATEMENT OF OPERATING RESULTS

HOLIDAY SHOES, INC. AND SUBSIDIARIES

SIX MONTHS ENDED JUNE 30, 1976

CONSOLIDATED STATEMENT OF OPERATING RESULTS

HOLIDAY SHOES, INC. AND SUBSIDIARIES

SIX MONTHS ENDED JUNE 30, 1976

CONSOLIDATED STATEMENT OF OPERATING RESULTS

HOLIDAY SHOES, INC. AND SUBSIDIARIES

SIX MONTHS ENDED JUNE 30, 1976

CONSOLIDATED STATEMENT OF OPERATING RESULTS

HOLIDAY SHOES, INC. AND SUBSIDIARIES

SIX MONTHS ENDED JUNE 30, 1976

CONSOLIDATED STATEMENT OF OPERATING RESULTS

HOLIDAY SHOES, INC. AND SUBSIDIARIES

SIX MONTHS ENDED JUNE 30, 1976

CONSOLIDATED STATEMENT OF OPERATING RESULTS

HOLIDAY SHOES, INC. AND SUBSIDIARIES

SIX MONTHS ENDED JUNE 30, 1976

CONSOLIDATED STATEMENT OF OPERATING RESULTS

HOLIDAY SHOES, INC. AND SUBSIDIARIES

SIX MONTHS ENDED JUNE 30, 1976

CONSOLIDATED STATEMENT OF OPERATING RESULTS

HOLIDAY SHOES, INC. AND SUBSIDIARIES

SIX MONTHS ENDED JUNE 30, 1976

CONSOLIDATED STATEMENT OF OPERATING RESULTS

HOLIDAY SHOES, INC. AND SUBSIDIARIES

SIX MONTHS ENDED JUNE 30, 1976

CONSOLIDATED STATEMENT OF OPERATING RESULTS

HOLIDAY SHOES, INC. AND SUBSIDIARIES

SIX MONTHS ENDED JUNE 30, 1976

CONSOLIDATED STATEMENT OF OPERATING RESULTS

HOLIDAY SHOES, INC. AND SUBSIDIARIES

SIX MONTHS ENDED JUNE 30, 1976

CONSOLIDATED STATEMENT OF OPERATING RESULTS

HOLIDAY SHOES, INC. AND SUBSIDIARIES

SIX MONTHS ENDED JUNE 30, 1976

CONSOLIDATED STATEMENT OF OPERATING RESULTS

HOLIDAY SHOES, INC. AND SUBSIDIARIES

SIX MONTHS ENDED JUNE 30, 1976

CONSOLIDATED STATEMENT OF OPERATING RESULTS

HOLIDAY SHOES, INC. AND SUBSIDIARIES

SIX MONTHS ENDED JUNE 30, 1976

CONSOLIDATED STATEMENT OF OPERATING RESULTS

HOLIDAY SHOES, INC. AND SUBSIDIARIES

SIX MONTHS ENDED JUNE 30, 1976

CONSOLIDATED STATEMENT OF OPERATING RESULTS

HOLIDAY SHOES, INC. AND SUBSIDIARIES

SIX MONTHS ENDED JUNE 30, 1976

CONSOLIDATED STATEMENT OF OPERATING RESULTS

HOLIDAY SHOES, INC. AND SUBSIDIARIES

SIX MONTHS ENDED JUNE 30, 1976

CONSOLIDATED STATEMENT OF OPERATING RESULTS

HOLIDAY SHOES, INC. AND SUBSIDIARIES

SIX MONTHS ENDED JUNE 30, 1976

CONSOLIDATED STATEMENT OF OPERATING RESULTS

HOLIDAY SHOES, INC. AND SUBSIDIARIES

SIX MONTHS ENDED JUNE 30, 1976

CONSOLIDATED STATEMENT OF OPERATING RESULTS

HOLIDAY SHOES, INC. AND SUBSIDIARIES

SIX MONTHS ENDED JUNE 30, 1976

CONSOLIDATED STATEMENT OF OPERATING RESULTS

HOLIDAY SHOES, INC. AND SUBSIDIARIES

SIX MONTHS ENDED JUNE 30, 1976

CONSOLIDATED STATEMENT OF OPERATING RESULTS

HOLIDAY SHOES, INC. AND SUBSIDIARIES

SIX MONTHS ENDED JUNE 30, 1976

CONSOLIDATED STATEMENT OF OPERATING RESULTS

HOLIDAY SHOES, INC. AND SUBSIDIARIES

SIX MONTHS ENDED JUNE 30, 1976

CONSOLIDATED STATEMENT OF OPERATING RESULTS

HOLIDAY SHOES, INC. AND SUBSIDIARIES

SIX MONTHS ENDED JUNE 30, 1976

CONSOLIDATED STATEMENT OF OPERATING RESULTS
NOTE 11: DEFERRED INCOME TAXES

Deferred income taxes at July 31, 1975, include the estimated amount of unprovided deferred income taxes that will result in taxable income for periods subsequent to the year of recognition. Statements of income presented in conformity with generally accepted accounting principles require the recognition of income taxes payable in the statement of income for deferred income taxes. Deferred income taxes are provided for on unearned revenue, advances and other

<table>
<thead>
<tr>
<th>Estimated Cost of Improvements</th>
<th>$1,286,282</th>
<th>$1,286,282</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>500,000</td>
<td>500,000</td>
</tr>
<tr>
<td>Intangible assets at 7%</td>
<td>496,000</td>
<td>496,000</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>183,000</td>
<td>183,000</td>
</tr>
<tr>
<td>Less: Rec. Res.</td>
<td>172,711</td>
<td>172,711</td>
</tr>
<tr>
<td>$773,271</td>
<td>$773,271</td>
<td></td>
</tr>
</tbody>
</table>

NOTE 12: CORPORATE AND SUBSIDIARY

The weighted average rate of interest is 11.8% and 13.4% at July 31, 1974.

NOTE 7: BONDS, NOTES, CONTRACTS AND MORTGAGES PAYABLE (continued)

HOLIDAY SHORES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A summary of amounts due these officers and stockholders follows:

NOTES TO OFFICERS AND STOCKHOLDERS
The accompanying notes are an integral part of the financial statements.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### Holiday Shores, Inc. and Subsidiary

<table>
<thead>
<tr>
<th>Year Ended June 30</th>
<th>1974</th>
<th>1973</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue, before provision for income taxes</td>
<td>$329.7</td>
<td>$321.5</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>28.9</td>
<td>26.4</td>
</tr>
<tr>
<td>Income before extraordinary items</td>
<td>$299.9</td>
<td>$295.1</td>
</tr>
<tr>
<td>Extraordinary items (gain)</td>
<td>12.0</td>
<td>11.7</td>
</tr>
<tr>
<td>Income after extraordinary items</td>
<td>$311.9</td>
<td>$286.8</td>
</tr>
</tbody>
</table>

#### Holiday Shores, Inc.

<table>
<thead>
<tr>
<th>Year Ended June 30</th>
<th>1974</th>
<th>1973</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue, before provision for income taxes</td>
<td>$329.7</td>
<td>$321.5</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>28.9</td>
<td>26.4</td>
</tr>
<tr>
<td>Income before extraordinary items</td>
<td>$299.9</td>
<td>$295.1</td>
</tr>
<tr>
<td>Extraordinary items (gain)</td>
<td>12.0</td>
<td>11.7</td>
</tr>
<tr>
<td>Income after extraordinary items</td>
<td>$311.9</td>
<td>$286.8</td>
</tr>
</tbody>
</table>

### Cash Flows From Operations

<table>
<thead>
<tr>
<th>Year Ended June 30</th>
<th>1974</th>
<th>1973</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td>$311.9</td>
<td>$286.8</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Net increase in cash</td>
<td>$311.9</td>
<td>$286.8</td>
</tr>
</tbody>
</table>

### Cash Flows from Investing Activities

<table>
<thead>
<tr>
<th>Year Ended June 30</th>
<th>1974</th>
<th>1973</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Proceeds from sale of property, plant and equipment</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Proceeds from sale of notes and mortgage</td>
<td>0.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

### Other Sources

<table>
<thead>
<tr>
<th>Year Ended June 30</th>
<th>1974</th>
<th>1973</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from bank loans</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Loan from bank</td>
<td>0.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

### Other Uses

<table>
<thead>
<tr>
<th>Year Ended June 30</th>
<th>1974</th>
<th>1973</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repayment of notes and mortgage</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Repayment of bank loans</td>
<td>0.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>