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DIANE D. TREMOR, P.A.
JOHN L. WHARTON

April 4, 1997

VIA HAND DELIVERY

Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida

Re: Radnor/Plantation Corporation; Joint Application for Authority
to Transfer Facilities; Docket No. 970429 - WS
Our File No. 25067.01

Dear Ms. Bayo:

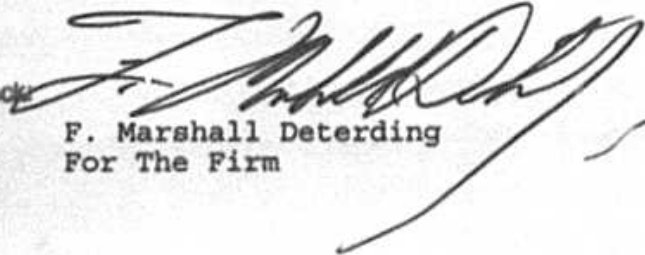
Enclosed for filing, please find the original and fifteen
copies of a Joint Application Of IHC Realty Partnership L.P. And
Radnor/Plantation Corporation For Authority To Transfer Certificate
Nos. 336-W and 291-S on behalf of Radnor/Plantation Corporation and
IHC Realty Partnership L.P.

ACK _____
AFA _____
APP _____
CAF _____
CMU _____
CTR _____
EAG _____
LEG _____
LIN _____
OPC _____
RCH _____
SEC _____
WAS _____
OTH _____

If you have any questions in this regard or I can be of any
assistance, please let me know.

Sincerely,

ROSE, SUNDBSTROM & BENTLEY, LLP


F. Marshall Deterding
For The Firm

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
A.J.

FMD/lts
Enclosures

RECEIVED & FILED

BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

03514 APR-46

FPSC-RECORDS/REPORTING

In re: Joint Application for)
 Authority to Transfer the)
 Facilities of Radnor/Plantation)
 Corporation d/b/a Plantation)
 Utilities and Certificate)
 Nos. 336-W and 291-S)
 in Martin County, Florida to)
 IHC Realty Partnership, L.P.)
 d/b/a Plantation Utilities.)

Docket No. 970429-WS

JOINT APPLICATION OF IHC REALTY PARTNERSHIP L.P.
AND RADNOR/PLANTATION CORPORATION
FOR AUTHORITY TO TRANSFER
CERTIFICATE NOS. 336-W AND 291-S

IHC REALTY PARTNERSHIP, L.P. and RADNOR/PLANTATION CORPORATION (hereinafter referred to respectively and separately as "IHC" or "Buyer", and "Radnor" or "Seller", and jointly as "Applicants") by and through their undersigned attorneys and pursuant to the provisions of Rule 25-30.037, Fla. Admin. Code and Section 367.071, Fla. Stat., file this Joint Application for authority to Transfer Certificates Nos. 336-W and 291-S currently held by Seller to Buyer. In support of this Joint Application, Buyer and Seller state:

1. The complete name and address of the Buyer is:

IHC Realty Partnership, L.P.
 d/b/a Plantation Utilities
 Foster Plaza Ten
 680 Andersen Drive
 Pittsburgh, PA 15220
 (412) 937-0600

2. The complete name and address of the Seller, is:

Radnor/Plantation Corporation
 d/b/a Plantation Utilities
 555 Northeast Ocean Boulevard
 Stuart, FL 34996
 (561) 334-5778

DOCUMENT NUMBER-DATE

03514 APR-45

FPSC-RECORDS/REPORTING

3. Buyer is a Delaware limited partnership. Buyer was initially organized in Delaware on September 30, 1994 under the name Interstone Partners I L.P. Interstone Partners I L.P., 's name was changed to IHC Realty Partnership, L.P., effective December 31, 1996.

4. The names and addresses of all partners of Buyer are as follows:

IHC Realty Corporation - General Partner 1.0333%
Foster Plaza Ten
680 Andersen Drive
Pittsburgh, PA 15220
(412) 937-0600

IHC Member Corporation - Limited Partner 98.9667%
Foster Plaza Ten
680 Andersen Drive
Pittsburgh, PA 15220
(412) 937-0600

5. IHC does not currently own any other existing water and wastewater utilities.

6. A copy of the Memorandum of Agreement of Sale, which includes the purchase price, terms of payment, and a list of the assets purchased and liabilities assumed and not assumed is attached hereto as Exhibit "A".

7. There are no customer deposits, guaranteed revenue contracts, developer agreements, customer advances, debt of the utility, and leases that must be disposed of in association with the transfer of the utility.

8. Buyer purchased Seller's water and wastewater system by a cash transaction pursuant to Buyer's draw down on a Letter of Credit from Credit Lyonnais.

9. The transfer of the water and wastewater facilities of Seller to Buyer is in the public interest for the following reasons:

(i) Seller currently provides water and wastewater service to the resort development known as the Indian River Plantation Resort and Marina (the "Resort"). Buyer is purchasing the Resort development as part of a large commercial transaction, which includes the utility assets. In this way, ownership of the utility will follow ownership of the Resort, which constitutes approximately 40% of the water and wastewater customer base of the utility. The Florida Public Service Commission ("Commission") has recognized the benefit to the public interest resulting from the ownership of a utility by a developer or property owner with a continuing interest in the system because the joint ownership interest helps ensure the continued provision of high quality of water and wastewater service.

(ii) The Buyer will continue to employ the operations and clerical personnel currently employed by the utility, including the utility manager, after the purchase. While the Buyer has not previously owned or operated any other water or wastewater utilities, the continued employment of the personnel who operate the utility on a day to day basis will ensure that water and wastewater services will continue with the same high quality of service that has existed under the previous ownership. Buyer will also continue to utilize the name Plantation Utilities and from the

general customer perspective, no changes in the operation of this system will be readily apparent.

(iii) Buyer has the financial resources to provide real and significant benefits to the utility customers as the utility's capital or operational needs demand. Buyer is wholly owned by IHC Realty Corporation and IHC Member Corporation. Those entities are subsidiaries of Interstate Hotels Corporation, the nation's largest independent hotel management company. Interstate Hotels Corporation is wholly owned by Interstate Hotels Company, a public entity. Therefore, the Buyer has the technical capability and the financial ability to efficiently and effectively provide high quality water and sewer service to the utility service area and the customers therein. Buyer will fulfill the commitments, obligations and representations of the Seller with regard to utility matters. For all the above stated reasons, it is in the public interest to grant approval of the transfer to Buyer.

10. Both Buyer and Seller have only recently entered into serious negotiations concerning the purchase of the Resort and the utility by the Buyer. Based upon the desires of both parties, a closing was immediately scheduled for April 2, 1997. Because of numerous commercial considerations, the parties decided that in order for the transfer to occur at all, it must occur immediately. The Buyer and Seller therefore entered into agreements for the purchase and sale of the Resort facilities, including the utility facilities. Because the parties have not yet obtained Commission approval for the transfer, the Buyer and Seller have entered into

a transfer of the utility assets which is conditioned upon ultimate approval of that transfer. To the extent the Commission determines that the transfer is not in the public interest, the parties have agreed to transfer all facilities, rights and obligations related to the utility back to the Seller. Representatives of both the Buyer and Seller have met with members of the Commission staff and informed them of the need to go forward with the overall transaction and the intent to condition the utility transfer on ultimate Commission approval.

11. The utility system will operate as a division of IHC Realty Partnership, L.P., which will provide all funding for utility capital needs and operations as and when needed. Attached hereto as Composite Exhibit "B" is a copy of IHC Realty Partnership, L.P.'s financial statement and an Officer's Certificate attesting that this is the Buyer's most current financial statement. Also enclosed as Exhibit "C" is Security and Exchange Commission Form 10K for Interstate Hotels Company.

12. The utility has a net book value, as of the date of transfer, of approximately \$1.8 million (approximately \$1,109,000 for water and \$660,000 for wastewater). The Commission has previously considered the rate base of the wastewater system in Docket No. 880654-SU. In Order No. 21415 issued in this Docket on June 20, 1989, the Commission found a net rate base for the wastewater system of \$730,289 as of December 31, 1988, after adjustments for substantial non-used and useful plant and imputation of CIAC related to the margin reserve recognized. The

Commission has previously calculated the rate base of the water system only in a transfer proceeding in Docket No. 850054-WS. The Commission determined a water rate base at that time utilizing the test year ended December 31, 1984 of \$634,545. This finding was made in Commission Order No. 14630 issued on July 25, 1985.

13. There is no proposal for inclusion of an acquisition adjustment resulting from the current transfer. To the extent rate base is to be established, the Buyer seeks determination of a rate base equal to the net book value of the utility assets.

14. The books and records of the Seller are available for inspection by the Commission and are adequate for the purposes of establishing net book value of the water and wastewater systems.

15. On March 28, 1997, Buyer requested that Seller provide it with copies of the tax returns of Seller from the date the utility's rate base was last established by the Commission forward to the present date. Because the Seller files a tax return for an entity that includes many other business concerns in addition to the utility, the tax return will not, in and of itself, provide information to the Commission concerning depreciated utility assets. As such, Seller proposes to provide to Buyer, a copy of the depreciation schedules filed with each year's tax return for these years as outlined in the Commission Rule 25-30.037(2)(o) and an Affidavit from the officer of the Seller responsible for filing those tax returns to indicate that the utility assets in their entirety are included within the balances shown on that depreciation schedule and, as such, were depreciated for tax

purposes. To the extent that the Commission deems that the provision of such tax depreciation schedules and Affidavit, requires a waiver of the provisions of Rule 25-30.037(2)(o), the parties hereby request such waiver. Seller will cooperate with Buyer in providing to the Florida Public Service Commission any information necessary in order for the Commission to evaluate the tax treatment of utility assets.

16. After reasonable investigation, the Buyer has determined that the system being acquired appears to be in satisfactory condition and in compliance with all applicable standards set by Florida Department of Environmental Protection ("DEP"), except as described below. The water and wastewater systems are not the subject of any outstanding Notice of Violation or Consent Order issued by the DEP. However, there is one problem related to the water system outlined below.

DEP regulations state that community water systems may not exceed a maximum contaminant level (MCL) for lead of .015 mg/L, determined by calculating the running annual average of all samples of each sampling point. See Rule 62-550.310, Fla. Admin. Code. In addition, community water systems exceeding the action level for lead (.015 mg/L in 90% of samples taken) or copper must install corrosion control systems. See Rule 62-550.800, Fla. Admin. Code. (adopting by reference 40 CFR § 141.80 - 141.91). Seller was previously required to install corrosion control facilities to address the exceedences of the action level for lead and copper. Sampling done on December 31, 1996, after installation of the corrosion control system revealed samples in excess of the .015

mg/L standard for lead in nine out of 20 samples. Additionally, the corrosion control system was placed in service without the DEP approval in apparent violation of Rule 62-550.500(a), Fla. Admin. Code.

DEP has granted the water system until April 1, 1997 to provide more information addressing these concerns. If the problems have not been cured, DEP has indicated that a professional engineer may need to be hired to do another corrosion control study to determine what type of technology will correct the lead problem. The second corrosion control study will cost approximately \$3,500. The technology needed to correct the lead problem is estimated to cost anywhere from \$5,000 to \$60,000. Buyer has agreed to be responsible for any costs associated with correcting the lead issues.

17. As part of the transfer of the utility assets, ownership of all utility land has been transferred to the Buyer pursuant to the Memorandum of Agreement of Sale. A copy of the deed transferring this property to Buyer is attached hereto as Exhibit "D".

18. All outstanding regulatory assessment fees due as of March 31, 1997 for the year ended December 31, 1996 have been paid by Seller. Seller will be responsible for payment of all regulatory assessment fees due for the first three months of 1997 and Seller will make payment for those fees within two weeks of the date of the filing of this application. Buyer will be responsible for payment of all regulatory assessments fees due for revenues due from April 2, 1997 forward. No other fines or refunds are owed.

19. The original and two copies of sample tariff sheets reflecting the change in ownership are attached hereto as Composite Exhibit "E".

20. Seller has diligently searched its file to try and locate the original certificates issued to it by the Florida Public Service Commission. Seller was able to locate copies of those certificates and those are attached as Exhibit "F". To the extent Seller is later able to locate the originals, they will be provided to the Commission.

21. The utility being acquired currently has the capacity to serve between 501 and 2,000 ERCs for both its water and wastewater systems. In accordance with the requirements of Commission Rule 25-30.020(2)(c), Fla. Admin. Code, two checks in the amount of \$1,500 are enclosed with this Joint Application. These checks constitute the filing fees of \$1,500 each for the water and wastewater systems.

22. Proof of compliance with the applicable notice provision of Rule 25-30.030, Fla. Admin. Code, will be provided as late-filed Exhibit "G".

WHEREFORE, Buyer and Seller hereby request that the Commission:

(a) authorize the transfer of Certificate No. 336W from Seller to Buyer;

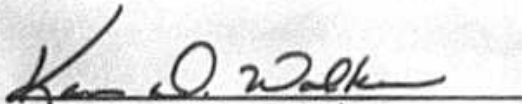
(b) authorize the transfer of Certificate No. 291S from Seller to Buyer; and

(c) grant such other relief as the Commission deems appropriate.

Respectfully submitted, this
4th day of April, 1997, by:



F. Marshall Deterding, Esquire
FL Bar ID No. 515876
ROSE, SUNDBSTROM & BENTLEY, LLP
2548 Blairstone Pines Drive
Tallahassee, Florida 32301
(904) 877-6555
Attorney for Radnor/Plantation
Corporation d/b/a Plantation Utilities



D. Bruce May, Esquire
FL Bar ID No. 354473
Karen D. Walker
FL Bar ID No. 0982921
HOLAND & KNIGHT LLP
Post Office Drawer 810
Tallahassee, Florida 32302
(904) 224-7000
Attorney for IHC Realty Partnership,
L.P. d/b/a Plantation Utilities

radnor\transfer.app

**MEMORANDUM OF AGREEMENT OF SALE
REGARDING THE SALE OF UTILITIES ASSETS**

THIS MEMORANDUM OF AGREEMENT OF SALE is made and entered into as of the 2nd day of April, 1997, by and between IHC REALTY PARTNERSHIP, L.P., a Delaware limited partnership ("IHC" or "Buyer"), and RADNOR/PLANTATION CORPORATION, a Delaware corporation ("RPC" or "Seller").

RECITALS:

WHEREAS, RPC and IHC entered into that certain Agreement of Sale dated as of February 28, 1997, as amended (collectively, the "Agreement of Sale"), relating to certain property known as Indian River Plantation which is owned by RPC and located in Martin County, Florida (the "Real Property" or "Indian River Plantation"); and

WHEREAS, in connection with the sale of the Real Property, RPC has agreed to sell, and IHC has agreed to buy, the Utilities Assets, as that term is defined below; and

WHEREAS, the parties hereto desire to confirm their agreement to sell and purchase the Utilities Assets in this Memorandum of Agreement.

NOW, THEREFORE, in consideration of the foregoing recitations and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Definitions of Certain Terms. For all purposes of this Agreement, the following terms shall have the respective meanings set forth below:

"Closing Date" shall mean April 2, 1997, as may be extended as specified herein, or such other date as the parties may agree upon in writing.

"Due Diligence Termination Date" shall mean March 31, 1997.

"Utilities Assets" shall mean the Irrigation Assets and Systems, Wastewater Assets and Collection System, and Water Assets and Distribution System, servicing Indian River Plantation, such being more fully described as follows:

"Irrigation Assets and Systems" shall mean the irrigation ponds serving Indian River Plantation, the well and the pumping station, each of which are located on the golf course, and the lines, pipes and other facilities and physical improvements comprising the irrigation system servicing all portions of Indian River Plantation, together with all contracts

EXHIBIT

"A"

and licenses exclusively associated therewith, all other assets and facilities owned by Seller and used exclusively in the operation therewith, and any plans and specifications prepared exclusively for the Irrigation Assets and Systems, or any part thereof, with the exception of River Village Condominium which is serviced by its own well.

"Wastewater Assets and Collection System" shall mean the sewage treatment plant, the lift stations servicing the present improved parcels at Indian River Plantation, the lines, pipes, and other facilities comprising the wastewater collection system at Indian River Plantation located between the sewage treatment plant and the various lift stations servicing the present and future improved parcels at Indian River Plantation, the real property on which such physical improvements are located, all contracts and licenses exclusively associated therewith, all other assets and facilities owned by Seller and used exclusively in the operation therewith, and any plans and specifications prepared exclusively for the Wastewater Assets and Collection System or any part thereof.

"Water Assets and Distribution System" shall mean the water treatment plant located on the Real Property, including without limitation the reverse osmosis facility, the lines, pipes and other facilities comprising the water distribution system servicing Indian River Plantation, and all existing water meters, located between the water treatment plant and all existing water meters located within the present and future improved parcels at Indian River Plantation, all contracts and licenses exclusively associated therewith, all other assets and facilities owned by Seller and used exclusively in the operation therewith, and any plans and specifications prepared exclusively for the Water Assets and Distribution System or any part thereof.

2. Acquisition of the Utilities Assets. On the Closing Date, RPC has agreed to sell, assign, transfer and convey to IHC and Buyer has agreed to purchase from Seller the Utilities Assets, and, to the extent assignable to IHC, all certificates, immunities, privileges, licenses, license rights, easements, consents, grants, ordinances, leaseholds, rights-of-way and all rights to construct, maintain and operate the Utilities Assets for the pumping, distribution and transmission of water, and for the treatment and disposal of sewage.

3. Purchase Price and Time of Payment. The Purchase Price (the "Purchase Price") to be paid by IHC to RPC for the Utilities Assets is ONE MILLION SEVEN HUNDRED EIGHTY-FOUR THOUSAND SIXTY-TWO (\$1,784,062) DOLLARS. The Purchase Price is to be paid by cashier's check or federal wire transfer on the Closing Date.

4. Repurchase by RPC. If the Florida Public Service Commission (the "Commission") fails to issue a final non-

appealable order approving the transfer of the existing water certificates and sewer certificates to operate portions of Indian River Plantation as a water treatment and wastewater treatment plant (such certificates sometimes hereinafter referred to as the "Certificates") within eighteen (18) months from the date of Closing (subject to RPC's right to extend such time up to twenty-four (24) months in the event the Commission issues an order which is appealed), IHC, at its option, may appeal said order or require RPC to repurchase from IHC the Irrigation Assets and Systems, Wastewater Assets and Collection System and the Water Assets and Distribution System (collectively, the "Repurchased Utilities Assets") sold to IHC on the original Closing Date hereunder on the following terms and conditions:

(a) IHC shall give written notice to RPC within thirty (30) days of the earlier of (i) the Commission's determination not to approve the transfer to IHC of the Certificates and IHC's decision not to appeal or (ii) the expiration of eighteen (18) months (or twenty-four (24) months, as the case may be) of its requirement for repurchase and such notice shall state the closing date for the repurchase (the "Repurchase Closing Date") which shall be not less than thirty (30) days after the giving of the notice. The repurchase price shall equal One Million Nine Hundred Sixty-Two Thousand Four Hundred Sixty-Eight Dollars (\$1,962,468.00) which constitutes the aggregate rate base for the Utilities Assets as determined by the most recent annual report prepared by RPC for submission to the Commission plus ten percent (10%).

(b) The repurchase price shall be paid by RPC to IHC on the Repurchase Closing Date by immediately available federal U.S. funds wire transferred to an account designated by IHC.

(c) On the Repurchase Closing Date, title to the real property, which is described on Exhibit "A" attached hereto and made a part hereof, together with the improvements thereon, shall be conveyed to RPC by a special warranty deed and the personal property shall be transferred by an absolute bill of sale, and shall be subject only to those matters to which such property was subject on the original Closing Date (except for any matters which IHC has caused or permitted by act or omission to be placed of record) when RPC conveyed the property to IHC. Notwithstanding the foregoing, said deed may be subject to any matters filed of record by the Commission or any other applicable governmental authority with regard to the failure of IHC to have obtained Certificates prior to its ownership and operation of the Utilities Assets.

(d) Real estate taxes, accounts receivable, and allocation of revenues and expenses for current periods shall be prorated on the Repurchase Closing Date.

(e) The water treatment plant and sewer treatment plant shall be in operation on the Repurchase Closing Date.

(f) From and after the Repurchase Closing Date, Seller will continue to operate the Utilities Assets and supply water and sewer services to the Real Property as is required by law, and Seller shall be entitled to charge such fees in connection with the supply of water and sewer services to Indian River Plantation as is permitted by law.

(g) RPC has represented to IHC that the aggregate rate base for the Utilities Assets as of December 31, 1996, is One Million Seven Hundred Eighty-Four Thousand Sixty-Two Dollars (\$1,784,062.00).

(h) If the Utilities Assets are to be reconveyed to RPC pursuant to this Paragraph, RPC shall pay all costs of IHC, including reasonable attorneys' fees, with respect to the reconveyance.

5. Cooperation. RPC and IHC agree to cooperate fully with each other, both before and after the Closing Date, in executing such documents and taking such actions necessary to effectuate the transfer of the Certificates from RPC to IHC and, if necessary, to effectuate the repurchase transaction.

6. Indemnity.

(a) RPC indemnifies and holds IHC harmless from any and all penalties (monetary or otherwise) as well as costs of suit (including attorneys' fees at trial and appellate levels) which IHC incurs from the Commission or any other governmental authority in connection with the original conveyance of the Utilities Assets from RPC to IHC on the original Closing Date. RPC's parent corporation, Radnor Corporation, has executed this Memorandum of Agreement for the sole purpose of joining in the indemnity obligations of RPC as specifically set forth in this Paragraph.

(b) Except as provided in Paragraph 6(a) above, IHC indemnifies and holds RPC harmless from all claims relating to IHC's operation of the Utilities Assets from the original Closing Date through the earlier to occur of the date upon which the Commission approves the transfer of the Certificates to IHC or the Repurchase Closing Date.

7. Standby Agreement. The parties have agreed to execute at Closing the Standby Agreement attached hereto as Exhibit "K".

8. Miscellaneous. The parties hereto agree that: (a) this Memorandum of Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which

counterparts together shall constitute one and the same instruments, and that executed counterpart originals shall be satisfactory for purposes of enforcing this Memorandum of Agreement; (b) original signatures transmitted via facsimile shall be acceptable for purposes of executing this Memorandum of Agreement; (c) notwithstanding the foregoing, the parties will endeavor to deliver to the other by overnight mail, within five (5) business days from the date hereof, executed counterpart originals of this Memorandum of Agreement; and (d) this Memorandum of Agreement is being executed solely for purposes of memorializing the Agreement of Sale insofar as it relates to the Utilities Assets, and shall not nor is intended to create any independent liability or obligation apart from the Agreement of Sale.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Agreement as of the date first set forth above.

WITNESS:

RPC:

RADNOR/PLANTATION CORPORATION,
a Delaware corporation

Baenf

By: P. Mulholland
PAUL A. MULHOLLAND,
Senior Vice President

[Signature]

WITNESS:

IHC:

IHC REALTY PARTNERSHIP, L.P.,
a Delaware limited partnership

BY: IHC REALTY CORPORATION,
a Delaware corporation,
General Partner

Baenf

By: T. Hudak
TIMOTHY G. HUDAK,
Vice President

[Signature]

JOINDER OF RADNOR

Radnor Corporation, a Pennsylvania corporation, executes this Memorandum of Agreement of Sale regarding the Sale of Utilities Assets for the sole purpose of agreeing to be bound by the indemnity provisions of Paragraph 6(a) thereof.

RADNOR CORPORATION,
a Pennsylvania corporation

By: P. Mikhellad
Name: Paul A. Mikhellad
Title: SVP

IHC Realty Partnership, LP
Financial Statements
As of and for the period ended December 31, 1996
(Prior to Reorganization)

Combined

Balance Sheet

ASSETS:

Current Assets

Cash	1,297,067
Accounts Receivable, net	1,867,147
Other Current Assets	855,896
Total Current Assets	4,020,100

FF&E Reserve	0
Equity Investment in Hotel Real Estate	375,268,779
Property, Plant & Equipment, net	126,173,335
Other Assets	152,058
Total Assets	505,614,272

LIABILITIES & PARTNERS EQUITY:

Liabilities

Accounts Payable - Trade	1,864,462
Accrued Payroll & Benefits	761,388
Other Current Liabilities	1,483,426
Total Current Liabilities	4,109,276

Mortgage Payable	0
Total Liabilities	4,109,276

Equity

Partners Capital	501,504,996
------------------	-------------

Total Liabilities & Equity	505,614,272
---------------------------------------	--------------------



IHC Realty Partnership, LP
Financial Statements
As of and for the period ended December 31, 1996
(Prior to Reorganization)

Combined

Income Statement

Revenues:

Hotel Operating Profits	2,163,637
Equity Earnings in Hotel Real Estate	13,778,954
Interest Income	3,105
Other Income	0
Total Revenues	<u>15,945,696</u>

Expenses:

Depreciation & Amortization Expense	730,482
General & Administrative	231,451
Total Expenses	<u>961,933</u>
Net Income	<u>14,983,763</u>

IHC REALTY CORPORATION

Officer's Certificate

I, Timothy Q. Hudak, Assistant Secretary of IHC Realty Corporation (the "Company"), a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, which Company constitutes the general partner of IHC Realty Partnership, L.P., a Delaware limited partnership (the "Partnership"), do hereby certify on behalf of the Company as the general partner of the Partnership that:

1. The attached financial statement for Partnership (the "Statement") was prepared by David Herrman, Real Estate Accounting Manager of Interstate Hotels Corporation
2. Interstate Hotels Corporation is 100% owned by Interstate Hotels Company, a public entity.
3. Partnership and its partners, IHC Realty Corporation and IHC Member Corporation, are wholly-owned direct or indirect subsidiaries of Interstate Hotels Corporation.
4. There are no separate, independently audited financial statements prepared for the Partnership, but the 10-K of Interstate Hotels Company for the Fiscal Year Ended December 31, 1996, incorporates the information set forth on the Statement prepared by David Herrman.

IN WITNESS WHEREOF, I have hereunto set my hand as Assistant Secretary of the Corporation and affixed the corporate seal this 31st day of March, 1997.

IHC REALTY CORPORATION

By: _____


Timothy Q. Hudak, Assistant Secretary

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13
of the Securities Exchange Act of 1934
for the Fiscal Year Ended December 31, 1996

INTERSTATE HOTELS COMPANY

Foster Plaza Ten
680 Andersen Drive
Pittsburgh, Pennsylvania 15220
(412) 937-0600

Pennsylvania
(State of Incorporation)

1-11731
(Commission File No.)

25-1788101
(IRS Employer
Identification No.)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.01 par value (35,324,968 shares outstanding as of March 14, 1997)	New York Stock Exchange

The Company (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the period that the Company has been required to file such reports, and (2) has been subject to such filing requirements for the past 90 days.

Disclosure of delinquent filers pursuant to Item 405 of Regulation S-K will be contained in a definitive Proxy Statement incorporated by reference into Part III of this Report.

There were 21,731,139 shares of the Company's Common Stock outstanding as of March 14, 1997 that were held by non-affiliates. The aggregate market value of these shares, based upon the last sale price as reported on the New York Stock Exchange Composite Tape on March 14, 1997, was approximately \$605,755,500.

Document Incorporated by Reference:

Portions of the Proxy Statement for the Annual Meeting of Shareholders to be held on May 21, 1997 are incorporated by reference in Part III of this Report to the extent stated herein. Except with respect to information specifically incorporated by reference herein, the Proxy Statement is not deemed to be filed as a part hereof.

EXHIBIT

"C"

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INTERSTATE HOTELS COMPANY

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PART I

Items 1 & 2. Business and Properties

General

Interstate Hotels Company (the "Company") is the largest independent hotel management company in the United States based on number of properties, number of rooms and total revenues produced for owners. As of December 31, 1996, the Company owned, managed, leased or performed related services for 212 hotels with a total of 43,178 rooms in the United States, Canada, Israel, the Caribbean, Thailand, Panama and Russia. The Company owned or had a majority equity interest in 27 of these properties with 7,736 rooms (the "Owned Hotels"), all of which are geographically diverse upscale or luxury properties operating under various brand names. The Owned Hotels operate under the Embassy Suites[®], Hilton[™], Holiday Inn[®], Marriott[®], Radisson[™] and Westin[™] trade names principally in major metropolitan markets such as Atlanta, Boston, Chicago, Denver, Fort Lauderdale, Houston, Los Angeles, Miami, Philadelphia, Phoenix and Washington, D.C. In January 1997, the Company acquired one additional hotel with 250 rooms.

The Company is the largest franchisee of upscale hotels in the Marriott[®] system, owning, managing or providing services to 39 hotels totaling 13,539 rooms, bearing the Marriott[®] flag. The Company also operates in the mid-scale, upper economy and budget segments of the lodging industry and is the largest franchisee and independent manager in the Hampton Inn[®] system, providing services to 39 hotels totaling 4,624 rooms, bearing the Hampton Inn[®] flag.

1996 Developments

In 1996, 83% of the Company's management fee revenues were derived from upscale or luxury hotels and resorts. The Owned Hotels produced superior operating results, achieving an average occupancy rate of 74.6%, an average daily room rate ("ADR") of \$94.29, and room revenue per available room ("REVPAR") of \$70.36 in 1996. The Company expects further improvement in the results of operations of the Owned Hotels as the effects of the repositioning of certain of them, and the implementation of the Company's management practices to all of them, are realized.

In June 1996, the Company completed its initial public offering of 12.4 million shares of Common Stock at \$21.00 per share (the "IPO"). In connection with the IPO, the Company acquired 14 of the Owned Hotels (or a majority equity interest therein), entered into a credit facility which provided a total of \$295 million of financing, consisting of a seven-year \$100 million revolving credit facility and a seven-year \$195 million term loan facility, and entered into \$29.3 million of mortgage indebtedness encumbering six Owned Hotels in which the Company owns a 75% equity interest. In October 1996, the credit facility was amended to (i) convert \$100 million of revolving credit borrowings to term debt, (ii) increase the revolving credit capacity to \$200 million and (iii) increase the Company's permitted third-party nonrecourse and subordinated indebtedness to fund acquisitions from \$50 million to \$250 million.

Since the IPO and through the end of 1996, the Company acquired 13 additional Owned Hotels for a total acquisition cost, including estimated capital expenditures for anticipated renovations, closing costs, and initial working capital, of \$358.5 million. In addition, in November 1996, the Company acquired for 1,957,895 shares of Common Stock the management and leasing businesses affiliated with Equity Inns, Inc., a publicly traded real estate investment trust ("Equity Inns"), pursuant to which it acquired eight management contracts and entered into 48 long-term leases (the "Leased Hotels") for mid-scale and upper economy hotels totaling 6,587 rooms (the "Equity Inns Transaction"). As of March 1, 1997, the Company entered into four additional long-term leases. In connection with the Equity Inns Transaction, Equity Inns became obligated through November 15, 2001, subject to certain limitations, to offer the Company the right to lease and manage any hotel acquired or developed by Equity Inns.

In December 1996, the Company completed its second public offering of 4.0 million shares of Common Stock at \$25.00 per share. In January 1997, the underwriters purchased an additional 600,000 shares at \$25.00 per share pursuant to over-allotment options.

Item 3. Legal Proceedings

In the ordinary course of its business, the Company is named as a defendant in legal proceedings resulting from incidents at its hotels. The Company maintains liability insurance, requires hotel owners to maintain adequate insurance coverage and is generally entitled to indemnity from third-party hotel owners for lawsuits and damages against it in its capacity as a hotel manager. Giving effect thereto, the Company believes that the legal proceedings to which it is subject will not have a material effect on the Company's financial condition or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of the Company's shareholders during the fourth quarter of 1996.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

The Company's Common Stock has been listed on the New York Stock Exchange ("NYSE") since June 20, 1996 under the symbol "JHC." Prior to that date, the Common Stock was not publicly traded. The following table sets forth, for the periods indicated, the high and low sales prices per share of Common Stock as reported on the NYSE Composite Tape.

<u>Period</u>	<u>Price</u>	
	<u>High</u>	<u>Low</u>
June 20, 1996 through June 30, 1996	\$23 $\frac{1}{2}$	\$21
Quarter ended September 30, 1996	27 $\frac{1}{4}$	22 $\frac{1}{4}$
Quarter ended December 31, 1996	29 $\frac{1}{4}$	24 $\frac{1}{4}$

The Company has not paid any cash dividends on the Common Stock and does not anticipate that it will do so in the foreseeable future. Further, the terms of the Company's credit facility prohibit the payment of dividends on the Common Stock.

Item 6. Selected Financial Data

The following table sets forth selected historical financial data of the Company as of and for each of the years ended December 31, 1992, 1993, 1994, 1995 and 1996, selected pro forma financial data of the Company for the years ended December 31, 1995 and 1996, and certain other data. The selected financial data of the Company as of December 31, 1995 and 1996 and for each of the years ended December 31, 1994, 1995 and 1996 have been derived from audited financial statements of the Company included elsewhere herein. The selected financial data of the Company as of December 31, 1992, 1993 and 1994 and for each of the years ended December 31, 1992 and 1993 have been derived from audited financial statements of the Company which are not required to be included herein. The selected pro forma financial data for the years ended December 31, 1995 and 1996 give effect to the IPO (including the over-allotment options), the Company's acquisitions in connection with and since the IPO, the Company's second public offering (including the over-allotment options) and certain other adjustments, as if all such transactions had occurred as of January 1, 1995. The pro forma financial data is not necessarily indicative of what the results of operations of the Company would have been for the periods indicated, nor does it purport to represent the Company's future results of operations. The selected financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and notes thereto included elsewhere in this Report.

Selected Financial and Other Data
(dollars in thousands, except per share and hotel data)

	Year Ended December 31,					Pro Forma	Pro Forma
	1992	1993	1994	1995	1996	1995	1996
Statement of Income Data:							
Lodging revenues:							
Rooms	\$ —	\$ —	\$ —	\$ —	\$ 89,930	\$ 279,804	\$ 301,970
Food and beverage	—	—	—	—	42,502	101,990	105,812
Other departmental	—	—	—	—	8,685	23,592	24,787
Management and related fees (1)	19,873	25,564	36,726	45,018	49,268	40,086	44,937
Total revenues	19,873	25,564	36,726	45,018	190,385	445,472	477,506
Lodging expenses:							
Rooms	—	—	—	—	20,900	67,046	69,856
Food and beverage	—	—	—	—	31,033	78,501	79,740
Other departmental	—	—	—	—	3,936	9,494	8,948
Property costs	—	—	—	—	41,707	127,862	130,871
General and administrative	4,096	5,057	8,302	9,811	10,912	11,307	11,207
Payroll and related benefits	8,803	10,321	12,420	15,469	17,529	16,928	18,827
Non-cash compensation (2)	—	—	—	—	11,896	—	—
Lease expense	—	—	—	—	3,477	39,069	41,479
Depreciation and amortization	3,352	3,282	3,659	4,201	14,862	35,374	35,313
Operating income	3,622	6,904	12,345	15,337	34,133	59,891	81,265
Other income (expense):							
Interest, net	98	12	30	99	(12,421)	(28,511)	(26,058)
Other, net	(100)	(6)	14	203	(270)	(698)	(2,065)
Income before income tax expense	3,620	6,910	12,389	15,839	21,442	30,682	53,142
Income tax expense (3)	—	—	—	—	15,325	11,659	20,194
Income before extraordinary items	3,620	6,910	12,389	15,839	6,117	19,023	32,948
Extraordinary items (4)	—	—	—	—	7,733	—	—
Net income (loss)	\$ 3,620	\$ 6,910	\$ 12,389	\$ 15,839	\$ (1,616)	\$ 19,023	\$ 32,948
Pro forma net income per common share (5)						\$ 0.54	\$ 0.93
Pro forma common shares outstanding (5)						35,387,677	35,387,677
Balance Sheet Data (at year end):							
Cash and cash equivalents	\$ 4,461	\$ 4,520	\$ 6,702	\$ 14,035	\$ 32,323		
Total assets	24,270	24,436	30,741	61,401	883,761		
Current portion of long-term debt ..	576	600	673	363	11,767		
Long-term debt, excluding current portion	1,500	1,209	3,217	35,907	396,044		
Total equity	16,685	16,627	18,858	9,256	409,298		
Other Financial Data:							
EBITDA (6)	\$ 6,874	\$ 10,180	\$ 16,018	\$ 19,930	\$ 49,228	\$ 95,265	\$ 116,578
Net cash provided by operating activities	7,332	10,389	15,318	25,328	41,271		
Net cash used in investing activities ..	(81)	(3,088)	(3,852)	(22,858)	(449,414)		
Net cash (used in) provided by financing activities	(5,387)	(7,242)	(9,285)	4,863	426,431		
Total Portfolio Hotel Data: (7)							
Total portfolio hotel revenues	\$584,344	\$760,766	\$858,986	\$1,056,279	\$1,326,581		
Number of hotels (8)	53	82	136	150	212		
Number of rooms (8)	18,985	24,202	31,502	35,044	43,178		
Owned Hotel Operating Data: (9)							
Average occupancy rate (10)					74.6%	73.8%	74.3%
ADR (11)					\$ 94.29	\$ 92.54	\$ 99.51
REVPAR (12)					\$ 70.36	\$ 68.33	\$ 73.91

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- (1) Pro forma management and related fees are adjusted to reflect consolidation of the Owned Hotels and the resultant pro forma elimination of management and related fees actually derived from the Owned Hotels in 1995 and 1996, respectively.
 - (2) Represents a non-recurring expense relating to the issuance of 785,533 shares of Common Stock to certain executives and key employees of the Company in consideration for the cancellation of stock options issued by the Company's predecessor, Interstate Hotels Corporation.
 - (3) Until immediately prior to the consummation of the IPO, the Company and its predecessors were organized as S corporations, partnerships and limited liability companies and, accordingly, were not subject to federal and certain state income taxes. The Company recorded income tax expense of \$4,881 to establish deferred income taxes as of the date of the Company's change of status from a pass-through entity for tax purposes to a C corporation. The pro forma statement of income data has been computed as if the Company had been subject to federal and state income taxes, based on the applicable statutory tax rates then in effect.
 - (4) Represents an extraordinary loss resulting from the early extinguishment of indebtedness, net of a tax benefit of \$3,997.
 - (5) Based on 35,239,296 shares of Common Stock outstanding on a pro forma basis plus an additional 148,381 shares of Common Stock to reflect the dilutive effect of outstanding options.
 - (6) EBITDA represents earnings before interest, income taxes, depreciation and amortization, minority interests and extraordinary items. Management believes that EBITDA is a useful measure of operating performance because it is industry practice to evaluate hotel properties based on operating income before interest, depreciation and amortization, which is generally equivalent to EBITDA, and EBITDA is unaffected by the debt and equity structure of the property owner. EBITDA does not represent cash flow from operations as defined by generally accepted accounting principles ("GAAP"), is not necessarily indicative of cash available to fund all cash flow needs and should not be considered as an alternative to net income under GAAP for purposes of evaluating the Company's results of operations.
 - (7) Represents all hotels, including the Owned Hotels, for which the Company provides management or related services.
 - (8) As of the end of the years presented.
 - (9) Represents 27 Owned Hotels purchased on varying dates during 1996.
 - (10) Represents total rooms occupied by hotel guests on a paid basis divided by total available rooms. Total available rooms represents the number of rooms available for rent multiplied by the number of days in the reported period.
 - (11) Represents total room revenues divided by the total number of rooms occupied by hotel guests on a paid basis.
 - (12) Represents total room revenues divided by total available rooms.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

As of December 31, 1996, the Company owned, managed, leased or performed related services for 212 hotels with a total of 43,178 rooms. The Company owned or had a majority equity interest in 27 of these properties with 7,736 rooms. The Owned Hotels were purchased on varying dates in connection with and since the Company's IPO. In connection with the IPO, the Company entered into a \$295 million credit facility, which included a \$100 million revolving credit facility and a \$195 million term loan facility, and entered into \$29.3 million of mortgage indebtedness encumbering six Owned Hotels. In October 1996, the credit facility was amended to convert \$100 million of revolving credit borrowings to term debt, increase the revolving credit capacity to \$200 million and permit an additional \$200 million of third-party borrowings. Additionally, in November 1996, the Company completed the Equity Inns Transaction. The following discussion and analysis includes the Company's pro forma results of operations in addition to its historical data. The pro forma financial information has been prepared to include the effects of the IPO, the Company's second public offering, the borrowings under the Company's credit facility, the acquisitions of the Owned Hotels on varying dates and the Equity Inns Transaction as if all of the transactions had occurred on January 1, 1995. The historical data has been derived from the audited financial statements of the Company.

Pro Forma Year Ended December 31, 1996 Compared to Pro Forma Year Ended December 31, 1995

Pro forma total revenues increased by \$32.0 million, or 7.2%, from \$445.5 million in 1995 to \$477.5 million in 1996. The most significant portion of this increase related to lodging revenues, which consists of rooms, food and beverage and other departmental revenues. Pro forma lodging revenues increased by \$27.2 million, or 6.7%, from \$405.4 million in 1995 to \$432.6 million in 1996. This increase was due to the overall improvement in the operating performance of the Owned Hotels, which was attributed to changes in franchise affiliations and market repositioning for certain of the Owned Hotels, and an overall improvement in economic conditions in certain geographic regions. The increase in lodging revenues was consistent with the increase in the Owned and Leased Hotels' room revenues of \$22.2 million, or 7.9%, to \$302.0 million in 1996. The pro forma ADR for the Owned Hotels increased by 7.5%, from \$92.54 during 1995 to \$99.51 during 1996, and the pro forma average occupancy rate increased from 73.8% to 74.3%, respectively. This resulted in an 8.2% increase in pro forma REVPAR to \$73.91 during 1996. The Atlanta, Colorado Springs, Denver, Philadelphia and San Jose markets had the most significant impact on average rate and REVPAR growth. Pro forma management and related fees increased by \$4.8 million, or 12.1%, from \$40.1 million in 1995 to \$44.9 million in 1996 primarily due to the performance improvement of the Company's portfolio of managed hotels and incremental revenues associated with the net addition of new hotels, many of which provide for incentive management fees and utilize the Company's other contractual services.

Pro forma lodging expenses, which consists of rooms, food and beverage, property costs and other departmental expenses, increased by \$6.5 million, or 2.3%, from \$282.9 million in 1995 to \$289.4 million in 1996. The pro forma operating margin of the Owned and Leased Hotels increased from 30.2% during 1995 to 33.1% during 1996. This increase was attributed to the increase in pro forma revenues and the overall improvement in operating performance and operating efficiencies of the Owned and Leased Hotels.

General and administrative expenses are associated with the management of hotels and consist primarily of centralized management expenses such as operations management, sales and marketing, finance and other hotel support services, as well as general corporate expenses. Pro forma general and administrative expenses in 1996 and 1995 remained consistent due to the relatively fixed nature of these expenses. Pro forma general and administrative expenses as a percentage of pro forma revenues decreased to 2.3% during 1996 compared to 2.5% during 1995 as a result of operating leverage.

Pro forma payroll and related benefits expenses increased by \$1.9 million, or 11.2%, from \$16.9 million in 1995 to \$18.8 million in 1996. This increase was primarily due to the addition of new employees related to the growth of the Company's hotel management business and the acquisitions of the Owned Hotels. Pro forma

payroll and related benefits expenses as a percentage of pro forma revenues increased slightly to 3.9% during 1996 compared to 3.8% during 1995.

Lease expense represents base rent and participating rent that is based on a percentage of room and food and beverage revenues from the Leased Hotels. Pro forma lease expense increased by \$2.4 million, or 6.2%, from \$39.1 million in 1995 to \$41.5 million in 1996. This increase was primarily due to higher Leased Hotels' room revenues. The ADR for the Leased Hotels increased by 7.1%, from \$59.89 during 1995 to \$64.15 during 1996.

Pro forma operating income increased by \$21.4 million, or 35.7%, from \$59.9 million in 1995 to \$81.3 million in 1996. Accordingly, pro forma operating margin increased from 13.4% during 1995 to 17.0% during 1996. As discussed above, the improvement in the pro forma operating margin was attributed to the increase in pro forma revenues and the overall decrease in pro forma operating expenses as a percentage of pro forma revenues.

Pro forma net interest expense decreased by \$2.4 million, or 8.6%, from \$28.5 million in 1995 to \$26.1 million in 1996. This decrease was due to lower outstanding debt balances resulting primarily from escalating scheduled principal payments.

Pro forma income tax expense for 1995 and 1996 was computed as if the Company were subject to federal and state income taxes, based on an effective tax rate of 38%.

As a result of the changes noted above, pro forma net income increased by \$13.9 million, or 73.2%, from \$19.0 million in 1995 to \$32.9 million in 1996. Accordingly, pro forma net income margin increased from 4.3% during 1995 to 6.9% during 1996.

Year Ended December 31, 1996 Compared to Year Ended December 31, 1995

Total revenues increased by \$145.4 million, or 322.9%, from \$45.0 million in 1995 to \$190.4 million in 1996. The most significant portion of this increase related to lodging revenues, which increased by \$141.1 million due to the operations of the Owned Hotels acquired during 1996 and the Leased Hotels. Management fees increased by \$2.3 million, or 8.4%, from \$27.0 million in 1995 to \$29.3 million in 1996 due to the addition of 90 new management contracts and increased revenues associated with the performance improvement of existing managed hotels. The increase in management fees was partially offset by the loss of 28 management contracts primarily due to the divestiture of hotels by third-party owners. Other management-related fees increased by \$2.0 million, or 10.9%, from \$18.0 million in 1995 to \$20.0 million in 1996 due to incremental revenues associated with the net addition of new hotels, many of which utilize the Company's other contractual services.

The Company had lodging expenses of \$97.6 million in 1996 due to the operations of the Owned Hotels acquired during 1996 and the Leased Hotels. The operating margin of the Owned Hotels and the Leased Hotels was 30.9% during 1996.

General and administrative expenses increased by \$1.1 million, or 11.2%, from \$9.8 million in 1995 to \$10.9 million in 1996. This increase was primarily due to incremental expenses associated with the growth of the Company's hotel management business and the acquisitions of the Owned Hotels, as well as additional costs associated with managing and administering a publicly held company. General and administrative expenses as a percentage of revenues decreased to 5.7% during 1996 compared to 21.8% during 1995 as a result of the operations of the Owned Hotels acquired during 1996 and the Leased Hotels.

Payroll and related benefits expenses increased by \$2.0 million, or 13.3%, from \$15.5 million in 1995 to \$17.5 million in 1996. This increase was related to the addition of corporate management and staff personnel as the Company's portfolio of hotels for which it provides management and other services grew. Payroll and related benefits expenses as a percentage of revenues decreased to 9.2% during 1996 compared to 34.4% during 1995 as a result of the operations of the Owned Hotels acquired during 1996 and the Leased Hotels.

Non-cash compensation of \$11.9 million in 1996 resulted from the issuance of 785,533 shares of Common Stock to certain executives and key employees of the Company in consideration for the cancellation of stock options issued by the Company's predecessor, Interstate Hotels Corporation, in 1995.

The Company had lease expense of \$3.5 million in 1996 due to the addition of the Leased Hotels.

Depreciation and amortization increased by \$10.7 million, or 253.8%, from \$4.2 million in 1995 to \$14.9 million in 1996 due to incremental depreciation related to the acquisitions of the Owned Hotels, the amortization of deferred financing fees and the amortization of goodwill and lease contracts associated with the Equity Inns Transaction.

Operating income (exclusive of non-cash compensation) increased by \$30.5 million, or 196.3%, from \$15.5 million in 1995 to \$46.0 million in 1996. Operating margin decreased from 34.5% during 1995 to 24.2% during 1996. This decrease in the operating margin reflects the inclusion of the operating results of the Owned Hotels, which were not reflected in the Company's results prior to their respective acquisition dates in 1996, and the Leased Hotels.

The Company had \$0.1 million of net interest income in 1995 compared to \$12.4 million of net interest expense in 1996. This increase in interest expense was primarily due to additional borrowings related to the acquisitions of the Owned Hotels in 1996.

Other expense of \$0.3 million in 1996 consisted primarily of minority interests.

Income tax expense in 1996 included deferred tax expense of \$4.9 million which was recorded in June 1996, coinciding with the date that the Company changed its tax status from a pass-through entity for tax purposes to a C corporation.

An extraordinary loss of \$7.7 million, net of a tax benefit of \$4.0 million, in 1996 resulted from the early extinguishment of certain indebtedness and was related to the payment of prepayment penalties and loan commitment fees and the write-off of deferred financing fees.

As a result of the changes noted above, a net loss of \$1.6 million was recorded in 1996 compared to net income of \$15.8 million in 1995.

Year Ended December 31, 1995 Compared to Year Ended December 31, 1994

Total revenues increased by \$8.3 million, or 22.6%, from \$36.7 million in 1994 to \$45.0 million in 1995. Management fees increased by \$4.7 million, or 21.3%, from \$22.3 million in 1994 to \$27.0 million in 1995 due to the addition of 43 new management contracts and increased revenues associated with the performance improvement of existing managed hotels. The increase in management fees was partially offset by the loss of 29 management contracts primarily due to the divestiture of hotels by third-party hotel owners. Approximately \$3.1 million, or 66%, of this increase resulted from increases in base management fees, and \$1.6 million, or 34%, of this increase resulted from increases in incentive management fees due to the performance improvement of existing managed hotels and the increase in the number of new contracts that provide for incentive management fees. Purchasing and other fees increased by \$2.8 million, or 38.0%, from \$7.5 million in 1994 to \$10.3 million in 1995 primarily due to incremental revenues of \$0.7 million relating to additional franchise/marketing representation fees related to the acquisition of the Colony portfolio in May 1994 and incremental revenues of \$2.1 million related to the net addition of new managed hotels, many of which utilize the Company's purchasing, project management and other contractual services. Insurance income increased by \$0.7 million, or 10.2%, from \$7.0 million in 1994 to \$7.7 million in 1995 due to the net addition of new managed hotels that elected to participate in the Company's insurance program.

General and administrative expenses increased by \$1.5 million, or 18.2%, from \$8.3 million in 1994 to \$9.8 million in 1995. This increase was primarily due to incremental expenses of \$1.3 million associated with the acquisition of the Colony portfolio. General and administrative expenses as a percentage of revenues decreased to 21.8% in 1995 compared to 22.6% in 1994.

Payroll and related benefits expenses increased by \$3.1 million, or 24.5%, from \$12.4 million in 1994 to \$15.5 million in 1995. This increase was primarily due to incremental expenses of \$1.5 million associated with the acquisition of the Colony portfolio and the growth of the Crossroads portfolio and \$1.3 million related to an increase in incentive bonuses paid to certain executive officers and development staff. Payroll and related benefits expenses as a percentage of revenues increased to 34.4% in 1995 compared to 33.8% in 1994.

Operating income increased by \$3.2 million, or 25.9%, from \$12.3 million in 1994 to \$15.5 million in 1995. Operating margin increased from 33.6% during 1994 to 34.5% during 1995. The improvement in the operating margin was attributed to the increase in revenues and improvements in the operating expenses as a percentage of revenues.

As a result of the changes noted above, net income increased by \$3.4 million, or 27.8%, from \$12.4 million in 1994 to \$15.8 million in 1995. Net income margin increased from 33.7% during 1994 to 35.2% during 1995.

Liquidity and Capital Resources

The Company's principal sources of liquidity during 1996 were cash from operations, proceeds from the issuance of Common Stock and borrowings under its credit facility. Net cash provided by operations was \$41.3 million in 1996 compared to \$25.3 million in 1995. The Company used cash of \$449.4 million in investing activities which principally related to the acquisitions of Owned Hotels in the amount of \$417.6 million, net of cash received. Net cash provided from financing activities in the amount of \$426.4 million was primarily used to finance these acquisitions. The principal sources of this cash were \$357.5 million from the issuance of Common Stock and \$360.1 million from proceeds from long-term debt, offset by long-term debt repayments of \$247.9 million. The Company's cash and cash equivalent assets were \$32.3 million and \$14.0 million at December 31, 1996 and 1995, respectively.

At December 31, 1996, the Company's total indebtedness was \$407.8 million, comprised of \$292.5 million of term loans, \$29.1 million of borrowings under its revolving credit facility, \$29.3 million of mortgage indebtedness encumbering six Owned Hotels in which the Company owns a 75% equity interest, \$56.4 million of loans related to the acquisitions of two Owned Hotels in December 1996, and \$0.5 million of other debt. The Company's available funds under its revolving credit facility totaled \$170.9 million at December 31, 1996. In addition, at that date, the credit facility permitted \$193.6 million of third-party nonrecourse and subordinated indebtedness to fund acquisitions. The Company utilizes various interest rate hedge contracts to limit its interest rate exposures on indebtedness. Future changes in interest rates applicable to outstanding borrowings are therefore not expected to have a significant impact on the Company's results of operations.

Management of the Company believes that, with respect to its current operations, the Company's cash on hand and funds from operations will be sufficient to cover its reasonably foreseeable working capital, ongoing capital expenditure and debt service requirements. In 1996, the Company spent \$16.3 million on capital expenditures. The Company's capital expenditure budget relating to existing operations for 1997 is \$42.2 million.

The Company intends to pursue a growth-oriented strategy involving, among other things, the acquisition of interests in additional hotel properties and hotel management companies, as well as the acquisition of additional management contracts (which may from time to time require capital expenditures by the Company). Management believes that the available funds remaining under its revolving credit facility, permitted third-party nonrecourse and subordinated indebtedness and cash provided by operations will be sufficient to pursue the Company's acquisition strategy and to fund its other presently foreseeable capital requirements. However, the Company believes that, absent a presently unforeseen change, additional acquisition opportunities will continue to exist for the foreseeable future, and depending upon conditions in the capital and other financial markets as well as other factors, the Company may from time to time consider the issuance of debt or other securities, the proceeds of which could be used to finance acquisitions, to refinance debt or for other general corporate purposes.

Seasonality

The lodging industry is affected by seasonal patterns. At most of the Company's hotels, demand is higher in the second and third quarters than during the remainder of the year.

Inflation

The effects of inflation, as measured by fluctuations in the consumer price index, have not had a material impact on the Company's revenues or net income in recent years.

Forward-Looking Statements

This Report contains certain forward-looking statements and information relating to the Company that are based on the beliefs of the Company's management, as well as assumptions made by and information currently available to the Company's management. When used herein, words such as "anticipate," "believe," "estimate," "expect," "intend," and similar expressions, as they relate to the Company or the Company's management, identify forward-looking statements. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions, relating to the operations and results of operations of the Company, the Company's rapid expansion, the ownership and leasing of real estate, competition from other hospitality companies and changes in economic cycles, as well as the other factors described herein. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those described herein as anticipated, estimated, expected or intended.

Item 8. Financial Statements and Supplementary Data

The information required by this item is set forth in the Company's Consolidated Financial Statements and Supplementary Data contained in this Report and is incorporated herein by reference. Specific financial statements and supplementary data can be found at the pages listed in the following index:

	<u>Page</u>
Report of Independent Accountants	F-1
Consolidated Balance Sheets as of December 31, 1995 and 1996	F-2
Consolidated Statements of Operations for the years ended	
December 31, 1994, 1995 and 1996	F-3
Consolidated Statements of Shareholders' Equity for the years ended	
December 31, 1994, 1995 and 1996	F-4
Consolidated Statements of Cash Flows for the years ended	
December 31, 1994, 1995 and 1996	F-5
Notes to Consolidated Financial Statements	F-6

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

The information required by this item is set forth under the caption "Election of Directors—Nominees for Election of Directors" and "—Executive Officers Who Are Not Directors" in the Company's Proxy Statement for the Annual Meeting of Shareholders to be held on May 21, 1997 (the "Proxy Statement") and incorporated herein by reference.

Item 11. Executive Compensation

The information required by this item is set forth under the caption "Election of Directors—Executive Compensation" in the Proxy Statement and incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information required by this item is set forth under the caption "Election of Directors—Beneficial Ownership of Common Stock" in the Proxy Statement and incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

The information required by this item is set forth under the caption "Election of Directors—Certain Relationships and Related Transactions" in the Proxy Statement and incorporated herein by reference.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) The following documents are filed as part of this Report

1. Financial Statements

The list of financial statements required by this item is set forth in Item 8, "Consolidated Financial Statements and Supplementary Data," and is incorporated herein by reference.

2. Financial Statement Schedules

All financial statement schedules are omitted as they are either not applicable or the required information is included in the consolidated financial statements or the notes thereto.

3. Exhibits

<u>Exhibit No.</u>	<u>Description</u>
2.1	Formation Agreement, dated as of June 25, 1996, among the Company and the parties identified on the signature page thereof ¹
3.1	Amended and Restated Articles of Incorporation of the Company ¹
3.2	Amended and Restated Bylaws of the Company ¹
4.1	Specimen Common Stock Certificate ²
4.2(a)	Credit Agreement, dated as of June 25, 1996, among Interstate Hotels Corporation, Credit Lyonnais and the other parties signatory thereto ¹
4.2(b)	First Amendment to Credit Agreement, dated as of October 21, 1996, among Interstate Hotels Corporation, Credit Lyonnais and the other parties signatory thereto ²
10.1	Agreement of Purchase and Sale, dated as of March 29, 1996, among the Sellers named therein and IHC Member Corporation ³
10.2	Contribution Agreement, dated as of March 29, 1996, among Interstate Hotels Corporation and the other persons signatory thereto ³
10.3	Stockholders Agreement, dated as of June 25, 1996, among the Company, Blackstone Real Estate Advisors L.P. and the shareholders named therein ¹
10.4	Registration Rights Agreement, dated as of June 25, 1996, among the Company and the shareholders named therein ¹
10.5	Master Agreement, dated as of April 1, 1996, among Host Funding, Inc., Crossroads Hospitality Tenant Company, L.L.C. and Crossroads Hospitality Company, L.L.C. ³
10.6	Interstate Hotels Company Executive Retirement Plan ¹
10.7	Interstate Hotels Company Equity Incentive Plan ³
10.8	Interstate Hotels Company Stock Purchase Plan ³
10.9	Interstate Hotels Company Management Bonus Plan ²
10.10	Interstate Hotels Company Stock Option Plan for Non-Employee Directors ³
10.11(a)	Employment Agreement between the Company and Milton Fine ³
10.11(b)	Employment Agreement between the Company and W. Thomas Parrington, Jr. ³
10.11(c)	Employment Agreement between the Company and J. William Richardson ³
10.11(d)	Employment Agreement between the Company and Robert L. Froman ³
10.11(e)	Employment Agreement between the Company and Marvin I. Droz ³
10.11(f)	Employment Agreement between the Company and Thomas D. Reese ²
10.12	Form of Severance Agreement between the Company and each of Milton Fine, W. Thomas Parrington, Jr., J. William Richardson, Robert L. Froman and Marvin I. Droz ³

<u>Exhibit No.</u>	<u>Description</u>
10.13	Form of Indemnification Agreement between the Company and each of its directors ²
10.14(a)	Interstate Hotels Company Supplemental Deferred Compensation Plan ³
10.14(b)	Deferred Compensation Agreement between the Company and W. Thomas Parrington, Jr. ³
10.14(c)	Deferred Compensation Agreement between the Company and J. William Richardson ³
10.15(a)	Contribution Agreement, dated as of October 4, 1996, as amended, among Trust Leasing, Inc., Trust Management, Inc., Phillip H. McNeill, Sr., Crossroads/Memphis Company, L.L.C. and Crossroads/Memphis Partnership, L.P. ²
10.15(b)	Master Agreement, dated as of November 4, 1996, as amended, among Equity Inns Partnership, L.P., Interstate Hotels Corporation, Equity Inns, Inc., Crossroads/Memphis Partnership, L.P. and Crossroads Future Company, L.L.C. ²
10.16(a)	Contribution Agreement, dated as of December 19, 1996, among Casa Marina Ltd., Casa Marina Realty Corporation, Interstone Partners I, L.P. and Casa Marina Realty Partnership, L.P. ⁴
10.16(b)	Contribution Agreement and Agreement to Assign Partnership Interests and Enter into First Amended and Restated Limited Partnership Agreement, dated as of December 19, 1996, among IHC Reach Corporation, Reach Resort Investment Corporation, Interstone Partners I, L.P. and The Key West Reach Limited Partnership ⁴
21.1	List of Subsidiaries of the Company
23.1	Consent of Coopers & Lybrand L.L.P.
24.1	Powers of Attorney executed by the Company, Michael J. Aranson, David J. Fine, Milton Fine, R. Michael McCullough, W. Thomas Parrington, Jr., J. William Richardson, Thomas J. Saylak and Steven J. Smith
27.1	Financial Data Schedule

¹ Filed previously as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1996 and incorporated herein by reference.

² Filed previously as an exhibit to the Company's Registration Statement on Form S-1, as amended (Registration. No. 333-15507), and incorporated herein by reference.

³ Filed previously as an exhibit to the Company's Registration Statement on Form S-1, as amended (Registration. No. 333-3958), and incorporated herein by reference.

⁴ Filed previously as an exhibit to the Company's Current Report on Form 8-K dated December 27, 1997 and incorporated herein by reference.

(b) Reports on Form 8-K

None.

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the Company has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Pittsburgh, in the Commonwealth of Pennsylvania, on March 20, 1997.

INTERSTATE HOTELS COMPANY

By: /s/ J. WILLIAM RICHARDSON
 J. William Richardson
 Executive Vice President and
 Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
• ; <hr style="width: 80%; margin: 0 auto;"/> W. Thomas Parrington, Jr.	President, Chief Executive Officer and Director (principal executive officer)	March 20, 1997
/s/ J. WILLIAM RICHARDSON <hr style="width: 80%; margin: 0 auto;"/> J. William Richardson	Executive Vice President and Chief Financial Officer (principal financial and accounting officer)	March 20, 1997
• <hr style="width: 80%; margin: 0 auto;"/> Milton Fine	Director	March 20, 1997
• <hr style="width: 80%; margin: 0 auto;"/> David J. Fine	Director	March 20, 1997
• <hr style="width: 80%; margin: 0 auto;"/> Michael J. Aranson	Director	March 20, 1997
• <hr style="width: 80%; margin: 0 auto;"/> R. Michael McCullough	Director	March 20, 1997
• <hr style="width: 80%; margin: 0 auto;"/> Thomas J. Saylak	Director	March 20, 1997
• <hr style="width: 80%; margin: 0 auto;"/> Steven J. Smith	Director	March 20, 1997

The undersigned, by signing his name hereto, does sign and execute this Annual Report on Form 10-K pursuant to the powers of attorney executed by the above-named officers and directors and filed herewith.

By: /s/ J. WILLIAM RICHARDSON
 J. William Richardson
 Attorney-in-Fact

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders and Board of Directors
of Interstate Hotels Company:

We have audited the accompanying consolidated balance sheets of Interstate Hotels Company (the Company) as of December 31, 1995 and 1996, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1996. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 1995 and 1996, and the consolidated results of its operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles.

/s/ COOPERS & LYBRAND L.L.P.

600 Grant Street
Pittsburgh, Pennsylvania
February 12, 1997, except
for Note 21, as to which the
date is March 19, 1997

INTERSTATE HOTELS COMPANY
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)

ASSETS

	December 31,	
	1995	1996
Current assets:		
Cash and cash equivalents	\$ 14,035	\$ 32,323
Accounts receivable, net	10,654	21,556
Stock subscription receivable, net	—	14,286
Deferred income taxes	—	1,649
Prepaid expenses and other assets	712	11,961
Total current assets	25,401	81,775
Restricted cash	2,096	15,995
Property and equipment, net	1,894	709,151
Investments in hotel real estate	12,884	5,605
Officers and employees notes receivable	1,219	4,643
Affiliates notes receivable	8,718	—
Intangibles and other assets	9,189	66,592
Total assets	\$ 61,401	\$883,761

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Accounts payable—trade	926	12,152
Accounts payable—health trust	5,505	2,440
Accrued payroll and related benefits	3,026	15,072
Other accrued liabilities	5,546	23,926
Current portion of long-term debt	363	11,767
Total current liabilities	15,366	65,357
Long-term debt	35,907	396,044
Deferred income taxes	—	4,081
Other liabilities	—	1,213
Total liabilities	51,273	466,695
Minority interests	872	7,768
Commitments and contingencies	—	—
Shareholders' equity:		
Preferred stock, \$.01 par value; 25,000 shares authorized; no shares outstanding as of December 31, 1996	—	—
Common stock, \$.01 par value; 75,000 shares authorized; 34,639 shares issued and outstanding as of December 31, 1996	3	352
Paid-in capital	26,883	407,784
Retained (deficit) earnings	(12,737)	1,432
Unearned compensation	(3,263)	(270)
Receivable from shareholders	(1,630)	—
Total shareholders' equity	9,256	409,298
Total liabilities and shareholders' equity	\$ 61,401	\$883,761

The accompanying notes are an integral part of the consolidated financial statements.

INTERSTATE HOTELS COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands)

	Year Ended December 31,		
	1994	1995	1996
Lodging revenues:			
Rooms	\$ —	\$ —	\$ 89,930
Food and beverage	—	—	42,502
Other departmental	—	—	8,685
Management fees	22,285	27,022	29,304
Other management-related fees	<u>14,441</u>	<u>17,996</u>	<u>19,964</u>
	<u>36,726</u>	<u>45,018</u>	<u>190,385</u>
Lodging expenses:			
Rooms	—	—	20,900
Food and beverage	—	—	31,033
Other departmental	—	—	3,936
Property costs	—	—	41,707
General and administrative	8,302	9,811	10,912
Payroll and related benefits	12,420	15,469	17,529
Non-cash compensation	—	—	11,896
Lease expense	—	—	3,477
Depreciation and amortization	<u>3,659</u>	<u>4,201</u>	<u>14,862</u>
	<u>24,381</u>	<u>29,481</u>	<u>156,252</u>
Operating income	12,345	15,537	34,133
Other income (expense):			
Interest, net	30	99	(12,421)
Other, net	<u>14</u>	<u>203</u>	<u>(270)</u>
Income before income tax expense	12,389	15,839	21,442
Income tax expense	—	—	<u>15,325</u>
Income before extraordinary items	12,389	15,839	6,117
Extraordinary loss from early extinguishment of debt, net of tax benefit of \$3,997	—	—	<u>7,733</u>
Net income (loss) (Note 19)	<u>\$12,389</u>	<u>\$15,839</u>	<u>\$ (1,616)</u>

The accompanying notes are an integral part of the consolidated financial statements.

INTERSTATE HOTELS COMPANY
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands)

	Common Stock	Paid-in Capital	Retained (Deficit) Earnings	Unearned Compensation	Partners' Capital	Receivable from Stockholders	Total
Balance at December 31, 1993	\$ 57	\$ 17,856	\$ (269)	\$ —	\$ 1,962	\$(2,979)	\$ 16,627
Effect of recapitalization	(21)	21	—	—	—	—	—
Common stock of new entities and capital contributions	6	3	—	—	—	—	9
Net decrease in receivable from shareholders ..	—	—	—	—	—	776	776
Distributions paid	—	—	(5,987)	—	(4,956)	—	(10,943)
Net income	—	—	5,517	—	6,872	—	12,389
Balance at December 31, 1994	42	17,880	(739)	—	3,878	(2,203)	18,858
Effect of reorganization	(42)	4,520	—	—	(4,478)	—	—
Assumption of liability by principal shareholder	—	1,220	—	—	—	—	1,220
Common stock of new entities and capital contributions	3	—	—	—	600	—	603
Stock options granted	—	3,263	—	(3,263)	—	—	—
Assumption of shareholders' liability	—	—	(12,995)	—	—	—	(12,995)
Net decrease in receivable from shareholders ..	—	—	—	—	—	573	573
Distributions paid	—	—	(14,842)	—	—	—	(14,842)
Net income	—	—	15,839	—	—	—	15,839
Balance at December 31, 1995	3	26,883	(12,737)	(3,263)	—	(1,630)	9,256
Cancellation of stock options issued in 1995 ...	—	(3,263)	—	3,263	—	—	—
Issuance of stock (Note 11)	8	12,154	—	(379)	—	—	11,783
Unearned compensation recognized	—	—	—	109	—	—	109
Net decrease in receivable from shareholders ..	—	—	—	—	—	1,630	1,630
Dividends and capital distributions	—	(30,000)	(8,423)	—	—	—	(38,423)
Contribution of IHC's net assets for Common Stock	125	(24,333)	24,208	—	—	—	—
Issuance of Common Stock, net	186	357,287	—	—	—	—	357,473
Stock subscription receivable, net	6	14,280	—	—	—	—	14,286
Issuance of Common Stock for acquisitions ...	24	54,776	—	—	—	—	54,800
Net loss	—	—	(1,616)	—	—	—	(1,616)
Balance at December 31, 1996	<u>\$352</u>	<u>\$407,784</u>	<u>\$ 1,432</u>	<u>\$ (270)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$409,298</u>

The accompanying notes are an integral part of the consolidated financial statements.

INTERSTATE HOTELS COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31.		
	1994	1995	1996
Cash flows from operating activities:			
Net income (loss)	\$ 12,389	\$ 15,839	\$ (1,616)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	3,659	4,201	14,862
Minority interests' share of equity (loss) income from investment in hotel real estate	—	(10)	503
Non-cash compensation	—	—	11,896
Deferred income taxes	—	—	6,671
Write-off of deferred financing fees	—	—	6,169
Other	(53)	(299)	(231)
Cash (used) provided by assets and liabilities:			
Accounts receivable, net	(2,652)	(2,377)	1,280
Prepaid expenses and other assets	(17)	(257)	(11,289)
Accounts payable	915	4,775	2,953
Other accrued liabilities	1,077	3,456	10,073
Net cash provided by operating activities	<u>15,318</u>	<u>25,328</u>	<u>41,271</u>
Cash flows from investing activities:			
Increase in restricted cash	(814)	(811)	(13,899)
Acquisition of hotels, net of cash received	—	—	(417,601)
Purchase of property and equipment, net	(607)	(438)	(16,253)
Restricted funds used to purchase property and equipment	—	—	10,383
Investments in hotel real estate	—	(13,038)	(5,605)
Change in notes receivable, net	529	(7,686)	(3,424)
Other	(2,960)	(885)	(3,015)
Net cash used in investing activities	<u>(3,852)</u>	<u>(22,858)</u>	<u>(449,414)</u>
Cash flows from financing activities:			
Proceeds from long-term debt	3,548	35,000	360,100
Repayment of long-term debt	(2,642)	(15,265)	(247,939)
Financing costs paid, net	(33)	(2,088)	(14,997)
Minority interests	—	882	6,896
Proceeds from issuance of Common Stock, net	—	—	357,473
Capital contributions	9	603	—
Funds advanced to shareholders	(1,689)	(3,245)	(6,423)
Repayment of funds advanced to shareholders	2,465	3,818	8,053
Repayment of notes payable to shareholders	—	—	(30,000)
Dividends and capital distributions paid	(10,943)	(14,842)	(6,732)
Net cash (used in) provided by financing activities	<u>(9,285)</u>	<u>4,863</u>	<u>426,431</u>
Net increase in cash and cash equivalents	2,181	7,333	18,288
Cash and cash equivalents at beginning of period	4,521	6,702	14,035
Cash and cash equivalents at end of period	<u>\$ 6,702</u>	<u>\$ 14,035</u>	<u>\$ 32,323</u>

The accompanying notes are an integral part of the consolidated financial statements.

INTERSTATE HOTELS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except per share amounts)

1. Organization and Basis of Presentation:

Interstate Hotels Company (the Company) was formed on April 19, 1996 in anticipation of an initial public offering of the Company's Common Stock (see Note 3). As of December 31, 1996, the Company owned 18 hotels and had a majority equity interest in nine other hotels (collectively, the Owned Hotels). As a result of the transactions discussed in Notes 3 and 4, the consolidated financial statements of the Company consist of the historical results of Interstate Hotels Corporation and Affiliates (IHC), the Company's predecessor, and the operations of the Owned Hotels from the respective dates of their acquisitions. Prior thereto, the consolidated financial statements reflect only the historical activity of IHC. The working capital and operating results of hotels operated under long-term operating leases (the Leased Hotels) are also included in the Company's consolidated financial statements because the operating performance associated with such hotels is guaranteed by the Company (see Note 9).

The Company provides management and other related services principally to owned, managed and leased hotels through its wholly owned subsidiaries. The Company provides these services to hotels located in 34 states, the District of Columbia, Canada, Israel, the Caribbean, Thailand, Panama and Russia, with the largest concentration of hotels in the states of Florida and California. These hotels are operated under a number of franchise agreements, with the largest franchisors being Marriott International, Inc. and Promus Hotels, Inc.

2. Summary of Significant Accounting Policies:

Principles of Consolidation:

The consolidated financial statements include the accounts of the Company and entities more than 50% owned. All significant intercompany transactions and balances have been eliminated in consolidation. The Company accounts for investments in less than 50% but greater than 20% owned entities in which it can exert significant influence under the equity method of accounting. All other investments are accounted for under the cost method. These investments are included in investments in hotel real estate in the consolidated balance sheets.

Minority interests represent the proportionate share of the equity that is owned by third parties in entities more than 50% owned by the Company. The net income or loss of such entities is allocated to the minority interests based on their percentage ownership throughout the year and is included in other income (expense) in the consolidated statements of operations.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates.

Cash and Cash Equivalents:

All unrestricted, highly liquid investments purchased with a remaining maturity of three months or less are considered to be cash equivalents.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

(Dollars in thousands, except per share amounts)

2. Summary of Significant Accounting Policies—continued

Restricted Cash:

The long-term debt agreements discussed in Note 8 and the franchise agreements referred to in Note 17 provide that cash from hotel operations be restricted for the future acquisition or replacement of property and equipment each year based on a percentage of gross hotel revenues. The requirements range from 3% to 6%. Capital restricted under applicable government insurance regulations is also included in restricted cash, and represents 20% of the annual insurance premiums written by the Company (see Note 15).

Property and Equipment:

Property and equipment are recorded at cost, which includes the allocated purchase price for hotel acquisitions, and are depreciated primarily on the straight-line method over their estimated useful lives. Expenditures for maintenance and repairs are expensed as incurred. Expenditures for major renewals and betterments that significantly extend the useful life of existing property and equipment are capitalized and depreciated. The cost and related accumulated depreciation applicable to property no longer in service are eliminated from the accounts and any gain or loss thereon is included in operations.

The Company is currently in the process of finalizing certain purchase price allocations for hotel acquisitions that occurred in the fourth quarter of 1996. Management anticipates that such purchase price allocations will be finalized in the first half of 1997. Adjustments, if any, would not result in material changes in the results of operations, but may result in the reclassification of certain long-term assets.

Officers and Employees Notes Receivable:

Officers notes receivable consist principally of notes from two executives. Such notes bear interest, are fully recourse to the borrowers and are forgiven and expensed ratably, if certain conditions are met, until the notes mature in June 2006. The Company also makes loans from time to time to other employees, which are payable upon demand and generally do not bear interest until such demand is made. Certain officers and employees notes receivable may be forgiven and expensed provided certain conditions are satisfied.

Intangibles and Other Assets:

Intangibles and other assets consist of the amounts paid to obtain management and lease contracts and deferred financing fees. Goodwill is also included in intangibles and other assets, and represents the excess of the purchase price over the net assets of businesses acquired. Intangibles and other assets are amortized on the straight-line method over the life of the underlying contracts or estimated useful lives.

Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed of:

The carrying values of long-lived assets, which include property and equipment and all intangibles, are evaluated periodically in relation to the operating performance and future undiscounted cash flows of the underlying assets. Adjustments are made if the sum of expected future net cash flows is less than book value.

Deferred Income Taxes:

Deferred income taxes are recorded using the liability method. Under this method, deferred tax assets and liabilities are provided for the differences between the financial statement and the tax basis of assets and liabilities using enacted tax rates in effect for the years in which the differences are expected to reverse.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

(Dollars in thousands, except per share amounts)

2. Summary of Significant Accounting Policies—continued

Revenue Recognition:

Management fees and other management-related fees are recognized when earned. The Owned Hotels and Leased Hotels recognize revenue from their rooms, food and beverage and other departments as earned on the close of each business day. Hotels managed under short-term operating leases with certain lessee and lessor cancellation clauses are treated as management contracts, with the revenue earned from those leases recognized when earned.

Reimbursable Expenses:

The Company is reimbursed for costs associated with providing insurance services, purchasing and renovation services, MIS support, centralized accounting, leasing, training and relocation programs to owned, managed and leased hotels. These revenues are included in other management-related fees and the corresponding costs are included in general and administrative and payroll and related benefits in the consolidated statements of operations.

Insurance:

Insurance premiums are recorded as income on a pro-rata basis over the life of the related policies, with the portion applicable to the unexpired terms of the policies in force recorded as unearned premium reserves. Losses are provided for reported claims, claims incurred but not reported and claims settlement expense at each balance sheet date. Such losses are based on management's estimate of the ultimate cost of settlement of claims. Actual liabilities may differ from estimated amounts. Any changes in estimates are reflected in current earnings.

Concentration of Credit Risk:

The Company maintains cash and cash equivalents with various financial institutions in excess of the amount insured by the Federal Deposit Insurance Corporation. Management believes the credit risk related to these cash and cash equivalents is minimal.

Financial Instruments:

The Company uses interest rate hedge contracts for the purpose of hedging interest rate exposures, which involve the exchange of fixed and floating rate interest payments without the exchange of the underlying principal amounts. The amounts to be paid or received are accrued as interest rates change and recognized over the life of the contracts as an adjustment to interest expense. Gains and losses realized from the termination of interest rate hedges are recognized over the remaining life of the hedge contract. As a policy, the Company does not engage in speculative or leveraged transactions, nor does the Company hold or issue financial instruments for trading purposes.

Reclassifications:

Certain amounts in previously issued financial statements have been reclassified to conform to the presentation adopted in the 1996 consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

(Dollars in thousands, except per share amounts)

3. Public Offerings:

Initial Offering:

In June 1996, the Company completed an initial public offering of its Common Stock resulting in the sale of 12,448,350 shares (including 1,448,350 shares from the underwriters' exercise of over-allotment options) at a price of \$21 per share (the Initial Offering). Net proceeds to the Company were \$240,453. In connection with the Initial Offering, Blackstone Real Estate Advisors, L.P. and certain of its affiliates (collectively, Blackstone) exercised an option to receive 2,133,333 shares of Common Stock of the Company for an exercise price of \$23,300.

In connection with the Initial Offering, the Company acquired all of Blackstone's equity interests in 13 of the Owned Hotels for a cash purchase price of \$124,400, and Blackstone contributed to the Company its equity interest in one Owned Hotel in consideration of \$8,300 of Common Stock of the Company. Additionally, in connection with the Initial Offering, the principal shareholders of IHC contributed to the Company all of the outstanding shares of common stock of IHC and their equity interests in these 14 Owned Hotels in exchange for Common Stock of the Company. The acquisition of Blackstone's equity interests has been accounted for using the purchase method of accounting, except that carryover basis was used for 9.3% of the acquired interests. The contributions of IHC's common stock and equity interests in hotels in exchange for Common Stock of the Company have been accounted for using carryover bases.

Follow-on Offering:

In December 1996, the Company completed a follow-on public offering of 4,000,000 shares of its Common Stock at a price of \$25 per share (the Follow-on Offering). In January 1997, the underwriters purchased an additional 600,000 shares of Common Stock at \$25 per share pursuant to over-allotment options. Net proceeds to the Company were \$93,720 from the Follow-on Offering and \$14,286 from the exercise of the over-allotment options. The Company recorded the exercise of the over-allotment options as stock subscription receivable, net of the underwriting discount, in the consolidated balance sheets as of December 31, 1996.

4. Post-Initial Offering Acquisitions:

Subsequent to the Initial Offering and related transactions discussed in Note 3, the Company acquired 13 hotels with an aggregate purchase price of approximately \$323,579. On November 15, 1996, the Company acquired for 1,957,895 shares of Common Stock the management and leasing businesses affiliated with Equity Inns, Inc., a publicly traded real estate investment trust, which resulted in goodwill of approximately \$21,691. The businesses consisted of eight management contracts and 48 long-term lease contracts. The above acquisitions were accounted for using the purchase method of accounting. One of the hotels acquired since the Initial Offering was purchased from an entity partially owned by a significant shareholder (see Note 17).

5. Pro Forma Financial Information (Unaudited):

The following unaudited pro forma information is presented as if the transactions discussed in Notes 3, 4 and 8 had occurred on January 1, 1995. In management's opinion, all pro forma adjustments necessary to reflect the effects of these transactions have been made. The pro forma information does not include earnings on the Company's pro forma cash and cash equivalents or certain one-time charges to income, and does not purport to present what the actual results of operations of the Company would have been if the previously

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued
(Dollars in thousands, except per share amounts)

5. Pro Forma Financial Information (Unaudited)—continued

mentioned transactions had occurred on such date or to project the results of operations of the Company for any future period.

	Year Ended December 31,	
	1995	1996
Total revenues	\$445,472	\$477,506
Operating income	59,891	81,265
Net income	19,023	32,948
Pro forma earnings per common share and common share equivalent54	.93
Weighted average common shares and common share equivalents	35,387,677	35,387,677

6. Property and Equipment:

Property and equipment consisted of the following:

	December 31,	
	1995	1996
Land	\$ —	\$ 95,192
Buildings and improvements (15 to 40 years)	678	545,565
Furniture, fixtures and equipment (5 to 10 years)	3,776	112,808
Construction in progress	—	669
	4,454	754,234
Less accumulated depreciation	2,560	45,083
	\$1,894	\$709,151

Depreciation expense was approximately \$421, \$467 and \$8,420 for the years ended December 31, 1994, 1995 and 1996, respectively.

7. Intangibles and Other Assets:

Intangibles and other assets consisted of the following:

	December 31,	
	1995	1996
Management contracts (3 to 10 years)	\$22,794	\$24,825
Lease contracts (15 years)	—	22,600
Goodwill (25 years)	—	21,691
Deferred financing fees (3 to 7 years)	2,101	14,862
Other	2,088	4,477
	26,983	88,455
Less accumulated amortization	17,794	21,863
	\$ 9,189	\$66,592

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

(Dollars in thousands, except per share amounts)

8. Long-Term Debt:

Long-term debt consisted of the following:

	December 31,	
	1995	1996
Term Loans and Revolving Credit Facility	\$ —	\$321,600
CGL Loan	—	29,250
Owned Hotel Loans	—	56,420
IHC revolving credit and term loan facility	35,000	—
Other	1,270	541
	<u>36,270</u>	<u>407,811</u>
Less current portion	363	11,767
	<u>\$35,907</u>	<u>\$396,044</u>

In June 1996, the Company entered into a \$195,000 Term Loan and a \$100,000 Revolving Credit Facility (collectively, the Credit Facilities). In October 1996, the Company amended the Credit Facilities by converting the borrowings outstanding under the Revolving Credit Facility to a \$100,000 Term Loan and increasing the Revolving Credit Facility capacity to \$200,000. The Term Loans are payable through June 2003 in escalating quarterly installments and a final balloon payment. The Revolving Credit Facility, payable in June 2003, provides for borrowings under letters of credit, revolving loans for working capital and acquisition loans to be used to finance additional hotel acquisitions. The Credit Facilities include certain mandatory prepayment provisions.

The Company purchased a subordinated participation interest in the \$119,250 mortgage indebtedness of Interstone/CGL Partners, L.P., a majority-owned subsidiary of the Company (the CGL Loan). As of December 31, 1996, on a consolidated basis, the Company had outstanding, in addition to the Credit Facilities, \$29,250 of the CGL Loan. The CGL Loan requires no principal payments until the indebtedness matures in June 2003. All other terms of the CGL Loan, including interest and covenants, are identical to the Credit Facilities.

Interest on the Credit Facilities and the CGL Loan is payable subject to the Company's election of the base rate option or the Eurodollar option. The base rate option is the lender's prime rate plus 1%. The Eurodollar option is LIBOR plus 2%. The Company elected the Eurodollar option to be in effect as of December 31, 1996, which was 7.69%. Additionally, the Company has entered into five interest rate hedge contracts: an interest rate cap that limits LIBOR to 6% on up to \$105,000 of the indebtedness through June 1999; an interest rate cap that limits LIBOR to 6% on up to \$234,750 of the indebtedness through October 1997; an interest rate cap that limits LIBOR to 6% on up to \$225,900 of the indebtedness from October 1997 through October 1998; an interest rate cap that limits LIBOR to 7% on up to \$208,750 of the indebtedness from October 1998 through October 1999; and an interest rate swap that provides for a fixed LIBOR rate of 5.8% on \$72,000 of the indebtedness through December 2000.

A nonrefundable commitment fee equal to $\frac{1}{4}$ of 1% of the unused portion of the Revolving Credit Facility is payable quarterly. Additionally, letter of credit fees equal to 2.25% of the outstanding letters of credit are payable quarterly.

The Credit Facilities and the CGL Loan contain certain restrictive covenants, including several financial ratios and restrictions on the payment of dividends, among other things. The Company has pledged substantially all of the assets of the Company and an interest in the rights to the cash flows of certain of the Owned Hotels as collateral for the Credit Facilities and the CGL Loan.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

(Dollars in thousands, except per share amounts)

8. Long-Term Debt—continued

In December 1996, the Company incurred loans (the Owned Hotel Loans) totaling \$56,420 related to the acquisitions of two hotels. One of the Owned Hotel Loans is non recourse and is due in the form of a balloon payment of \$31,000 in January 1998. The other loans are payable monthly through October 2005 and include certain mandatory prepayment provisions. Interest is payable monthly on the Owned Hotel Loans at rates between 7.5% and 9.08% as of December 31, 1996. The Owned Hotel Loans are collateralized by the assets of the two hotels.

Aggregate scheduled maturities of long-term debt for each of the five years ending December 31 and thereafter are as follows:

1997	\$ 11,767
1998	50,495
1999	31,024
2000	46,057
2001	57,581
Thereafter	<u>210,887</u>
	<u>\$407,811</u>

9. Commitments and Contingencies:

The Company provides financial guarantees to the owners of the Leased Hotels for certain minimum operating performance levels, which are annually increased by the consumer price index and expire through 2011. Presently, management does not expect to incur any claims against these lease guarantees. Minimum future lease payments are computed based on the base rent of each lease, as defined, and are as follows:

1997	\$ 25,709
1998	25,709
1999	25,709
2000	25,709
2001	25,709
Thereafter	<u>254,944</u>
	<u>\$383,489</u>

The Company accounts for the leases of office space (the office leases expire at varying times through 2002), certain office equipment (the equipment leases expire at varying times through 2003) and land leases associated with two of the Owned Hotels (the land leases expire at varying times through 2086) as operating leases. Total rent expense amounted to approximately \$739, \$912 and \$2,922 for the years ended Decem-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

(Dollars in thousands, except per share amounts)

9. Commitments and Contingencies—continued

ber 31, 1994, 1995 and 1996, respectively. The following is a schedule of future minimum lease payments under these leases:

1997	\$ 2,975
1998	2,692
1999	2,358
2000	1,988
2001	1,728
Thereafter	<u>35,527</u>
	<u>\$ 47,268</u>

In the ordinary course of business, various lawsuits, claims and proceedings have been or may be instituted or asserted against the Company. Based on currently available facts, management believes that the disposition of matters that are pending or asserted will not have a material adverse effect on the consolidated financial position, results of operations or liquidity of the Company.

10. Preferred and Common Stock:

The Company has the authority to issue up to 25,000,000 shares of preferred stock having such rights, preferences and privileges as designated by the Board of Directors of the Company. The rights of the holders of the Company's Common Stock will be subject to, and may be adversely affected by, the rights of the holders of any shares of such preferred stock that may be issued in the future.

The following represents shares of Common Stock authorized for issuance under the Company's stock plans:

	<u>Number of Shares</u>
Equity Incentive Plan, including the Stock Option Plan for Non-Employee Directors	2,500,000
Employee Stock Purchase Plan	500,000
Management Bonus Plan	<u>250,000</u>
	<u>3,250,000</u>

The Equity Incentive Plan provides for options to be granted to eligible employees to purchase shares of Common Stock. The option price is established at the grant date at a price not less than the current market value. The options generally vest over a three year period and expire after ten years. The Employee Stock Purchase Plan is designed to be a non-compensatory plan, whereby eligible employees may elect to withhold a maximum of 8% of their salary and use such amounts to purchase Common Stock. The Management Bonus Plan provides for bonuses to be paid to key executives of the Company based upon the achievement of specified goals of both the Company and the executive. Bonuses are based on a percentage of the individual's annual salary, and up to 20% of each executive's bonus, at the discretion of management, may be payable in the form of shares of Common Stock.

The Company has elected to account for stock-based employee compensation arrangements under the provisions of Accounting Principles Board Opinion No. 25 "Accounting for Stock Issued to Employees" rather than Statement of Financial Accounting Standard (SFAS) No. 123 "Accounting for Stock-Based Compensation." If compensation cost had been determined based on the fair value at the grant dates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued
(Dollars in thousands, except per share amounts)

10. Preferred and Common Stock—continued

according to SFAS No. 123, the Company's net loss would have been increased to the pro forma amount shown below:

	1996
Net loss:	
As reported	\$(1,616)
Pro forma	(2,781)

The effect on earnings per share is not meaningful and, therefore, has not been provided (see Note 19).

The fair value of each option grant is estimated on the date of grant using the Black-Scholes pricing model with the following assumptions:

	1996
Weighted average risk-free interest rate	6.3%
Expected dividend yield	—
Expected volatility	30.3%
Expected life (number of years)	3

The transactions for stock options issued under the Equity Incentive Plan and the Stock Option Plan for Non-Employee Directors were as follows:

	Number of Options	Weighted Averaged			Range of Exercise Price
		Remaining Life (Years)	Value Per Share	Exercise Price	
Outstanding, December 31, 1995	—				
Granted	1,589,250			\$22.66	\$21.00—\$26.75
Exercised	—			—	—
Canceled	12,500			\$21.00	\$21.00
Outstanding, December 31, 1996	1,576,750	9.6	\$6.44	\$22.66	\$21.00—\$26.75
Exercisable, December 31, 1996	—				
Shares reserved for future options as of December 31, 1996	923,250				

11. Non-Cash Compensation:

In December 1995, IHC granted stock options to certain officers to purchase shares of common stock of IHC. The exercise price of certain stock options was determined to be below fair market value based on an independent market valuation. No stock options were exercisable at December 31, 1995. The unearned compensation related to the stock options granted by IHC was being charged to expense over the vesting period.

Prior to the Initial Offering, the Company issued 785,533 shares of Common Stock to certain employees in consideration for the cancellation of the stock options issued by IHC in 1995. The shares were valued based on the estimated value of the Common Stock at the time the shares were issued. As a result of the cancellation of the stock options issued by IHC in 1995 and the issuance of the Common Stock at no cost to the recipients, the Company reversed the unamortized unearned compensation recorded by IHC in 1995 and recorded non-cash compensation expense of \$11,896.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

(Dollars in thousands, except per share amounts)

12. Income Taxes:

Prior to the consummation of the Initial Offering, the Company's predecessors were organized as S corporations, partnerships and limited liability companies for federal and state income tax purposes. Accordingly, the predecessors were not subject to income tax because all taxable income or loss of the predecessors was reported on the tax returns of their owners. As a result of the change in the Company's tax status to a C corporation concurrent with the Initial Offering, the Company recorded income tax expense of \$4,881 to establish deferred taxes existing as of the date of the change in tax status.

The provision for income taxes for the year ended December 31, 1996 consisted of:

Current	
Federal	\$ 4,153
State	504
	<u>4,657</u>
Deferred:	
Federal	6,223
State	448
	<u>6,671</u>
Income tax expense	11,328
Income tax benefit from extraordinary loss	<u>3,997</u>
	<u>\$15,325</u>

A reconciliation of the Company's effective tax rate to the federal statutory rate for the year ended December 31, 1996 follows:

Federal statutory rate	35%
State taxes, net of federal benefit	2
IHC loss as an S corporation	23
Conversion from S corporation to C corporation	50
Other	<u>7</u>
Effective tax rate	<u>117%</u>

The components of net deferred tax assets and liabilities as of December 31, 1996 consisted of:

	Deferred Tax	
	Assets	Liabilities
Depreciation and amortization	\$ —	\$10,809
Minority interests	7,298	—
Payroll and related benefits	1,588	—
Self-insured health trust	927	—
Other	—	<u>1,436</u>
	<u>\$9,813</u>	<u>\$12,245</u>

13. Extraordinary Items:

In 1996, the Company recorded an extraordinary loss of \$7,733, net of a tax benefit of \$3,997, as a result of the early extinguishment of certain debt. The extraordinary loss related principally to the payment of prepayment penalties and loan commitment fees and the write-off of deferred financing fees.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

(Dollars in thousands, except per share amounts)

14. Supplemental Cash Flow Information:

Cash paid for interest and income taxes consisted of:

	<u>1994</u>	<u>1995</u>	<u>1996</u>
Interest	\$ 261	\$ 507	\$13,629
Income taxes	—	—	7,710

Non-cash investing and financing activities consisted of:

	<u>1994</u>	<u>1995</u>	<u>1996</u>
Notes payable issued to acquire contracts	\$1,176	\$ —	\$ —
Assumption of liability by principal shareholder	—	1,220	—
Assumption of shareholders' liability	—	12,295	—
Unearned compensation related to 1995 stock options	—	3,263	(3,263)
Unearned compensation related to Common Stock (Note 11)	—	—	379
Notes payable issued to shareholders	—	—	30,000
Stock subscription receivable, net	—	—	14,286
Issuance of Common Stock for acquisitions	—	—	54,800

15. Insurance:

The Company provides certain insurance coverage to hotels under the terms of the various management and lease contracts. This insurance is generally arranged through a third-party carrier. Northridge Insurance Company (Northridge), a subsidiary of the Company, reinsures a portion of the coverage from this third-party primary insurer. The policies provide for layers of coverage with minimum deductibles and annual aggregate limits. The policies are for coverage relating to innkeepers' losses (general/comprehensive liability), wrongful employment practices, garagekeeper's legal liability, replacement cost automobile losses and real and personal property insurance. All policies are short-duration contracts and expire through March, 1997.

The Company is liable for any deficiencies in the IHC Employee Health and Welfare Plan (and related Health Trust), which provides employees of the Company with group health insurance benefits. The Company has a financial indemnity liability policy with Northridge which indemnifies the Company for certain obligations for the deficiency in the related Health Trust. The premiums for this coverage received from the properties managed by the Company, net of intercompany amounts paid for employees at the Company's corporate offices and Owned and Leased Hotels, are recorded as direct premiums written. There was no deficiency in the related Health Trust at December 31, 1996.

All accounts of Northridge are classified with assets and liabilities of a similar nature in the consolidated balance sheets. The consolidated statements of operations include the insurance income earned and related insurance expenses incurred. The insurance income earned has been included in other management-related fees in the consolidated statements of operations and is comprised of the following:

	<u>Year Ended December 31,</u>		
	<u>1994</u>	<u>1995</u>	<u>1996</u>
Reinsurance premiums written	\$3,428	\$4,981	\$4,848
Direct premiums written	2,581	2,477	2,032
Reinsurance premiums ceded	—	(422)	(414)
Change in unearned premiums reserve	42	(52)	158
Loss sharing premiums	910	698	1,101
Insurance income	<u>\$6,961</u>	<u>\$7,672</u>	<u>\$7,725</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

(Dollars in thousands, except per share amounts)

16. Financial Instruments:

The carrying values and fair values of the Company's financial instruments at December 31 consisted of:

	1995		1996	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and cash equivalents	\$14,035	\$14,035	\$32,323	\$32,323
Restricted cash	2,096	2,096	15,995	15,995
Investment in marketable securities	—	—	540	540
Noncurrent receivables	9,937	9,937	4,643	4,643
Interest rate caps	—	—	5,056	3,268
Interest rate swap	—	—	—	976
Long-term debt, including current portion	36,207	36,207	407,811	406,835

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents and restricted cash:

The carrying amounts approximate fair value because of the short maturity of these investments.

Investment in marketable securities:

The fair value of the investment in marketable securities is based on the quoted market price at December 31, 1996, and is included in investments in hotel real estate in the consolidated balance sheets.

Noncurrent receivables:

The fair value of noncurrent receivables is based on anticipated cash flows and approximates carrying value.

Interest rate hedges:

The Company manages its debt portfolio by using interest rate caps and swaps to achieve an overall desired position of fixed and floating rates. The fair value of interest rate hedge contracts is estimated based on quotes from the market makers of these instruments and represents the estimated amounts that the Company would expect to receive or pay to terminate the contracts. Credit and market risk exposures are limited to the net interest differentials. The Company is exposed to credit loss in the event of nonperformance by counterparties on the above instruments, but does not anticipate nonperformance by any of the counterparties.

Long-term debt:

The fair value of long-term debt is based on interest rates that are currently available to the Company for issuance of debt with similar terms and remaining maturities. The fair value of the notional amount of long-term debt hedged by the swap has been reduced by the fair value of the swap.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

(Dollars in thousands, except per share amounts)

17. Franchise Agreements and Related Party Transactions

Franchise Agreements:

The Owned Hotels and the Leased Hotels are generally operated under franchise agreements with various franchisors. The Owned Hotels are licensed under the following franchise names: Marriott (13), Hilton (4), Radisson (4), Embassy Suites (2), Westin (2) and Holiday Inn (1). The Leased Hotels are licensed under the following franchise names: Hampton Inn (32), Holiday Inn (5), Residence Inn (5), Super 8 Motel (5), Sleep Inn (4), Homewood Suites (3) and Comfort Inn (3). The terms of the franchise agreements range from 2 to 28 years and require ongoing fees principally based on a percentage of hotel room revenues and food and beverage revenues.

Revenues and Accounts Receivable:

Of the total revenues earned, approximately \$6,678, \$7,886 and \$7,386 for the years ended December 31, 1994, 1995 and 1996, respectively, was earned from hotels in which a significant shareholder of the Company has an ownership interest. Accounts receivable of approximately \$1,028 and \$302 at December 31, 1995 and 1996, respectively, was due from these hotels. The Company has waived the management fees for one of these hotels through November 1998.

Transaction with Significant Shareholders:

In December 1996, the Company acquired a 97.12% interest in one hotel for \$23,787, which includes a \$10,000 contribution for future capital expenditures and \$9,627 in loans to the previous owners. Significant shareholders of the Company previously owned a 50% interest in the hotel, one of which retained a 1.44% limited partnership interest as a result of the acquisition. The \$9,627 in loans incurred as a result of the acquisition includes a \$2,733 note payable to the significant shareholder, which is included in the Owned Hotel Loans described in Note 8.

18. Predecessor Entity Equity Transactions:

In 1994, IHC recapitalized certain companies and created two classes of common stock. The recapitalization resulted in the reclassification of \$21 between common stock and paid-in capital.

Pursuant to a reorganization in 1995, IHC merged a number of companies and created subsidiaries for certain other entities which were all under common control. The reorganization was accounted for in a manner similar to that used in pooling-of-interests accounting. Additionally, concurrent with the reorganization, IHC assumed a \$12,995 obligation of its principal shareholder that was accounted for as a distribution of capital. IHC also recorded a contribution of capital when indebtedness in the amount of \$1,220 that was owed to an affiliate was assumed by the principal shareholder. The reorganization resulted in the reclassification of \$42 between common stock and paid-in capital and the reclassification of \$4,478 between partners' capital and paid-in capital.

In March 1996, the Company made a capital distribution by issuing notes payable to the shareholders of IHC in the aggregate amount of \$30,000. Such notes were repaid in June 1996 with the proceeds from the Initial Offering.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

(Dollars in thousands, except per share amounts)

19. Earnings Per Share:

Prior to the consummation of the Company's Initial Offering, the predecessors of the Company were organized as S corporations, partnerships and limited liability companies. Accordingly, the Company believes that the earnings per share calculations required to be presented are not meaningful for periods prior to the Initial Offering and, therefore, have not been provided. As such, earnings per share for the three-month periods ended September 30, 1996 and December 31, 1996 and pro forma earnings per share for the years ended December 31, 1995 and 1996 are a more meaningful measure of the Company's results of operations (see Notes 5 and 20).

20. Selected Quarterly Financial Data (Unaudited):

The following table sets forth certain items included in the Company's unaudited consolidated financial statements for each quarter of fiscal 1996 and 1995:

	<u>First</u>	<u>Second</u>	<u>Third</u>	<u>Fourth</u>
Fiscal 1996:				
Total revenues	\$12,295	\$ 15,946	\$ 65,530	\$ 96,614
Operating income (loss)	4,607	(5,775)	16,602	18,699
Income (loss) before extraordinary items	4,236	(12,299)	7,366	6,814
Net income (loss)	4,236	(19,942)	7,366	6,724
Earnings per common share and common share equivalent (Note 19)	—	—	.26	.22
Weighted average common shares and common share equivalents	—	—	28,664,549	30,586,186
Fiscal 1995:				
Total revenues	\$10,249	\$ 11,403	\$ 11,236	\$ 12,130
Operating income	3,293	4,636	4,409	3,199
Net income	3,345	4,712	4,472	3,310

21. Subsequent Events:

As of March 19, 1997, the Company had acquired a majority equity interest in one hotel, a 50% equity interest in another hotel and a minority equity interest in two other hotels through four separate transactions. The total aggregate purchase price of these acquisitions was approximately \$31,359, which includes a \$2,000 contribution for future capital expenditures. A portion of one of the acquisitions was purchased for \$300 from an entity partially owned by a significant shareholder of the Company. These acquisitions have not been included in the pro forma financial information in Note 5.

The Company has also entered into a definitive agreement to purchase a hotel for an expected purchase price of approximately \$63,000.

22. New Accounting Pronouncement:

In February 1997, the Financial Accounting Standards Board issued SFAS No. 128 "Earnings Per Share." The new standard, which is effective for fiscal year 1997, revises the disclosure requirements and simplifies the computation of earnings per share. Management has not yet determined the impact of this standard.

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
2.1	Formation Agreement, dated as of June 25, 1996, among the Company and the parties identified on the signature page thereof ¹
3.1	Amended and Restated Articles of Incorporation of the Company ¹
3.2	Amended and Restated Bylaws of the Company ¹
4.1	Specimen Common Stock Certificate ¹
4.2(a)	Credit Agreement, dated as of June 25, 1996, among Interstate Hotels Corporation, Credit Lyonnais and the other parties signatory thereto ¹
4.2(b)	First Amendment to Credit Agreement, dated as of October 21, 1996, among Interstate Hotels Corporation, Credit Lyonnais and the other parties signatory thereto ²
10.1	Agreement of Purchase and Sale, dated as of March 29, 1996, among the Sellers named therein and IHC Member Corporation ¹
10.2	Contribution Agreement, dated as of March 29, 1996, among Interstate Hotels Corporation and the other persons signatory thereto ¹
10.3	Stockholders Agreement, dated as of June 25, 1996, among the Company, Blackstone Real Estate Advisors L.P. and the shareholders named therein ¹
10.4	Registration Rights Agreement, dated as of June 25, 1996, among the Company and the shareholders named therein ¹
10.5	Master Agreement, dated as of April 1, 1996, among Host Funding, Inc., Crossroads Hospitality Tenant Company, L.L.C. and Crossroads Hospitality Company, L.L.C. ¹
10.6	Interstate Hotels Company Executive Retirement Plan ¹
10.7	Interstate Hotels Company Equity Incentive Plan ¹
10.8	Interstate Hotels Company Stock Purchase Plan ¹
10.9	Interstate Hotels Company Management Bonus Plan ¹
10.10	Interstate Hotels Company Stock Option Plan for Non-Employee Directors ¹
10.11(a)	Employment Agreement between the Company and Milton Fine ¹
10.11(b)	Employment Agreement between the Company and W. Thomas Parrington, Jr. ¹
10.11(c)	Employment Agreement between the Company and J. William Richardson ¹
10.11(d)	Employment Agreement between the Company and Robert L. Froman ¹
10.11(e)	Employment Agreement between the Company and Marvin I. Droz ¹
10.11(f)	Employment Agreement between the Company and Thomas D. Reese ²
10.12	Form of Severance Agreement between the Company and each of Milton Fine, W. Thomas Parrington, Jr., J. William Richardson, Robert L. Froman and Marvin I. Droz ¹
10.13	Form of Indemnification Agreement between the Company and each of its directors ¹
10.14(a)	Interstate Hotels Company Supplemental Deferred Compensation Plan ¹
10.14(b)	Deferred Compensation Agreement between the Company and W. Thomas Parrington, Jr. ¹
10.14(c)	Deferred Compensation Agreement between the Company and J. William Richardson ¹
10.15(a)	Contribution Agreement, dated as of October 4, 1996, as amended, among Trust Leasing, Inc., Trust Management, Inc., Phillip H. McNeill, Sr., Crossroads/Memphis Company, L.L.C. and Crossroads/Memphis Partnership, L.P. ²
10.15(b)	Master Agreement, dated as of November 4, 1996, as amended, among Equity Inns Partnership, L.P., Interstate Hotels Corporation, Equity Inns, Inc., Crossroads/Memphis Partnership, L.P. and Crossroads Future Company, L.L.C. ²

<u>Exhibit No.</u>	<u>Description</u>
10.16(a)	Contribution Agreement, dated as of December 19, 1996, among Casa Marina Ltd., Casa Marina Realty Corporation, Interstone Partners I, L.P. and Casa Marina Realty Partnership, L.P. ⁴
10.16(b)	Contribution Agreement and Agreement to Assign Partnership Interests and Enter into First Amended and Restated Limited Partnership Agreement, dated as of December 19, 1996, among IHC Reach Corporation, Reach Resort Investment Corporation, Interstone Partners I, L.P. and The Key West Reach Limited Partnership ⁴
21.1	List of Subsidiaries of the Company
23.1	Consent of Coopers & Lybrand L.L.P.
24.1	Powers of Attorney executed by the Company, Michael J. Aranson, David J. Fine, Milton Fine, R. Michael McCullough, W. Thomas Parrington, Jr., J. William Richardson, Thomas J. Saylak and Steven J. Smith
27.1	Financial Data Schedule

¹ Filed previously as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1996 and incorporated herein by reference.

² Filed previously as an exhibit to the Company's Registration Statement on Form S-1, as amended (Registration. No. 333-15507), and incorporated herein by reference.

³ Filed previously as an exhibit to the Company's Registration Statement on Form S-1, as amended (Registration. No. 333-3958), and incorporated herein by reference.

⁴ Filed previously as an exhibit to the Company's Current Report on Form 8-K dated December 27, 1997 and incorporated herein by reference.

Property Appraiser's Parcel
Parcel ID#

01227162

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DOC-DEED 225,400.00 MARINA STILLER
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SPECIAL WARRANTY DEED

THIS INDENTURE, is made effective as of the 2nd day of April, 1997, between RADNOR/PLANTATION CORPORATION, whose mailing address is c/o Radnor Development Corporation, 585 N.E. Ocean Boulevard, Hutchinson Island, Stuart, Florida 34996 ("Grantor"), and IHC REALTY PARTNERSHIP, L.P., a Delaware limited partnership, whose mailing address is 680 Andersen Drive, Pittsburgh, Pennsylvania 15220 and whose employer identification number is 25-1792961 (hereinafter collectively referred to as "Grantee").

W I T N E S S E T H

That the Grantor, for and in consideration of the sum of ONE DOLLAR (\$1.00) and other good and valuable consideration to it in hand paid by the Grantee, the receipt of which is hereby acknowledged, has granted, bargained and sold to the Grantee, and the Grantee's heirs and assigns forever, the following described real property situated, lying and being in Martin County, Florida, to wit:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

SUBJECT TO TAXES FOR CURRENT AND ALL SUBSEQUENT YEARS, AND TO CONDITIONS, RESTRICTIONS, EASEMENTS AND RESERVATIONS OF RECORD AS SET FORTH ON EXHIBIT "B" ATTACHED HERETO AND MADE A PART HEREOF, REFERENCE TO WHICH WILL NOT SERVE TO REIMPOSE THE SAME.

And Grantor does hereby fully warrant the title to the land, and will defend the same against the lawful claims of all persons whomsoever claiming by or through Grantor.

THIS INSTRUMENT PREPARED BY:

Matthew J. Comisky, Esquire
 Blank, Rome, Comisky & McCauley
 1200 Four Penn Center Plaza
 Philadelphia, PA 19103

Record & Return to
J. B. Ricketts
 HOLLAND & KNIGHT
 P.O. Box 14070
 Ft. Lauderdale, FL 33302



IN WITNESS WHEREOF, Grantor has caused this Special Warranty Deed to be duly executed as of the date above set forth.

SIGNED, SEALED AND DELIVERED in the presence of:

RADNOR/PLANTATION CORPORATION, a Florida corporation

Name: [Signature]
STEPHEN B. MOSS

By: [Signature]
Stephen H. Osburn, President
[Corporate Seal]

Name: [Signature]
JAMES M. NORMAN

STATE OF FLORIDA :
COUNTY OF PALM BEACH : SS

I HEREBY CERTIFY that before me, a notary public, personally appeared Stephen H. Osburn, as the President of RADNOR/PLANTATION CORPORATION, a Delaware corporation, being either personally known to me or who produced sufficient identification in the form of a Florida drivers license, and who executed the foregoing instrument as _____ of said corporation, for the purposes therein expressed as the free act and deed of said corporation.

WITNESS my hand and official seal at the County and State aforesaid, this 2nd day of April, 1997.

[Signature]
Notary Public

My Commission Expires:
12/10/98

Florida Notary Commission No.:
CC 427190

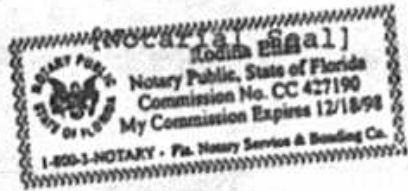


Exhibit "A" - Legal description.

EXHIBIT A

PARCEL I

Being a parcel of land lying in Government Lots 3, 4 and 5 less the North 1000 feet thereof; Government Lots 6 and 7; Government Lot 8 less that part of the North 370.92 feet lying Westerly of a line that is 880 feet West of, as measured at right angles, and parallel with the East line of said Government Lot 8, also less that part of said Government Lot 8, less the North 370.92 feet lying Northerly of State Road A-1A; Government Lots 9 and 10, Section 31, Township 37 South, Range 42 East, less the right-of-way of State Road A-1-A.

AND LYING IN that part of Government Lot 1, Section 32, Township 37 South, Range 42 East, lying North of the Easterly prolongation of the South line of Government Lot 6, Section 31, Township 37 South, Range 42 East, AND LYING IN Government Lot 1, Section 6, Township 38 South, Range 42 East, ALL LYING IN Martin County, Florida, and being more particularly described as follows:

BEGIN at a point of intersection of the Southeasterly right-of-way line of State Road A-1-A and the South line of the North 1000 feet of Government Lot 4, of said Section 13, thence S 62°27'20" W, along said Southeasterly right-of-way line a distance of 1000.00 feet to the Northeasterly right-of-way line of MacArthur Boulevard as described in Official Records Book 438, at Page 293 - 295, Public Records of Martin County, Florida; thence Southeasterly and Easterly along said Northeasterly right-of-way line by the following courses and distances:

Thence S 27°32'40" E a distance of 172.00 feet to the beginning of a curve concave to the Northeast having a radius of 405.00 feet; thence Southeasterly along the arc of said curve a distance of 132.40 feet through a central angle of 18°43'49"; thence S 46°16'29" E, a distance of 152.26 feet; thence S 42°55'17" E a distance of 170.96 feet to a point in a non tangent curve concave to the Northeast having a radius of 1410.00 feet the chord of which bears S 67°49'58" E; thence Southeasterly along the arc of said curve a distance of 1061.05 feet through a central angle of 43°06'58"; thence S 89°23'27" E, tangent to last described curve a distance of 467.00 feet to a point hereinafter referred to as "POINT A" and the Westerly boundary of the Access Easement as described in Official Records Book 501, at Page 2719, Public Records of Martin County, Florida; thence Northerly and Northeasterly along said Westerly boundary by the following courses and distances;

thence N 00°36'33" E a distance of 85.00 feet; thence N 59°48'57" E a distance of 398.84 feet to the Southwest corner of TENNIS VILLAS CONDOMINIUM NO. 1; thence along the Southwesterly boundary of said TENNIS VILLAS CONDOMINIUM NO. 1, the Pool area and TENNIS VILLAS CONDOMINIUM NO. 2 by the following courses and distances:

thence N 29°36'32" W a distance of 259.63 feet; thence N 70°26'35" W a distance of 29.31 feet; thence N 36°52'12" W a distance of 125.00 feet; thence N 60°29'19" W a distance of 60.90 feet; thence N 15°00'18" W a distance of 200.85 feet to Easterly boundary of LAKESIDE, A CONDOMINIUM, thence along the boundary of said LAKESIDE, A CONDOMINIUM by the following courses and distances; thence S 51°05'00" W a distance of 7.55 feet; thence N 81°52'12" W a distance of 41.93 feet; thence N 78°41'24" W a distance of 20.40 feet; thence N 85°14'11" W a distance of 24.08 feet; thence S 87°3'51" W a distance of 22.02 feet; thence N 82°14'05" W a distance of 22.20 feet; thence West, a distance of 26.00 feet; thence S 80°54'35" W a distance of 25.32 feet; thence S 85°36'05" W a distance of 26.08 feet; thence S 75°57'50" W a distance of 24.74 feet; thence S 66°30'05" W a distance of 25.08 feet; thence S 53°07'48" W a distance of 30.00 feet; thence S 26°33'54" W a distance of 31.31 feet; thence S 07°41'46" E a distance of 33.50 feet to a point hereinafter referred to as point "B"; thence continue S 07°41'46" E a distance of 3.84 feet; thence S 18°26'06" E a distance of 25.30 feet; thence S 28°48'39" E a distance of 68.48 feet; thence S 15°15'18" E a distance of 34.21 feet; thence S 03°38'51" E a distance of 30.07 feet; thence S 15°56'43" W a distance of 14.56 feet; thence S 38°39'35" W a distance of 19.21 feet; thence S 59°02'10" W a distance of 23.32 feet; thence S 68°57'45" W a distance of 27.86 feet; thence S 76°45'34" W a distance of 34.93 feet; thence S 84°08'38" W a distance of 39.21 feet; thence S 85°01'49" W a distance of 46.17 feet; thence N 80°32'16" W a distance of 30.41 feet; thence N 85°36'05" W a distance of 52.15 feet; thence S 81°53'55" W a distance of 7.05 feet; thence S 71°33'54" W a distance of 1.59 feet; thence N 75°12'43" W a distance of 363.18 feet; thence N 46°54'33" E a distance of 39.22 feet; thence N 32°20'51" E a distance of 35.51 feet; thence N 12°52'30" E a distance of 35.90 feet; thence N 23°57'45" E a distance of 39.40 feet; thence N 19°39'14" E a distance of 14.87 feet; thence N 31°25'46" E a distance of 21.10 feet; thence N 42°16'25" E a distance of 14.87 feet; thence N 55°00'29" E a distance of 12.21 feet; thence N 78°41'24" E a distance of 10.20 feet; thence East a distance of 39.00 feet; thence N 86°38'01" E a distance of 34.06 feet; thence N 75°10'25" E a distance of 35.17 feet; thence N 59°02'10" E a distance of 11.66 feet; thence N 28°36'38" E a distance of 12.53 feet; thence N 28°55'35" E a distance of 43.42 feet; thence N 41°59'14" E a distance of 13.45 feet; thence N 65°33'22" E a distance of 12.08 feet; thence N 85°36'05" E a distance of 13.04 feet; thence S 81°15'14" E a distance of 13.15 feet; thence S 75°37'07" E a distance of 40.26 feet; thence S 79°17'13" E a distance of 37.66 feet; thence S 82°52'30" E a distance of 16.13 feet; thence N 84°17'22" E a distance of 20.10 feet; thence N 73°51'20" E a distance of 39.56 feet; thence N 83°25'05" E a distance of 26.17 feet; thence N 85°36'05" E a distance of 13.04 feet; thence N 78°31'05" E a distance of 65.31 feet; thence N 78°13'54" E a distance of 24.52 feet; thence N 75°57'50" E a distance of 24.74 feet; thence N 71°33'54" E a distance of 12.01 feet; thence N 89°58'04" E a distance of 337.33 feet to the Westerly boundary of

TENNIS VILLAS CONDOMINIUM NO. 3; thence along the Westerly boundary of said TENNIS VILLAS CONDOMINIUM NO. 3. by the following courses and distances: thence N 51°05'00" E a distance of 85.87 feet; thence N 05°44'17" E a distance of 205.96 feet; thence N 64°01'32" E a distance of 63.38 feet; to the Westerly boundary of OCEAN TERRACE, A CONDOMINIUM, as recorded in Official Records Book 514, Page 2180, Public Records of Martin County, Florida; thence N 26°50'10" W along said Westerly boundary a distance of 129.34 feet to the intersection with the South line of the North 1000 feet of Government Lots 3, 4 and 5 of said Section 31, Township 37 South, Range 42 East; thence N 88°44'44" W a distance of 1115.36 feet to the Point of Beginning.

PARCEL II

Commence at the point of intersection of the Southeasterly right-of-way line of State Road A-1-A and the South line of the North 1000 feet of said Government Lot 4 of said Section 31; thence South 62 degrees 27 minutes 20 seconds West along said Southeasterly right-of-way line a distance of 1937.31 feet to the Point of Beginning of the following described parcel:

Thence North 62 degrees 27 minutes 20 seconds East, returning along said Southeasterly right-of-way a distance of 837.31 feet to the Southwesterly right-of-way line of MacArthur Boulevard as described in Official Records Book 438, at Pages 293-295, of the Public Records of Martin County, Florida; thence along said Southwesterly right-of-way line of MacArthur Boulevard by the following courses and distances:

Thence South 27 degrees 32 minutes 40 seconds East a distance of 172.00 feet to the beginning of a curve concave to the Northeast having a radius of 505.00 feet; thence Southeasterly along the arc of said curve a distance of 165.09 feet through a central angle of 18 degrees 43 minutes 49 seconds; thence South 46 degrees 16 minutes 29 seconds East a distance of 58.72 feet to the Northwesterly boundary of an easement for ingress and egress as described in Exhibit "O" of the Declaration of Condominium of RIVERWOOD, A CONDOMINIUM; thence along the said Northwesterly boundary by the following courses and distances:

Thence South 53 degrees 19 minutes 11 seconds West a distance of 139.58 feet; thence South 48 degrees 10 minutes 37 seconds West a distance of 200.81 feet; thence South 53 degrees 19 minutes 11 seconds West a distance of 142.11 feet to the Northeasterly corner of RIVER VILLAGE CONDOMINIUM; thence along the Northerly and Westerly boundary of said RIVER VILLAGE CONDOMINIUM by the following courses and distances:

Thence North 69 degrees 56 minutes 43 seconds West a distance of 317.59 feet; thence South 60 degrees 45 minutes 04 seconds West a distance of 118.98 feet; thence South 10 degrees 55 minutes 22 seconds East a distance of 51.80 feet; thence South 05 degrees 11 minutes 40 seconds East a distance of 22.09 feet; thence South 17 degrees 16 minutes 54 seconds East a distance of 43.05 feet; thence South 17 degrees 28 minutes 39 seconds East a distance of 50.46 feet; thence South 17 degrees 15 minutes 05 seconds East a distance of 44.36 feet; thence South 32 degrees 44 minutes 23 seconds East a distance of 49.58 feet; thence South 19 degrees 37 minutes 54 seconds East a distance of 66.52 feet; thence South 8 degrees 16 minutes 02 seconds West a distance of 84.93 feet; thence South 64 degrees 27 minutes 49 seconds East a distance of 50.00 feet; thence South 48 degrees 20 minutes 54 seconds East a distance of 65.35 feet; thence South 47 degrees 30 minutes 00 seconds East a distance of 60.00 feet; thence South 37 degrees 00 minutes 00 seconds East a distance of 2.42 feet; thence North 40 degrees 00 minutes 00

seconds East a distance of 7.21 feet to the Northwesterly corner of RIVERWOOD, A CONDOMINIUM; thence along the boundary of said RIVERWOOD, A CONDOMINIUM by the following courses and distances:

Thence South 31 degrees 48 minutes 35 seconds East a distance of 88.87 feet; thence South 19 degrees 01 minutes 34 seconds East a distance of 86.85 feet; thence South 18 degrees 00 minutes 53 seconds West a distance of 59.86 feet; thence South 24 degrees 43 minutes 52 seconds East a distance of 10.83 feet; thence South 65 degrees 09 minutes 27 seconds West a distance of 29.75 feet; thence South 46 degrees 56 minutes 02 seconds East a distance of 113.21 feet; thence South 43 degrees 22 minutes 24 seconds East a distance of 119.90 feet; thence South 15 degrees 49 minutes 28 seconds East a distance of 60.33 feet; thence South 18 degrees 26 minutes 06 seconds East a distance of 34.62 feet; to the Southeasterly corner of RIVERWOOD, A CONDOMINIUM, PHASE "E"; thence along the Southeasterly boundary of said PHASE "E" by the following courses and distances:

Thence North 62 degrees 31 minutes 33 seconds East a distance of 154.60 feet; thence North 13 degrees 31 minutes 33 seconds East a distance of 20.00 feet; thence South 76 degrees 28 minutes 27 seconds East a distance of 23.00 feet; thence North 13 degrees 31 minutes 33 seconds East a distance of 55.47 feet; to a point in a non tangent curve concave to the Southwest having a radius of 156.53 feet the chord which bears South 66 degrees 22 minutes 16 seconds East and being the Southeasterly boundary of said ingress and egress easement; thence Southeasterly along the arc of said curve a distance of 36.57 feet to the point of cusp with a curve concave to the Southeast having a radius of 12.50 feet, the chord of which bears South 65 degrees 28 minutes 08 seconds West, said Point being described as POINT "X" in the Declaration of Condominium of said RIVERWOOD, A CONDOMINIUM and being in the Northerly boundary of PHASE M of said RIVERWOOD, A CONDOMINIUM; thence along the boundary of said PHASE "M" by the following courses and distances:

Thence Northwesterly, Westerly and Southwesterly along the arc of said curve a distance of 22.69 feet through a central angle of 104 degrees 01 minutes 09 seconds; thence South 13 degrees 31 minutes 33 seconds West a distance of 77.08 feet to the beginning of a curve concave to the Northeast having a radius of 63.00 feet; thence Southwesterly, Southerly, Southeasterly, Easterly and Northeasterly along the arc of said curve a distance of 142.94 feet through a central angle of 129 degrees 59 minutes 38 seconds; thence North 63 degrees 31 minutes 55 seconds East a distance of 34.37 feet to the beginning of a curve concave to the Southwest having a radius of 12.50 feet the chord of which bears North 18 degrees 22 minutes 45 seconds East; thence Northeasterly, Northerly and Northwesterly along the arc of said curve a distance of 19.70 feet through a central angle of 90 degrees 18 minutes 21 seconds to the point of cusp with the Southeasterly boundary of the aforesaid ingress and egress easement; thence South 26 degrees 46 minutes 26 seconds East along said Southeasterly boundary a distance of 12.57

feet to the point of intersection with the Northeasterly prolongation of the Southeasterly boundary of that portion of RIVERWOOD, A CONDOMINIUM, PHASE "M" lying Southerly of said ingress and egress easement; thence North 63 degrees 31 minutes 55 seconds East a distance of 20.00 feet to the Northerly boundary of said ingress and egress easement; thence along said Northerly boundary by the following courses and distances:

Thence North 26 degrees 46 minutes 26 seconds West a distance of 77.09 feet to the beginning of a curve concave to the Southeast having a radius of 176.53 feet the chord of which bears North 33 degrees 40 minutes 06 seconds West; thence Northwesterly along the arc of said curve a distance of 42.48 feet through a central angle of 13 degrees 47 minutes 16 seconds to the Southeast corner of that portion of RIVERWOOD, A CONDOMINIUM, PHASE "M" that lies North of the aforesaid ingress and egress easement; thence along the Easterly boundary of said PHASE "M" by the following courses and distances:

Thence North 49 degrees 26 minutes 18 seconds East a distance of 24.11 feet; thence North 72 degrees 40 minutes 49 seconds East a distance of 135.00 feet to the North boundary of RIVERWOOD, A CONDOMINIUM; thence along the said North boundary by the following courses and distances:

Thence North 42 degrees 49 minutes 11 seconds West a distance of 433.00 feet; thence North 53 degrees 52 minutes 50 seconds West a distance of 137.41 feet; thence North 78 degrees 46 minutes 27 seconds West a distance of 133.56 feet to the said Northerly boundary of aforesaid ingress and egress easement; thence North 20 degrees 33 minutes 22 seconds West, along said Northerly boundary, a distance of 171.64 feet to the Southwest corner of FAIRWAY VILLAS NORTH, A CONDOMINIUM; thence along the boundary of said FAIRWAY VILLAS NORTH, A CONDOMINIUM and FAIRWAY VILLAS SOUTH, A CONDOMINIUM by the following courses and distances:

Thence North 26 degrees 33 minutes 00 seconds East a distance of 51.28 feet; thence North 73 degrees 39 minutes 21 seconds East a distance of 140.01 feet; thence South 74 degrees 08 minutes 14 seconds East a distance of 190.24 feet; thence South 67 degrees 52 minutes 12 seconds East a distance of 161.93 feet; thence South 35 degrees 00 minutes 59 seconds East a distance of 237.55 feet; thence North 03 degrees 47 minutes 08 seconds East a distance of 25.61 feet; thence North 38 degrees 18 minutes 31 seconds East a distance of 127.44 feet; thence North 55 degrees 18 minutes 17 seconds East a distance of 63.25 feet; thence North 76 degrees 09 minutes 38 seconds East a distance of 53.18 feet; thence North 26 degrees 33 minutes 54 seconds West a distance of 180.32 feet; thence North 56 degrees 20 minutes 29 seconds West a distance of 253.50 feet; thence North 89 degrees 30 minutes 52 seconds West a distance of 59.00 feet; thence South 64 degrees 06 minutes 29 seconds West a distance of 113.67 feet; thence South 30 degrees 52 minutes 49 seconds East a distance of 60.09 feet; thence South 09 degrees 19

minutes 32 seconds East a distance of 44.74 feet; thence South 31 degrees 00 minutes 48 seconds West a distance of 40.98 feet; thence North 87 degrees 02 minutes 42 seconds West a distance of 103.63 feet; thence North 59 degrees 13 minutes 58 seconds West a distance of 38.06 feet; thence North 32 degrees 41 minutes 29 seconds West a distance of 43.64 feet; thence South 64 degrees 06 minutes 29 seconds West a distance of 70.68 feet; thence South 73 degrees 39 minutes 21 seconds West a distance of 146.51 feet; thence North 61 degrees 52 minutes 56 seconds West a distance of 49.03 feet to a point in a non tangent curve concave to the Southeast having a radius of 119.79 feet the chord of which bears North 17 degrees 56 minutes 57 seconds East and being the Southeasterly boundary of said access easement; thence Northwesterly, Northerly and Northeasterly along the arc of said curve a distance of 147.90 feet through a central angle of 70 degrees 44 minutes 27 seconds; thence North 53 degrees 19 minutes 11 seconds East along said Southeasterly boundary, a distance of 536.75 feet to the aforesaid Southwesterly right-of-way line of MacArthur Boulevard; thence along the said Southwesterly right-of-way line of MacArthur Boulevard by the following courses and distances:

Thence South 46 degrees 16 minutes 29 seconds East a distance of 55.00 feet; thence South 49 degrees 37 minutes 41 seconds East a distance of 170.96 feet to a point in a non tangent curve concave to the Northeast having a radius of 1490.00 feet, the chord of which bears South 67 degrees 49 minutes 58 seconds East; thence Southeasterly along the arc of said curve a distance of 1121.25 feet through a central angle of 43 degrees 06 minutes 58 seconds; thence South 89 degrees 23 minutes 27 seconds East, tangent to last described curve, a distance of 467.00 feet to the Westerly boundary of an access easement for INLET VILLAGE, A CONDOMINIUM; thence along the said Westerly boundary by the following courses and distances:

Thence South 00 degrees 36 minutes 33 seconds West a distance of 156.50 feet; thence South 30 degrees 27 minutes 41 seconds West a distance of 710.31 feet; thence South 06 degrees 42 minutes 35 seconds West a distance of 171.17 feet; thence South 83 degrees 59 minutes 35 seconds East, radial to the next described curve a distance of 13.41 feet to a point in a non tangent curve concave to the Southeast having a radius of 351.84 feet the chord of which bears South 01 degrees 22 minutes 31 seconds west; thence Southwesterly along the arc of said curve a distance of 56.85 feet through a central angle of 9 degrees 15 minutes 48 seconds to the Northerly boundary of INLET VILLAGE, A CONDOMINIUM; thence along the boundary of said INLET VILLAGE, A CONDOMINIUM by the following courses and distances:

Thence South 86 degrees 44 minutes 37 seconds West, radial to last described curve a distance of 30.90 feet; thence North 22 degrees 02 minutes 10 seconds West a distance of 49.53 feet; thence South 67 degrees 57 minutes 50 seconds West a distance of 415.64 feet; thence West a distance of 97.26 feet; thence South 17 degrees 28

minutes 41 seconds West a distance of 239.86 feet; thence South 87 degrees 23 minutes 33 seconds East a distance of 45.17 feet; thence North 82 degrees 59 minutes 31 seconds East a distance of 27.05 feet; thence South 77 degrees 46 minutes 12 seconds East a distance of 232.84 feet; thence North 84 degrees 09 minutes 02 seconds East a distance of 90.48 feet; thence South 86 degrees 50 minutes 22 seconds East a distance of 40.06 feet; thence South 62 degrees 35 minutes 56 seconds East a distance of 27.00 feet; thence North 06 degrees 28 minutes 48 seconds West a distance of 126.22 feet to a point in a non tangent curve concave to the Northeast having a radius of 270.50 feet, the chord of which bears North 68 degrees 57 minutes 30 seconds West; thence Northwesterly along the arc of said curve a distance of 31.43 feet through a central angle of 6 degrees 39 minutes 23 seconds; thence North 24 degrees 22 minutes 12 seconds East, radial to the last and next described curve, a distance of 30.50 feet to a point in a non tangent curve concave to the Northeast having a radius of 240.00 feet the chord of which bears South 79 degrees 47 minutes 36 seconds East; thence Southeasterly, Easterly and Northeasterly along the arc of said curve a distance of 118.86 feet; thence North 86 degrees 02 minutes 35 seconds East a distance of 83.83 feet to the said Westerly boundary of the access easement for INLET VILLAGE; thence along the boundary of said access easement by the following courses and distances:

Thence South 03 degrees 57 minutes 25 seconds East a distance of 15.00 feet; thence North 86 degrees 02 minutes 35 seconds East a distance of 20.00 feet; thence North 03 degrees 57 minutes 25 seconds West a distance of 81.39 feet to the beginning of a curve concave to the Southwest having a radius of 215.01 feet; thence Northeasterly along the arc of said curve a distance of 70.67 feet through a central angle of 18 degrees 50 minutes 00 seconds to the point of reverse curvature with a curve concave to the Northeast having a radius of 331.84 feet; thence Northwesterly, Northerly and Northeasterly along the arc of said curve a distance of 170.86 feet through a central angle of 29 degrees 30 minutes 00 seconds; thence North 06 degrees 42 minutes 35 seconds East a distance of 108.00 feet to the beginning of a curve concave to the Southeast having a radius of 403.71 feet; thence Northeasterly along the arc of said curve a distance of 167.36 feet through a central angle of 23 degrees 45 minutes 05 seconds; thence North 30 degrees 27 minutes 41 seconds East a distance of 411.48 feet; thence South 59 degrees 31 minutes 19 seconds East a distance of 150.00 feet to the beginning of a curve concave to the Southwest having a radius of 447.00 feet; thence Southeasterly along the arc of said curve a distance of 325.57 feet through a central angle of 41 degrees 43 minutes 53 seconds; thence North 72 degrees 11 minutes 33 seconds East, radial to the last and next described curve, a distance of 60.00 feet to a point in a non tangent curve concave to the Southwest having a radius of 507.00 feet to the chord of which bears North 38 degrees 40 minutes 23 seconds West; thence Northwesterly along the arc of said curve a distance of 369.27 feet through a central angle of 41 degrees 43 minutes 53 seconds; thence North 59 degrees 32 minutes 19 seconds North a distance of 130.00

feet; thence North 30 degrees 27 minutes 41 seconds East a distance of 209.31 feet to the beginning of a curve concave to the Northwest having a radius of 70.00 feet; thence Northeasterly along the arc of said curve a distance of 36.47 feet through a central angle of 29 degrees 51 minutes 10 seconds; thence North 00 degrees 36 minutes 33 seconds East a distance of 61.07 feet to the Southerly right-of-way line of said MacArthur Boulevard; thence along said Southerly right-of-way line by the following courses and distances:

Thence South 89 degrees 23 minutes 27 seconds East a distance of 664.82 feet to the beginning of a curve concave to the Southwest having a radius of 260.00 feet, the chord of which bears South 64 degrees 46 minutes 39 seconds East; thence Southeasterly along the arc of said curve a distance of 283.86 feet through a central angle of 62 degrees 33 minutes 17 seconds; thence North 63 degrees 09 minutes 50 seconds East a distance of 7.00 feet; thence South 26 degrees 50 minutes 10 seconds East a distance of 140.62 feet to the intersection with the North line of aforesaid Government Lot 10; thence North 89 degrees 23 minutes 27 seconds West, along the said North line of Government Lot 10 a distance of 396.89 feet; thence North 01 degrees 10 minutes 31 seconds East a distance of 45.00 feet; thence North 89 degrees 23 minutes 27 seconds West a distance of 231.50 feet; thence North 01 degrees 10 minutes 31 seconds East a distance of 45.00 feet; thence North 89 degrees 23 minutes 27 seconds West a distance of 60.00 feet; thence South 01 degrees 10 minutes 31 seconds West a distance of 735.34 feet; thence South 43 degrees 49 minutes 29 seconds East a distance of 80 more or less to the Mean High Water line of the Indian River; thence meander said Mean High Water line Southeasterly, Southwesterly and Northwesterly a distance of 4950 feet more or less to the intersection with a line that bears South 12 degrees 15 minutes 46 seconds East from the Point of Beginning; thence North 12 degrees 15 minutes 46 seconds West, along lastly said line a distance of 174.7 feet more or less to the Point of Beginning.

LESS that land described in the Declaration of Condominium for RIVERBEND recorded in Official Records Book 793, at Page 1532, of the Public Records of Martin County, Florida.

AND LESS that land described in the Declaration of Condominium for PLANTATION CLUB VILLAS recorded in Official Records Book 741, at Page 1494, of the Public Records of Martin County, Florida.

AND LESS the following described property:

BAYVIEW AT INDIAN RIVER PLANTATION
(INCLUDES PHASES 1 THROUGH IV)

BEING A PARCEL OF LAND LOCATED IN SECTION 31, TOWNSHIP 37 SOUTH, RANGE 42 EAST, MARTIN COUNTY, FLORIDA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF PLANTATION CLUB VILLAS, A CONDOMINIUM, AS RECORDED IN OFFICIAL RECORD BOOK 741, PAGE 1530, OF

THE PUBLIC RECORDS OF MARTIN COUNTY, FLORIDA; AND RUNNING THENCE South 43°49'29" East, for a distance of 69.17 feet to an iron pipe found; THENCE running with the mean high water line of the Indian River (Elev. 0.83 N.G.V.D. 1929) South 34°59'47" East, for a distance of 40.38 feet to a point; THENCE South 13°23'22" east, for a distance of 50.09 feet to a point; THENCE South 05°57'34" West for a distance of 54.23 feet to a point; THENCE South 28°07'59" East, for a distance of 50.99 feet to a point; THENCE South 07°11'12" East, for a distance of 66.61 feet to a point; THENCE South 56°00'45" East, for a distance of 49.99 feet to a point; THENCE South 32°25'31" East, for a distance of 50.04 feet to a point; THENCE South 38°06'16" East, for a distance of 50.49 feet to a point; THENCE South 26°42'04" East, for a distance of 50.09 feet to a point; THENCE South 17°14'12" East, for a distance of 58.24 feet to a point; THENCE South 00°21'31" East, for a distance of 47.11 feet to a point; THENCE South 31°00'02" West, for a distance of 51.92 feet to a point; THENCE South 70°23'32" West, for a distance of 54.63 feet to a point; THENCE South 46°38'34" West, for a distance of 50.00 feet to a point; THENCE South 52°21'12" West, for a distance of 50.25 feet to a point; THENCE South 61°16'57" West, for a distance of 43.52 feet to a point; THENCE South 65°40'15" West, for a distance of 16.38 feet to a point; THENCE North 88°20'27" West, for a distance of 50.25 feet to a point; THENCE North 87°12'15" West, for a distance of 50.16 feet to a point; THENCE South 89°24'00" West, for a distance of 50.49 feet to a point; THENCE North 71°19'13" West, for a distance of 50.99 feet to a point; THENCE North 84°55'15" West, for a distance of 50.04 feet to a point; THENCE North 87°12'15" West, for a distance of 50.16 feet to a point; THENCE North 87°28'49" West, for a distance of 47.31 feet to a point; THENCE North 78°31'13" West, for a distance of 59.46 feet to a point; THENCE North 78°59'57" West, for a distance of 50.80 feet to a point; THENCE North 71°05'09" West, for a distance of 50.04 feet to a point; THENCE North 36°10'34" West, for a distance of 59.36 feet to a point; THENCE North 59°42'18" West, for a distance of 50.64 feet to a point; THENCE North 61°57'09" West, for a distance of 50.36 feet to a point; THENCE North 69°56'28" West, for a distance of 50.01 feet to a point; THENCE North 70°03'23" West, for a distance of 45.44 feet to a point; THENCE North 81°58'46" West, for a distance of 76.97 feet to a point; THENCE South 70°15'47" West, for a distance of 78.03 feet; THENCE South 83°47'45" West, for a distance of 56.32 feet to the intersection with the extension of the west line of Inlet Villas, Phase 4, a Condominium, said line also being the East line of Inlet Villas, Phase 3, a Condominium, all recorded in Official Record Book 533, Page 2714 of said Public Records; THENCE departing said mean high water line and running with the previously mentioned West and East line North 06°28'48" East, for a distance of 55.00 feet to the intersection with the south line of said Inlet Village, Phase 3; THENCE continuing with the said West and East line North 06°28'48" East, for a distance of 126.22 feet to a point; THENCE along a curve to the right, having a radius of 270.50 feet and an arc length of 31.43 feet, being subtended by a chord of North 68°57'30" West, for a distance of 31.41 feet to a point; THENCE North 24°22'12" East, for a distance of 18.00 feet to a

point; THENCE along a curve to the left, having a radius of 252.50 feet and an arc length of 124.84 feet, being subtended by a chord of South 79°47'36" East, for a distance of 123.57 feet to a point; THENCE North 86°02'35" East, for a distance 81.33 feet to a point; THENCE along a curve to the right, having a radius of 2.50 feet and an arc length of 3.93 feet, being subtended by a chord of South 48°57'25" East, for a distance of 3.54 feet to a point on the southwest corner of a non exclusive ingress egress easement as recorded in Official Record Book 533, Page 2718 of said Public Records; THENCE South 03°57'25" East, for a distance of 2.50 feet to a point; THENCE North 86°02'35" East, for a distance of 20.00 feet to a point; THENCE North 03°57'25" West, for a distance of 2.50 feet to the southeast corner of said non exclusive ingress egress easement; THENCE running with the east line of said easement North 03°57'25" West, for a distance of 83.89 feet to a point; THENCE along a curve to the left, having a radius of 215.00 feet and an arc length of 70.67 feet, being subtended by a chord of North 13°22'25" West, for a distance of 70.36 feet to a point; THENCE along a curve to the right, having a radius or 331.84 feet and an arc length of 170.79 feet, being subtended by a chord of North 08°02'39" West, for a distance of 168.91 to a point; THENCE departing said east line South 83°17'25" West, for a distance of 12.00 feet to a point; THENCE South 14°29'58" East, for a distance of 40.92 feet to a point; THENCE South 22°34'50" East, for a distance of 56.77 feet to a point; THENCE South 48°35'45" East, for a distance of 135.39 feet to a point; THENCE South 68°52'09" East, for a distance of 145.22 feet to a point; THENCE South 88°32'51" East, for a distance of 72.20 feet to a point; THENCE North 05°46'01" East, for a distance of 7.69 feet to a point; THENCE South 84°13'59" East, for a distance of 96.06 feet to a point; THENCE South 05°46'01" West, for a distance of 8.00 feet to a point; THENCE South 84°13'59" East, for a distance of 103.00 feet to a point; THENCE North 54°15'18" East, for a distance of 47.00 feet to a point; THENCE North 89°54'40" East, for a distance of 1.84 feet to a point; THENCE North 54°15'18" East, for a distance of 8.14 feet to a point; THENCE North 13°02'43" East, for a distance of 54.34 feet to a point; THENCE North 13°02'40" West, for a distance of 170.08 feet to the intersection with the south line of the aforementioned Plantation Club Villas; THENCE running with the south line of said Plantation Club Villas North 75°04'58" East, for a distance of 133.34 feet to the POINT OF BEGINNING.

AND LESS the following described property:

That portion of Section 31, Township 37 South, Range 42 East, Martin County, Florida conveyed to Riverwood Condominium Association, Inc. by Radnor/Plantation Corporation in Special Warranty Deed recorded in Official Records Book 844, Page 226 of the Public Records of Martin County, Florida, described as follows:

Commence at the intersection of the Southeasterly right-of-way line of State Road 11A and the South line of the North 1000.00 feet of Government Lot 4, of said Section 31; thence South 22 degrees 18

seconds 05 minutes West, 2219.55 feet to set iron rod and cap at the Point of Beginning; thence

1. South 76 degrees 28 seconds 27 minutes East, 23.00 feet to a set drill hole, thence;
2. North 13 degrees 31 seconds 33 minutes East, 55.48 feet to a found PK nail and cap, thence;
3. 36.58 feet along the arc of a curve to the right having a radius of 156.53 feet, a central angle of 13 degrees 23 seconds 23 minutes and a chord bearing and distance of South 66 degrees 22 seconds 11 minutes East, 36.50 feet to a found 3/4" iron pipe; thence
4. 22.69 feet along the arc of a curve to the left, having a radius of 12.50 feet, a central angle of 104 degrees 00 seconds 57 mi, and a chord bearing and distance of South 65 degrees 32 seconds 01 minutes West, 19.70 feet to an iron rod and cap set, thence;
5. South 13 degrees 31 seconds 33 minutes West, 74.08 feet to a found iron pipe and cap, thence;
6. 57.16 feet along the arc of a curve to the left having a radius of 25.00 feet, a central angle of 131 degrees 00 seconds 00 minutes and a chord bearing and distance of North 51 degrees 58 seconds 27 minutes West, 45.50 feet to a found iron rod thence;
7. South 62 degrees 31 seconds 33 minutes West, 2.65 feet to a found 1/2" iron pipe thence;
8. North 13 degrees 31 seconds 33 minutes East, 20.00 feet to the Point of Beginning.

LEGAL DESCRIPTION

ALSO LESS AND EXCEPT FROM PARCEL II :

Being a parcel of land located in Section 31, Township 37 South, Range 42 East, Martin County, Florida. being more particularly described as follows:

Commence at point of intersection of the Southeasterly Right-of-Way line of State Road A-1-A (a 200.00 foot right-of-way) and the South line of the North 1000 feet of Government Lot 4, of said Section 31, thence South 62°27'20" West, along said Southeasterly Right-of-Way line a distance of 1000.00 feet to the Northeasterly Right-of-Way line of MacArthur Boulevard as described in O. R. Book 438, Page 293 - 295, Public Records of Martin County, Florida; thence Southeasterly and Easterly along said Northeasterly Right-of-Way line by the following courses and distances;

Thence South 27°32'40" East, a distance of 172.00 feet to the beginning of a curve concave to the Northeast having a radius of 405.00 feet thence Southeasterly along the arc of said curve a distance of 132.40 feet through a central angle of 18°43'49"; thence South 46°16'29" East, a distance of 152.26 feet; thence South 42°55'17" East, a distance of 170.96 feet to a point on a non tangent curve concave to the Northeast having a radius of 1410.00 feet the chord of which bears South 67°49'58" East; thence Southeasterly along the arc of said curve a distance of 1061.05 feet through a central angle of 43°06'58"; thence South 89°23'27" East, tangent to last described curve a distance of 467.00 feet to the Westerly boundary of the access easement as described in O. R. Book 501, Page 2719, Public Records of Martin County, Florida; thence South 00°36'33" West, a distance of 80.00 feet to the Southerly Right-of-Way line of MacArthur Boulevard; thence continue South 00°36'33" West a distance of 156.50 feet; thence South 30°27'41" West, a distance of 710.31 feet; thence South 06°42'35" West, a distance of 171.17 feet; thence South 83°59'35" East, radial to the next described curve, a distance of 13.41 feet to a point in a non-tangent curve concave to the Northeast, having a radius of 351.84 feet, the chord of which bears South 08°23'30" East, thence Southeasterly along the arc of said curve, a distance of 176.84 feet through a central angle of 28°47'50" to a point of reverse curvature, said curve having a radius of 195.01 feet; thence along the arc of said curve, a distance of 64.10 feet through a central angle of 18°50'00"; thence South 03°57'25" East, a distance of 79.00 feet to the Point of Beginning; thence continue South 03°57'25" East a distance of 2.39 feet; thence continue South 03°57'25" East, a distance of 2.50 feet; thence North 86°02'35" East, a distance of 20.00 feet; thence North 03°57'25" West, a distance of 2.50 feet; thence continue North 03°57'25" West, a distance of 20.39 feet; thence South 44°03'21" West a distance of 26.91 feet to the Point of Beginning.

Containing 0.006 acres, more or less.

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PARCEL 10

D-16

OR BK 1 2 2 9 PGD 3 2 6



SKETCH OF LEGAL DESCRIPTION FOR:
RADNOR / PLANTATION CORPORATION

LEGAL DESCRIPTION

ALSO LESS AND EXCEPT FROM PARCEL II:

Being a parcel of land located in Section 31, Township 37 South, Range 42 East, Martin County, Florida. being more particularly described as follows:

Commence at point of intersection of the Southeasterly Right-of-Way line of State Road A-1-A (a 200.00 foot right-of-way) and the South line of the North 1000 feet of Government Lot 4, of said Section 31, thence South 62°27'20" West, along said Southeasterly Right-of-Way line a distance of 1000.00 feet to the Northeasterly Right-of-Way line of MacArthur Boulevard as described in C. R. Book 438, Page 293 - 295, Public Records of Martin County, Florida; thence Southeasterly and Easterly along said Northeasterly Right-of-Way line by the following courses and distances;

Thence South 27°32'40" East, a distance of 172.00 feet to the beginning of a curve concave to the Northeast having a radius of 405.00 feet thence Southeasterly along the arc of said curve a distance of 132.40 feet through a central angle of 18°43'49"; thence South 46°16'29" East, a distance of 152.26 feet; thence South 42°55'17" East, a distance of 170.96 feet to a point on a non tangent curve concave to the Northeast having a radius of 1410.00 feet the chord of which bears South 67°49'58" East; thence Southeasterly along the arc of said curve a distance of 1061.05 feet through a central angle of 43°06'58"; thence South 89°23'27" East, tangent to last described curve a distance of 467.00 feet to the Westerly boundary of the access easement as described in O. R. Book 501, Page 2719, Public Records of Martin County, Florida; thence South 00°36'33" West, a distance of 80.00 feet to the Southerly Right-of-Way line of MacArthur Boulevard; thence continue South 00°36'33" West a distance of 156.50 feet; thence South 30°27'41" West, a distance of 710.31 feet; thence South 06°42'35" West, a distance of 171.17 feet; thence South 83°59'35" East, radial to the next described curve, a distance of 13.41 feet to a point in a non-tangent curve concave to the Northeast, having a radius of 351.84 feet, the chord of which bears South 08°23'30" East, thence Southeasterly along the arc of said curve, a distance of 176.84 feet through a central angle of 28°47'50" to a point of reverse curvature, said curve having a radius of 195.01 feet; thence along the arc of said curve, a distance of 64.10 feet through a central angle of 18°50'00"; thence South 03°57'25" East, a distance of 66.39 feet to the Point of Beginning; thence South 86°02'35" West, a distance of 83.83 feet to the beginning of a curve concave to the Northeast, having a radius of 240.00 feet, thence Northwesterly along the arc of said curve, a distance of 118.66 feet through a central angle of 28°19'41"; thence South 24°22'11" West, a distance of 12.50 feet to the beginning of a non-tangent curve concave Northeast, having a radius of 252.50 feet, the chord of which bears South 79°47'36" East, thence Southeasterly along the arc of said curve, a distance of 124.84 feet through a central angle of 28°19'41"; thence North 86°02'35" East, a distance of 81.33 feet to the beginning of a curve concave to the Southwest, having a radius of 2.50 feet, the chord of which bears South 49°00'59" East, thence Southeasterly along the arc of said curve, a distance of 3.93 feet through a central of 89°58'49" to a point of cusp; thence North 03°57'25" West, a distance of 15.00 feet to the Point of Beginning.

Containing 0.059 acres, more or less.

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PARCEL 11

OR BK 1 2 2 9 PGO 3 2 7

SKETCH OF LEGAL DESCRIPTION FOR:

LEGAL DESCRIPTION

ALSO LESS AND EXCEPT FROM PARCEL II ;
PARCEL 6

BEING A PARCEL OF LAND LOCATED IN SECTION 31, TOWNSHIP 37 SOUTH,
RANGE 42 EAST, MARTIN COUNTY, FLORIDA. BEING MORE PARTICULARLY
DESCRIBED AS FOLLOWS:

COMMENCE AT THE POINT OF INTERSECTION OF THE SOUTHEASTERLY RIGHT-
OF-WAY LINE OF STATE ROAD A-1-A (A 200.00 FOOT RIGHT-OF-WAY) AND
THE SOUTH LINE OF THE NORTH 1000 FEET OF GOVERNMENT LOT 4 OF SAID
SECTION 31; THENCE S 62°27'20" W ALONG SAID SOUTHEASTERLY RIGHT-
OF-WAY LINE A DISTANCE OF 1100.00 FEET TO THE SOUTHWESTERLY RIGHT-
OF-WAY LINE OF MACARTHUR BOULEVARD AS DESCRIBED IN O.R. BOOK 438,
PAGES 293 - 295, PUBLIC RECORDS OF MARTIN COUNTY, FLORIDA; THENCE
ALONG SAID SOUTHWESTERLY RIGHT-OF-WAY LINE OF MACARTHUR BOULEVARD
BY THE FOLLOWING COURSES AND DISTANCES:

THENCE S 27°32'40" E A DISTANCE OF 172.00 FEET TO THE BEGINNING
OF A CURVE CONCAVE TO THE NORTHEAST HAVING A RADIUS OF 505.00 FEET;
THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF
165.09 FEET THROUGH A CENTRAL ANGLE OF 18°43'49"; THENCE
S 46°16'29" E A DISTANCE OF 58.72 FEET TO THE NORTHWESTERLY
BOUNDARY OF AN EASEMENT FOR INGRESS AND EGRESS AS DESCRIBED IN
EXHIBIT "O" OF THE DECLARATION OF CONDOMINIUM OF RIVERWOOD, A
CONDOMINIUM; THENCE ALONG THE SAID NORTHWESTERLY BOUNDARY BY THE
FOLLOWING COURSES AND DISTANCES:

THENCE S 53°19'11" W A DISTANCE OF 139.58 FEET;
THENCE S 48°10'37" W A DISTANCE OF 200.81 FEET;
THENCE S 53°19'11" W A DISTANCE OF 142.11 FEET
TO THE NORTHEASTERLY CORNER OF RIVER VILLAGE CONDOMINIUM; THENCE
ALONG THE NORTHERLY AND WESTERLY BOUNDARY OF SAID RIVER VILLAGE
CONDOMINIUM BY THE FOLLOWING COURSES AND DISTANCES;

THENCE N 69°56'43" W A DISTANCE OF 317.59 FEET;
THENCE S 60°45'04" W A DISTANCE OF 118.98 FEET;
TO THE POINT OF BEGINNING OF THE FOLLOWING DESCRIBED PARCEL;

THENCE CONTINUE ALONG THE WESTERLY BOUNDARY OF SAID RIVER VILLAGE
CONDOMINIUM THROUGH THE FOLLOWING COURSES AND DISTANCES;

THENCE S 10°55'22" E A DISTANCE OF 51.80 FEET;
THENCE S 05°11'40" E A DISTANCE OF 22.09 FEET;
THENCE S 17°16'54" E A DISTANCE OF 43.05 FEET;
THENCE S 17°28'39" E A DISTANCE OF 50.46 FEET;
THENCE S 17°15'05" E A DISTANCE OF 44.36 FEET;
THENCE S 32°44'23" E A DISTANCE OF 49.58 FEET;
THENCE S 19°37'54" E A DISTANCE OF 66.52 FEET;
THENCE S 8°16'02" W A DISTANCE OF 84.93 FEET;
THENCE S 64°27'49" E A DISTANCE OF 50.00 FEET;
THENCE S 48°20'54" E A DISTANCE OF 65.35 FEET;
THENCE S 47°30'00" E A DISTANCE OF 60.00 FEET;
THENCE S 37°00'00" E A DISTANCE OF 2.42 FEET;
THENCE N 40°00'00" E A DISTANCE OF 7.21 FEET;

TO THE NORTHWESTERLY CORNER OF RIVERWOOD, A CONDOMINIUM; THENCE
ALONG THE BOUNDARY OF SAID RIVERWOOD, A CONDOMINIUM BY THE
FOLLOWING COURSES AND DISTANCES:

ORBK1229 PG0328

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ORBK1229 PG0328

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LEGAL DESCRIPTION

PARCEL 6 CONTINUED

THENCE S 31°48'35" E A DISTANCE OF 88.87 FEET;
 THENCE S 19°01'34" E A DISTANCE OF 86.85 FEET;
 THENCE S 18°00'53" W A DISTANCE OF 59.86 FEET;
 THENCE S 24°43'52" E A DISTANCE OF 90.83 FEET;
 THENCE S 65°09'27" W A DISTANCE OF 29.75 FEET;
 THENCE S 46°56'02" E A DISTANCE OF 113.21 FEET;
 THENCE S 43°22'24" E A DISTANCE OF 119.90 FEET;
 THENCE S 15°49'28" E A DISTANCE OF 60.33 FEET;
 THENCE S 18°26'06" E A DISTANCE OF 34.62 FEET;
 TO THE SOUTHWESTERLY CORNER OF RIVERWOOD, A CONDOMINIUM, PHASE "E";
 THENCE CONTINUE S 18°26'06" E A DISTANCE OF 91.87 FEET;
 THENCE S 49°57'42" E A DISTANCE OF 102.02 FEET;
 THENCE S 78°28'05" E A DISTANCE OF 94.53 FEET;
 THENCE S 49°26'19" E A DISTANCE OF 48.40 FEET;
 THENCE S 38°20'00" E A DISTANCE OF 27.41 FEET;
 THENCE S 50°03'49" E A DISTANCE OF 112.16 FEET;
 THENCE S 32°59'02" E A DISTANCE OF 90.01 FEET;
 THENCE S 65°48'24" E A DISTANCE OF 37.82 FEET;
 THENCE S 85°39'24" E A DISTANCE OF 39.61 FEET;
 THENCE S 65°19'50" E A DISTANCE OF 94.64 FEET;
 THENCE S 81°35'54" E A DISTANCE OF 48.45 FEET;
 THENCE S 12°42'40" W A DISTANCE OF 50' MORE OR LESS TO THE
 APPROXIMATE MEAN HIGH WATER LINE OF THE INDIAN RIVER; THENCE MEANDER
 SAID MEAN HIGH WATER LINE NORTHWESTERLY AND NORTHEASTERLY A DISTANCE
 OF 2,070 FEET MORE OR LESS TO A LINE THAT BEARS S 60°45'04" W FROM THE
 POINT OF BEGINNING; THENCE N 60°45'04" E ALONG LASTLY SAID LINE
 A DISTANCE OF 53 FEET MORE OR LESS TO THE POINT OF BEGINNING.
 CONTAINING 2.44 ACRES MORE OR LESS.

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PARCEL 6

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DR BK 1 2 2 9 PGO 3 2 9


 INCORPORATED
 PROFESSIONAL SURVEYORS AND MAPPERS
 PALM CITY 1800 N.W. MARSH BLVD. • 888 288-8088
 P.O. BOX 1400 34901
 WEST PALM BEACH • 800 CORPORATE WAY • 888 287-8887
 SUITE 314 33407
 CERTIFICATE OF AUTHORIZATION LB 4100

LEGAL DESCRIPTION FOR:
 RADNOR/PLANTATION CORPORATION
 MARTIN COUNTY, FLORIDA

Scale 1" = 50'	Date AUG 1995	File & Drawing No. 95-1059-01-01
Drawn By E.A.B.	Checked A.C.A.	Sheet 3 of 9

LEGAL DESCRIPTION

ALSO LESS AND EXCEPT FROM PARCEL II:

PARCEL 7
(INLET VILLAGE)

BEING A PARCEL OF LAND LOCATED IN SECTION 31, TOWNSHIP 37 SOUTH, RANGE 42 EAST, MARTIN COUNTY, FLORIDA. BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE POINT OF INTERSECTION OF THE SOUTHEASTERLY RIGHT-OF-WAY LINE OF STATE ROAD A-1-A (A 200.00 FOOT RIGHT-OF-WAY) AND THE SOUTH LINE OF THE NORTH 1000.00 FEET OF GOVERNMENT LOT 4 OF SAID SECTION 31; THENCE S 62°27'20" W, ALONG SAID SOUTHEASTERLY RIGHT-OF-WAY LINE OF STATE ROAD A-1-A, A DISTANCE OF 1100.00 FEET TO THE SOUTHWESTERLY RIGHT-OF-WAY LINE OF MacARTHUR BOULEVARD AS DESCRIBED IN O. R. BOOK 438, PAGES 293-295, PUBLIC RECORDS OF MARTIN COUNTY, FLORIDA; THENCE ALONG SAID SOUTHWESTERLY RIGHT-OF-WAY LINE OF MacARTHUR BOULEVARD BY THE FOLLOWING COURSES AND DISTANCES:

THENCE S 27°32'40" E, A DISTANCE OF 172.00 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE NORTHEAST HAVING A RADIUS OF 505.00 FEET; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, A DISTANCE OF 165.09 FEET THROUGH A CENTRAL ANGLE OF 18°43'49"; THENCE S 46°16'29" E, A DISTANCE OF 152.26 FEET; THENCE S 49°37'41" E, A DISTANCE OF 170.96 FEET TO A POINT IN A NON-TANGENT CURVE CONCAVE TO THE NORTHEAST HAVING A RADIUS OF 1490.00 FEET THE CHORD OF WHICH BEARS S 71°11'10" E; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, A DISTANCE OF 1121.25 FEET THROUGH A CENTRAL ANGLE OF 43°06'58"; THENCE S 89°23'27" E, A DISTANCE OF 467.00 FEET; THENCE, DEPARTING SAID SOUTHWESTERLY RIGHT-OF-WAY LINE OF MacARTHUR BOULEVARD, S 00°36'33" W, A DISTANCE OF 156.50 FEET; THENCE S 30°27'41" W, A DISTANCE OF 710.31 FEET; THENCE S 06°42'35" W, A DISTANCE OF 170.00 FEET; THENCE S 67°57'50" W, A DISTANCE OF 456.20 FEET; THENCE WEST, A DISTANCE OF 97.26 FEET TO THE BOUNDARY OF THE GOLF COURSE AREA SOUTH OF MacARTHUR BOULEVARD; THENCE S 17°28'41" W, ALONG SAID BOUNDARY OF THE GOLF COURSE AREA SOUTH OF MacARTHUR BOULEVARD, A DISTANCE OF 239.86 FEET; THENCE S 87°23'33" E, A DISTANCE OF 45.17 FEET TO THE POINT OF BEGINNING OF THE FOLLOWING DESCRIBED PARCEL:

THENCE N 82°59'31" E, A DISTANCE OF 27.05 FEET; THENCE S 77°46'12" E, A DISTANCE OF 232.84 FEET; THENCE N 84°09'02" E, A DISTANCE OF 90.48 FEET; THENCE S 86°50'22" E, A DISTANCE OF 40.06 FEET; THENCE S 62°35'55" E, A DISTANCE OF 27.00 FEET; THENCE S 06°28'48" E, A DISTANCE OF 50 FEET, MORE OR LESS, TO THE APPROXIMATE MEAN HIGH WATER LINE OF THE INDIAN RIVER; THENCE MEANDER ALONG SAID MEAN HIGH WATER LINE NORTHWESTERLY, A DISTANCE OF 425 FEET, MORE OR LESS, TO A LINE THAT BEARS S 02°36'27" W FROM THE POINT OF BEGINNING; THENCE N 02°36'27" E ALONG LASTLY SAID LINE, A DISTANCE OF 50 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

CONTAINING 0.48 ACRES, MORE OR LESS.

PARCEL 7

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G. G. & Y. INCORPORATED
 CIVIL ENGINEERS / LAND SURVEYORS
 PALM CITY • 1000 S.W. MARTIN BLVD. • 361 966-8000
 P.O. BOX 1488 34991
 WEST PALM BEACH • 8001 CORPORATE WAY • 361 897-3007
 STATE 314 05487
 CERTIFICATE OF AUTHORIZATION LB 4190

LEGAL DESCRIPTION FOR:
RADNOR / PLANTATION CORPORATION
 MARTIN COUNTY, FLORIDA

Scale:	Date:	File & Drawing No.
N/A	NOV. 1996	86-1039-05-04
Drawn By:	Checked:	Sheet:
J.A.S.	A.C.A.	1 of 5

1	GENERAL REVISION	1/97	GMB
NO.	REVISIONS	DATE	BY

OR BKT 229 PRO 330

PARCEL III

Commence at the aforescribed Point "A"; thence S 89 degrees 23 seconds 27 minutes E, along the aforesaid North right-of-way line of MacArthur Boulevard a distance of 70.18 feet to a point in the Easterly boundary of an Access Easement and the Point of Beginning of the following described parcel:

Thence continue S 89 degrees 23 minutes 27 seconds E, along said North right-of-way line, a distance of 684.62 feet to the beginning of a curve concave to the Southwest having a radius of 340.00 feet the chord of which bears S 77 degrees 14 minutes 24 seconds E, thence Southeasterly along the arc of said curve a distance of 144.21 feet through a central angle of 24 degrees 18 minutes 06 seconds to the intersection with the Westerly boundary of RESORT VILLAS CONDOMINIUM NO. 1; thence N 26 degrees 50 minutes 10 seconds W, along the Westerly boundary of said RESORT VILLAS CONDOMINIUM NO. 1 and RESORT VILLAS CONDOMINIUM NO. 2, a distance of 380.00 feet; thence N 63 degrees 09 minutes 50 seconds E, along the Northerly boundary of said RESORT VILLAS CONDOMINIUM NO. 2, a distance of 20.00 feet; thence S 26 degrees 50 minutes 10 seconds E a distance of 83.43 feet; thence S 89 degrees 23 minutes 27 seconds E a distance of 24.79 feet; thence N 26 degrees 50 minutes 10 seconds W a distance of 205.65 feet to the South boundary of PLANTATION HOUSE, A CONDOMINIUM; thence along said South boundary by the following courses and distances;

Thence N 89 degrees 23 minutes 27 seconds W a distance of 38.26 feet to the beginning of a curve concave to the Northeast having a radius of 160.00 feet; thence Northwesterly along the arc of said curve a distance of 75.69 feet through a central angle of 27 degrees 06 minutes 22 seconds to the point of compound curvature with a curve concave to the Northeast having a radius of 30.00 feet; thence Northwesterly along the arc of said curve a distance of 43.27 feet to the point of cusp with a curve concave to the Northwest having a radius of 270.00 feet the chord of which bears S 40 degrees 04 minutes 57 seconds W and being the Easterly boundary of said access easement; thence Southwesterly along the arc of said curve a distance of 185.98 feet through a central angle of 39 degrees 28 minutes 00 seconds; thence S 59 degrees 48 minutes 57 seconds W a distance of 430.46 feet to the beginning of a curve concave to the Southeast having a radius of 50.00 feet; thence Southwesterly along the arc of said curve a distance of 51.67 feet through a central angle of 59 degrees 12 minutes 24 seconds; thence S 00 degrees 36 minutes 33 seconds W a distance of 75.14 feet to the Point of Beginning.

LESS those lands described in the Declaration of Condominium for Sandpiper Condominium recorded in Official Records Book 887, Page 741 as amended in Official Records Book 1009, at Page 1304 of the Public Records of Martin County, Florida.

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AND LESS those lands described in the Declaration of Condominium for Beachwalk Condominium recorded in Official Records Book 1024, Page 1385 of the Public Records of Martin County, Florida.

PARCEL IV

Commence at a point of intersection of the Southeasterly right-of-way of State Road A-1-A and the South line of the North 1000 feet of Government Lot 4 of said Section 31, thence N 88 degrees 44 minutes 44 seconds W, along said South line of the North 1000 feet, a distance of 415.17 feet to the Northwesternly right-of-way line of State Road A-1-A and the Point of Beginning of the following described parcel:

Thence continue N 88 degrees 44 minutes 44 seconds W, along the aforesaid South line of the North 1000 feet a distance of 1505.0 feet more or less to the intersection with the Mean High Water line of the Indian River; thence meander the said Mean High Water line Southerly a distance of 375.0 feet more or less to the intersection with the North line of said Government Lot 8; thence S 89 degrees 07 minutes 26 seconds E, along said North line of Government Lot 8, a distance of 351.0 feet more or less to that point of intersection with a line that is 880 feet West of, as measured at right angles and parallel with the East line of said Government Lot 8, thence S 00 degrees 59 minutes 59 seconds W, along lastly said line a distance of 248.73 feet to the said Northwesternly right-of-way line of State Road A-1-A; thence N 62 degrees 27 minutes 20 seconds E, along said Northwesternly right-of-way line a distance of 1245.66 feet to the Point of Beginning.

PARCEL V

Being a parcel of land lying in Sections 31 and 32, Township 37 South, Range 42 East, Martin County, Florida and being more particularly described as follows:

Commence at the Northeast corner of Government Lot 10 of said Section 31; thence N 01 degrees 14 minutes 45 seconds E, along the East line of said Section 31, a distance of 584.05 feet to the North line of RESORT VILLAS CONDOMINIUM NO. 2 and the Point of Beginning of the following described Parcel;

Thence S 89 degrees 23 minutes 27 seconds E, along the said North line of RESORT VILLAS CONDOMINIUM NO. 2 and the Easterly prolongation thereof, a distance of 212 feet more or less to the Mean High Water Line of the Atlantic Ocean; thence Northwesterly along said Mean High Water Line a distance of 208 feet more or less to the intersection with the Easterly prolongation of the South line of PLANTATION HOUSE, A CONDOMINIUM; thence along the said South line of PLANTATION HOUSE, A CONDOMINIUM by the following courses and distances:

Thence N 89 degrees 23 minutes 27 seconds W a distance of 386 feet more or less; thence N 00 degrees 36 minutes 33 seconds E a distance of 17.00 feet; thence N 89 degrees 23 minutes 27 seconds W a distance of 60.00 feet; thence S 00 degrees 36 minutes 33 seconds W a distance of 20.00 feet; thence N 89 degrees 23 minutes 27 seconds W a distance of 33.48 feet; thence S 26 degrees 50 minutes 10 seconds E a distance of 205.65 feet to the said North line of RESORT VILLAS CONDOMINIUM NO. 2; thence S 89 degrees 23 minutes 27 seconds E along said North line a distance of 266.31 feet to the Point of Beginning.

LESS any portion of the above described property that lies within the following described lands which are contained in Quit Claim Deed recorded in Official Records Book 1010, Page 1987 to-wit;

That part of Government lot 5, less and except the North 1,000 feet thereof, and that part of Government Lot 6, all in Sections 31 and 32, Township 37 South, Range 42 East, bounded on the West by the Coastal Construction Setback Line (described in Plat Book 5, Page 17, Martin County, Florida, Public Records); bounded on the East by the waters of the Atlantic Ocean; bounded on the North by the South line of the North 1,000 feet of Government Lot 5; and bounded on the South by the South line of Government Lot 6; and

AND LESS and excepting those lands described in the Declaration of Condominium for Sandpiper Condominium described in Official Records Book 887, at Page 741 as amended in Official Records Book 1009, at Page 1304 of the Martin County, Florida Public Records.

PARCEL VI

Lands described in that certain Declaration of Condominium of Sandpiper at Indian River Plantation, a condominium as recorded in Official Records Book 887, Page 741 and as amended in Official Records Book 1009, at Page 1304 of the Martin County, Florida Public Records.

PARCEL VII

Commence at the intersection of the Southeasterly right-of-way line of State Road A-1-A and the South line of the North 1000.00 feet of Government Lot 4 of said Section 31; thence South 62 degrees 27 minutes 20 seconds West along said Southeasterly right-of-way line a distance of 1100.00 feet to the Southwesterly line of MacArthur Boulevard (as relocated); thence South 27 degrees 32 minutes 40 seconds East along said Southwesterly line of MacArthur Boulevard (as relocated) a distance of 1/2.00 feet to the beginning of a curve concave to the Northeast having a radius of 505.00 feet; thence Southeasterly 165.09 feet along the arc of said curve and said Southwesterly line of MacArthur Boulevard (as relocated) through an angle of 18 degrees 43 minutes 49 seconds; thence South 46 degrees 16 minutes 29 seconds East along said Southwesterly line of MacArthur Boulevard (as relocated) a distance of 97.26 feet to the Northwesterly boundary line of the Golf Course area South of MacArthur Boulevard (as relocated) and the Point of Beginning of the following described parcel:

Thence South 53 degrees 19 minutes 11 seconds West a distance of 536.75 feet to the beginning of a curve concave to the East and having a radius of 119.79 feet; thence Southerly 154.45 feet along the arc of said curve through an angle of 73 degrees 52 minutes 33 seconds; thence South 20 degrees 33 minutes 22 seconds East a distance of 257.24 feet; or a curve concave to the Southwest having a radius of 289.07 feet; thence departing said Golf Course boundary, Southwesterly along the arc of said curve a distance of 26.25 feet through an angle of 5 degrees 12 minutes 21 seconds; thence South 15 degrees 21 minutes 10 seconds East a distance of 74.44 feet to the beginning of a curve concave to the Northeast having a radius of 145.00 feet; thence Southeasterly along the arc of said curve a distance of 106.69 feet through an angle of 42 degrees 09 minutes 27 seconds to the point of reverse curvature with a curve concave to the Southwest having a radius of 142.73 feet; thence Southeasterly along the arc of said curve a distance of 120.14 feet through an angle of 48 degrees 13 minutes 37 seconds; thence South 9 degrees 17 minutes 01 seconds East a distance of 48.39 feet to the beginning of a curve concave to the Northeast having a radius of 95.00 feet; thence Southeasterly along the arc of said curve a distance of 84.83 feet through an angle of 51 degrees 09 minutes 36 seconds to the point of compound curvature with a curve concave to the Northeast having a radius of 251.73 feet; thence Southeasterly along the arc of said curve a distance of 83.87 feet through an angle of 19 degrees 05 minutes 23 seconds to the point of reverse curvature with a curve concave to the Southwest having a radius of 176.53 feet; thence Southeasterly along the arc of said curve a distance of 162.55 feet through an angle of 52 degrees 45 minutes 34 seconds; thence South 26 degrees 46 minutes 26 seconds East a distance of 106.78 feet to the beginning of a curve concave to the Northeast having a radius of 320.00 feet; thence Southeasterly along the arc of said curve a distance of 107.44 feet through an angle of 19 degrees 14 minutes 11 seconds; thence South 46 degrees 00 minutes 36 seconds East a

distance of 33.84 feet to the beginning of a curve concave to the Southwest having a radius of 600.00 feet; thence Southeasterly along the arc of said curve a distance of 102.70 feet through an angle of 9 degrees 48 minutes 27 seconds; thence South 36 degrees 12 minutes 10 seconds East a distance of 30.24 feet to the beginning of a curve concave to the Northeast having a radius of 95.00 feet; thence Southeasterly along the arc of said curve a distance of 68.12 feet through an angle of 41 degrees 05 minutes 10 seconds; thence South 77 degrees 17 minutes 20 seconds East a distance of 30.00 feet; thence South 12 degrees 42 minutes 40 seconds West a distance of 20.00 feet; thence North 77 degrees 17 minutes 20 seconds East a distance of 30.00 feet to the beginning of a curve concave to the Northeast having a radius of 115.00 feet; thence Northwesterly along the arc of said curve a distance of 82.47 feet through an angle of 41 degrees 05 minutes 10 seconds; thence North 36 degrees 12 minutes 10 seconds West a distance of 30.24 feet to the beginning of a curve concave to the Southwest having a radius of 580.00 feet; thence Northwesterly along the arc of said curve a distance of 99.28 feet through an angle of 9 degrees 48 minutes 27 seconds; thence North 46 degrees 00 minutes 36 seconds West a distance of 33.84 feet to the beginning of a curve concave to the Northeast having a radius of 340.00 feet; thence Northwesterly along the arc of said curve a distance of 114.15 feet through an angle of 19 degrees 14 minutes 11 seconds; thence North 26 degrees 46 minutes 26 seconds West a distance of 106.78 feet to the beginning of a curve concave to the Southwest having a radius of 156.53 feet; thence Northwesterly along the arc of said curve a distance of 144.14 feet through an angle of 52 degrees 45 minutes 34 seconds to the point of reverse curvature with a curve concave to the Northeast having a radius of 271.73 feet; thence Northwesterly along the arc of said curve a distance of 90.54 feet through an angle of 19 degrees 05 minutes 23 seconds to the point of compound curvature with a curve concave to the Northeast having a radius of 115.00 feet; thence Northwesterly along the arc of said curve a distance of 102.69 feet through an angle of 51 degrees 09 minutes 36 seconds; thence North 9 degrees 17 minutes 01 seconds West a distance of 48.39 feet to the beginning of a curve concave to the Southwest having a radius of 122.73 feet; thence Northwesterly along the arc of said curve a distance of 103.30 feet through an angle of 48 degrees 13 minutes 37 seconds to the point of reverse curvature with a curve concave to the Northeast having a radius of 165.00 feet; thence Northwesterly along the arc of said curve a distance of 121.41 feet through an angle of 42 degrees 09 minutes 27 seconds; thence North 15 degrees 21 minutes 10 seconds West a distance of 74.44 feet to the beginning of a curve concave to the Southwest having a radius of 269.07 feet; thence Northwesterly along the arc of said curve a distance of 29.44 feet through an angle of 5 degrees 12 minutes 21 seconds; thence North 20 degrees 33 minutes 22 seconds West a distance of 257.24 feet to the beginning of a curve concave to the East having a radius of 139.79 feet; thence Northerly 180.24 feet along the arc of said curve through an angle of 73 degrees 52 minutes 33 seconds; thence North 53 degrees 19 minutes 11 seconds East a distance of 190.75 feet; thence North 48 degrees 10 minutes

37 seconds East a distance of 200.81 feet; thence North 53 degrees 19 minutes 11 seconds East a distance of 139.58 feet to a point in the Southwesterly line of MacArthur Boulevard (as relocated); thence South 46 degrees 16 minutes 29 seconds East along the Southwesterly line of MacArthur Boulevard (as relocated) a distance of 38.54 feet to the POINT OF BEGINNING.

LESS AND EXCEPT the following described parcel of land:

All of RIVER BEND CONDOMINIUM, according to the Declaration thereof recorded in Official Records Book 793, Page 1532 of the Public Records of Martin County, Florida.

Legal Description

LESS AND EXCEPT FROM PARCEL VII:

Being a parcel of land located in Section 31, Township 37 South, Range 42 East, Martin County, Florida, being more particularly described as follows:

Commence at the intersection of the Southeasterly Right-of-Way line of State Road A-1-A (a 200.0 foot Right-of-Way) and the South line of the North 1000.00 feet of Government Lot 4 of said Section 31; thence South $62^{\circ}27'20''$ West along said Southeasterly Right-of-Way line a distance of 1100.00 feet to the Southwesterly line of MacArthur Boulevard as described in O. R. Book 438, Pages 293 - 295, Public Records of Martin County, Florida; thence South $27^{\circ}32'40''$ East along said Southwesterly line of MacArthur Boulevard a distance of 172.00 feet to the beginning of a curve concave to the Northeast having a radius of 505.00 feet; thence Southeasterly 165.09 feet along the arc of said curve and said Southwesterly line of MacArthur Boulevard through a central angle of $18^{\circ}43'49''$; thence South $46^{\circ}16'29''$ East along said Southwesterly line of MacArthur Boulevard a distance of 97.26 feet to the Northwesterly boundary line of the golf course area South of MacArthur Boulevard; thence South $53^{\circ}19'11''$ West, a distance of 536.75 feet to the beginning of a curve concave to the Southeast, having a radius of 119.79 feet; thence Southwesterly and Southeasterly along the arc of said curve, a distance of 154.45 feet through a central angle of $73^{\circ}52'33''$; thence South $20^{\circ}33'22''$ East, a distance of 257.25 feet to the Point of Beginning of the following described parcel. Said Point of Beginning also being the beginning of a curve concave to the Southwest, having a radius of 289.07 feet; thence along the arc of said curve Southeasterly 26.25 feet through a central angle of $05^{\circ}12'21''$; thence South $15^{\circ}21'10''$ East, a distance of 74.44 feet to the beginning of a curve concave to the Northeast, having a radius of 145.00 feet; thence along the arc of said curve to the Southeast, 106.69 feet through a central angle of $42^{\circ}09'27''$ to the beginning of a reverse curve concave to the Southwest, having a radius of 142.73 feet; thence along the arc of said curve to the Southeast, a distance of 120.14 feet through a central angle of $48^{\circ}13'37''$; thence South $09^{\circ}17'01''$ East, a distance of 48.39 feet to the beginning of a curve concave to the Northeast, having a radius of 95.00 feet; thence along the arc of said curve to the Southeast 84.83 feet through a central angle of $51^{\circ}09'36''$ to the beginning of a curve concave to the North, having a radius of 251.73 feet; thence along the arc of said curve Southeasterly, a distance of 83.87 feet through a central angle of $19^{\circ}05'23''$ to the beginning of a reverse curve concave to the Southwest, having a radius of 176.53 feet; thence along the arc of said curve Southeasterly 162.55 feet through a central angle of $52^{\circ}45'34''$; thence Southeast $26^{\circ}46'26''$, a distance of 77.09 feet; thence South $63^{\circ}31'55''$ West, a distance of 20.00 feet; thence North $26^{\circ}46'26''$ West, a distance of 76.98 feet to the beginning of a curve concave to the Southwest, having a radius of 156.53 feet; thence along the arc of said curve to the Northwest, a distance of 144.14 feet through a central angle of $52^{\circ}45'34''$ to the beginning of a reverse curve concave to the North, having a radius of 271.73 feet; thence along the arc of said curve in a Northwesterly direction, a distance of 90.54 feet through a central angle of $19^{\circ}05'23''$ to the beginning of a compound curve concave to the Northeast, having a radius of 115.00 feet; thence along the arc of said curve Northwesterly, a distance of 102.69 feet through a central angle of $51^{\circ}09'36''$; thence North $09^{\circ}17'01''$ West, a distance of 48.39 feet to the beginning of a curve concave to the Southwest, having a radius of 122.73 feet; thence along the arc of said curve Northwesterly, a distance of 103.30 feet through a central angle of $48^{\circ}13'37''$ to the beginning of a reverse curve concave to the Northeast, having a radius of 165.00 feet; thence along the arc of said curve in a Northwesterly direction, a distance of 121.40 feet through a central angle of $42^{\circ}09'27''$; thence North $15^{\circ}21'10''$ West, a distance of 74.44 feet to the beginning of a curve concave to the Southwest, having a radius of 269.07 feet; thence along the arc of said curve Northwesterly, a distance of 24.44 feet through a central angle of $05^{\circ}12'21''$; thence North $20^{\circ}33'22''$ West, a distance of 12.39 feet; thence South $78^{\circ}46'27''$ East, a distance of 23.53 feet to the Point of Beginning.

Containing 0.36 acres, more or less.

PARCEL 5

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PARCEL VIII

Commence at the aforescribed Point "A"; thence South 00 degrees 36 minutes 33 seconds West a distance of 80.00 feet to the Southerly right-of-way line of MacArthur Boulevard and the POINT OF BEGINNING:

thence South 0 degrees 36 minutes 33 seconds West a distance of 156.50 feet; thence South 30 degrees 27 minutes 41 seconds West a distance of 710.31 feet; thence South 06 degrees 42 minutes 35 seconds West a distance of 171.17 feet; thence South 83 degrees 59 minutes 35 seconds East a distance of 13.41 feet to a point in a non tangent curve concave to the Northeast having a radius of 351.84 feet; the cord of which bears South 08 degrees 23 minutes 30 seconds East; thence Southwesterly, Southerly and Southeasterly along the arc of said curve a distance of 176.84 feet through an angle of 28 degrees 47 minutes 50 seconds to the point of reverse curvature with a curve concave to the Southwest having a radius of 195.01 feet; thence Southeasterly along the arc of said curve a distance of 64.10 feet through an angle of 18 degrees 50 minutes 00 seconds; thence South 03 degrees 57 minutes 25 seconds East a distance of 81.39 feet; thence North 86 degrees 02 minutes 35 seconds East a distance of 20.00 feet; thence North 03 degrees 57 minutes 25 seconds West a distance of 81.39 feet to the beginning of a curve concave to the Southwest having a radius of 215.01 feet; thence Northwesterly along the arc of said curve a distance of 70.67 feet through an angle of 18 degrees 50 minutes 00 seconds to the point of reverse curvature with a curve concave to the Northeast having a radius of 331.84 feet; thence Northwesterly, Northerly and Northeasterly along the arc of said curve a distance of 170.86 feet through an angle of 29 degrees 30 minutes 00 seconds; thence North 06 degrees 42 minutes 35 seconds East a distance of 108.00 feet to the beginning of a curve concave to the Southeast having a radius of 403.71 feet; thence Northeasterly along the arc of said curve a distance of 167.35 feet through an angle of 23 degrees 45 minutes 05 seconds; thence North 30 degrees 27 minutes 41 seconds East a distance of 411.48 feet; thence South 59 degrees 31 minutes 19 seconds East a distance of 150.00 feet to the beginning of a curve concave to the Southwest having a radius of 447.00 feet; thence Southeasterly along the arc of said curve a distance of 325.57 feet through a central angle of 41 degrees 43 minutes 53 seconds; thence North 72 degrees 11 minutes 33 seconds East, radial to the last and next described curve, a distance of 60.00 feet to a point in a non tangent curve concave to the Southwest having a radius of 507.00 feet the chord of which bears North 38 degrees 40 minutes 23 seconds West; thence Northwesterly along the arc of said curve a distance of 369.27 feet through a central angle of 41 degrees 43 minutes 53 seconds; thence North 59 degrees 32 minutes 19 seconds West a distance of 130.00 feet; thence North 30 degrees 27 minutes 41 seconds East a distance of 209.31 feet to the beginning of a curve concave to the Northwest having a radius of 70.00 feet; thence Northeasterly along the arc of said curve a distance of 36.47 feet through a central angle of

29 degrees 51 minutes 10 seconds; thence North 00 degrees 36 minutes 33 seconds East a distance of 61.07 feet to the Southerly right-of-way line of said MacArthur Boulevard; thence North 89 degrees 23 minutes 27 seconds West, along said Southerly right-of-way line a distance of 90.18 feet to the POINT OF BEGINNING.

LESS AND EXCEPT the following described parcel of land:

All of PLANTION CLUB VILLAS, a Condominium, according to the Declaration thereof recorded in Official Records Book 741, Page 1494 of the Public Records of Martin County, Florida.

Legal Description

Being a parcel of land located in Section 31, Township 37 South, Range 42 East, Martin County, Florida. being more particularly described as follows:

Commence at point of intersection of the Southeastery Right-of-Way line of State Road A-1-A (a 200.00 foot right-of-way) and the South line of the North 1000 feet of Government Lot 4, of said Section 31, thence South 62°27'20" West, along said Southeastery Right-of-Way line a distance of 1000.00 feet to the Northeastery Right-of-Way line of MacArthur Boulevard as described in O. R. Book 438, Page 293 - 295, Public Records of Martin County, Florida; thence Southeastery and Easterly along said Northeastery Right-of-Way line by the following courses and distances;

Thence South 27°32'40" East, a distance of 172.00 feet to the beginning of a curve concave to the Northeast having a radius of 405.00 feet thence Southeastery along the arc of said curve a distance of 132.40 feet through a central angle of 18°43'49"; thence South 46°16'29" East, a distance of 152.26 feet; thence South 42°55'17" East, a distance of 170.96 feet to a point on a non tangent curve concave to the Northeast having a radius of 1410.00 feet the chord of which bears South 67°49'58" East; thence Southeastery along the arc of said curve a distance of 1061.05 feet through a central angle of 43°06'58"; thence South 89°23'27" East, tangent to last described curve a distance of 467.00 feet to the Westerly boundary of the access easement as described in O. R. Book 501, Page 2719, Public Records of Martin County, Florida; thence South 00°36'33" West, a distance of 80.00 feet to the Southerly Right-of-Way line of MacArthur Boulevard; thence continue South 00°36'33" West a distance of 156.50 feet; thence South 30°27'41" West, a distance of 710.31 feet; thence South 06°42'35" West, a distance of 171.17 feet; thence South 83°09'35" East, radial to the next described curve, a distance of 13.41 feet to the Point of Beginning, said point being a point in a non-tangent curve concave to the Northeast, having a radius of 351.84 feet, the chord of which bears South 08°23'30" East, thence Southeastery along the arc of said curve, a distance of 176.84 feet through a central angle of 28°47'50" to a point of reverse curvature, said curve having a radius of 195.01 feet; thence along the arc of said curve, a distance of 64.10 feet through a central angle of 18°15'00"; thence South 03°57'25" East, a distance of 79.00 feet; thence North 44°03'21" East, a distance of 26.91 feet; thence North 03°57'25" West, a distance of 61.00 feet to the beginning of a curve concave to the Southwest, having a radius of 215.01 feet; thence along the arc of said curve, a distance of 70.67 feet through a central angle of 18°50'00" to the beginning of a reverse curve concave to the Northeast, having a radius of 331.84 feet, the chord of which bears North 08°02'25" West; thence along the arc of said curve, a distance of 170.86 feet through a central angle of 29°30'00" to a point in a non-tangent line; thence South 84°31'03" West, a distance of 20.43 feet to the Point of Beginning.

Containing 0.15 acres, more or less.

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PARCEL 4

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OR BK 1 2 2 9 PGO 3 4 2



SKETCH OF LEGAL DESCRIPTION FOR
RAHNER / PLANTATION CORPORATION

P A R C E L IX

Commence at aforesaid Point A, thence continue North 0 degrees 36 minutes 33 seconds East along the Easterly boundary line of said Golf Course are North of MacArthur Boulevard (as relocated) a distance of 85.00 feet; thence North 59 degrees 48 minutes 57 seconds East along the Easterly boundary line of said Golf Course area a distance of 398.84 feet to the Southwest corner of "TENNIS VILLAS, A CONDOMINIUM" area; thence continue North 59 degrees 48 minutes 57 seconds East along the South easterly boundary line of said TENNIS VILLAS, A CONDOMINIUM area a distance of 129.81 feet to a point of curvature of a curve concave to the Northwest having a radius of 250.00 feet; thence Northeasterly and Northerly 378.09 feet along the arc of said curve and along the Southerly and Southeasterly boundary and its Northeasterly extension of said TENNIS VILLAS, A CONDOMINIUM area through an angle of 86 degrees 39 minutes 07 seconds; thence North 26 degrees 50 minutes 10 seconds West a distance of 203.66 feet to the point of a curvature of a curve concave to the Southwest having a radius of 30.00 feet; thence Northwesterly, Westerly and Southwesterly 47.12 feet along the arc of said curve through an angle of 90 degrees 00 minutes 00 seconds to a point of compound curvature of a curve concave to the Northwest having a radius of 168.50 feet; thence Southwesterly and Westerly 97.05 feet along the arc of said curve through an angle of 33 degrees 00 minutes 00 seconds to a point of tangency; thence North 83 degrees 50 minutes 10 seconds West a distance of 269.36 feet to a point in the Northwesterly boundary of TENNIS VILLAS CONDOMINIUM NO. 2; thence North 51 degrees 05 minutes 00 seconds East a distance of 28.24 feet to Southwesterly corner of TENNIS VILLAS CONDOMINIUM NO. 3; thence South 83 degrees 50 minutes 10 seconds East along the Southerly boundary of said TENNIS VILLAS CONDOMINIUM NO. 3 a distance of 249.42 feet to the beginning of a curve concave to the Northwest having a radius of 148.50 feet; thence Northeasterly and Easterly 85.53 feet along the arc of said curve to a point of reverse curvature of a curve concave to the Southwest having a radius of 50.00 feet; thence 78.54 feet along the arc of said curve through an angle of 90 degrees 00 minutes 00 seconds to a point of tangency; thence South 26 degrees 50 minutes 10 seconds East a distance of 203.66 feet to a point of curvature of a curve concave to the Northwest having a radius of 270.00 feet; thence continue Southerly and Southwesterly 408.34 feet along the arc of said curve through an angle of 86 degrees 39 minutes 07 seconds to a point of tangency; thence South 59 degrees 48 minutes 57 seconds West a distance of 430.46 feet to a point of curvature of a curve concave to the Southeast having a radius of 50.00 feet; thence Southwesterly 51.67 feet along the arc of said curve through an angle of 59 degrees 12 minutes 24 seconds to a point of tangency; thence South 0 degrees 36 minutes 33 seconds West a distance of 75.14 feet; thence North 89 degrees 23 minutes 27 seconds West a distance of 70.18 feet to the POINT OF BEGINNING.

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LEGAL DESCRIPTION

LESS AND EXCEPT
FROM PARCEL IX :

PARCEL 2

BEING A PARCEL OF LAND LOCATED IN SECTION 31, TOWNSHIP 37 SOUTH, RANGE 42 EAST, MARTIN COUNTY, FLORIDA. BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT POINT OF INTERSECTION OF THE SOUTHEASTERLY RIGHT-OF-WAY LINE OF STATE ROAD A-1-A (A 200.00 FOOT RIGHT-OF-WAY) AND THE SOUTH LINE OF THE NORTH 1000 FEET OF GOVERNMENT LOT 4, OF SAID SECTION 31, THENCE S 82°27'20" W, ALONG SAID SOUTHEASTERLY RIGHT-OF-WAY LINE OF STATE ROAD A-1-A, A DISTANCE OF 1000.00 FEET TO THE NORTHEASTERLY RIGHT-OF-WAY LINE OF MACARTHUR BOULEVARD AS DESCRIBED IN O. R. BOOK 438, PAGE 293 - 295, PUBLIC RECORDS OF MARTIN COUNTY, FLORIDA; THENCE SOUTHEASTERLY AND EASTERLY ALONG SAID NORTHEASTERLY RIGHT-OF-WAY LINE OF MACARTHUR BOULEVARD BY THE FOLLOWING COURSES AND DISTANCES: (CONTINUED ON PAGE 2)

NOTE:

THIS LEGAL DESCRIPTION SHALL NOT BE VALID UNLESS:

- 1) PROVIDED IN ITS ENTIRETY, CONSISTING OF 6 SHEETS WITH SHEETS 4, 5 & 6 BEING THE SKETCH OF LEGAL DESCRIPTION.
- 2) REPRODUCTIONS OF THIS DESCRIPTION AND SKETCH ARE SIGNED AND SEALED WITH AN EMBOSSED SURVEYORS SEAL.

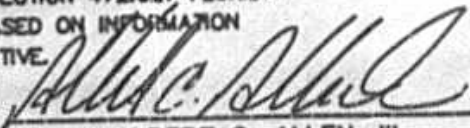
CERTIFICATION

(NOT VALID UNLESS SEALED WITH AN EMBOSSED SURVEYOR'S SEAL)

I HEREBY CERTIFY THAT THE SKETCH AND LEGAL DESCRIPTION OF THE PROPERTY SHOWN AND DESCRIBED HEREON WAS COMPLETED UNDER MY DIRECTION AND SAID SKETCH AND DESCRIPTION IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

I FURTHER CERTIFY THAT THIS SKETCH AND DESCRIPTION MEETS THE MINIMUM TECHNICAL STANDARDS FOR SURVEYS SET FORTH BY THE FLORIDA BOARD OF PROFESSIONAL SURVEYORS AND MAPPERS IN CHAPTER 61G17-6, FLORIDA ADMINISTRATIVE CODE, PURSUANT TO SECTION 472.027 FLORIDA STATUTES. THE SKETCH AND DESCRIPTION IS BASED ON INFORMATION FURNISHED BY CLIENT OR CLIENT'S REPRESENTATIVE.

3-12-97
DATE OF SIGNATURE


ALBERT C. ALLEN, III
PROFESSIONAL SURVEYOR AND MAPPER
FLORIDA CERTIFICATE NO. 4130

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PARCEL 2

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NO.	REVISIONS	DATE	BY
2	GENERAL REVISIONS	3/97	ACA
1	GENERAL REVISIONS	12/96	GMB

INCORPORATED
PROFESSIONAL SURVEYORS AND MAPPERS
PALM CITY • 1406 S.W. MARTIN BLVD. • 888 286-0908
P.A. BOX 1400 • 34991
VERY PALM BEACH • 6091 CORPORATE WAY • 561 697-2007
SUITE 214 • 33407
CERTIFICATE OF AUTHORIZATION LB 4106

LEGAL DESCRIPTION FOR:
RADNOR/PLANTATION
CORPORATION
MARTIN COUNTY, FLORIDA

Scale	Date	File & Drawing No.
N/A	3/97	85-1059-01-01
Drawn By	Checked	Sheet
J.A.S.	ACA	1 of 6

1 1 1 2 0 0 0 6 6 6 1 X U 0 0

LEGAL DESCRIPTION

PARCEL 2 CONTINUED FROM PAGE 2

NO. 2; THENCE N 51°05'00" E, A DISTANCE OF 28.24 FEET TO SOUTHWESTERLY CORNER OF TENNIS VILLAS NO. 3, A CONDOMINIUM; THENCE S 83°50'10" E ALONG THE SOUTHERLY BOUNDARY OF SAID TENNIS VILLAS NO. 3, A CONDOMINIUM, A DISTANCE OF 249.42 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE NORTHWEST HAVING A RADIUS OF 148.50 FEET; THENCE NORTHEASTERLY AND EASTERLY 85.53 FEET ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 33°00'00" TO A POINT OF REVERSE CURVATURE OF A CURVE CONCAVE TO THE SOUTHWEST HAVING A RADIUS OF 50.00 FEET; THENCE 78.54 FEET ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 90°00'00" TO A POINT OF TANGENCY; THENCE S 26°50'10" E A DISTANCE OF 203.66 FEET TO A POINT OF CURVATURE OF A CURVE CONCAVE TO THE NORTHWEST HAVING A RADIUS OF 270.00 FEET; THENCE CONTINUE SOUTHERLY AND SOUTHWESTERLY 222.36 FEET ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 47°11'07" TO A POINT; THENCE N 69°39'03" W, RADIAL TO THE LAST DESCRIBED CURVE, A DISTANCE OF 20.00 FEET TO THE POINT OF BEGINNING.

CONTAINING 0.38 ACRES, MORE OR LESS.

D-36

PARCEL 2

Page 33 of 35

OR PXL 2 2 9 pgn 3 1 6

NO.	REVISIONS	DATE	BY
2	GENERAL REVISIONS	3/97	ACA
1	GENERAL REVISIONS	12/96	GMB


INCORPORATED
 PROFESSIONAL SURVEYORS AND MAPPERS
 PALM CITY • 1506 S.W. 14TH AV. • 321 266-0000
 P.O. BOX 1400 32901
 7801 PALM BEACH • 1001 CORPORATE BLVD • 301 807-9977
 SUITE 214 33497
 CERTIFICATE OF AUTHORIZATION LB 4108

LEGAL DESCRIPTION FOR:
RADNOR/PLANTATION CORPORATION
 MARTIN COUNTY, FLORIDA

Scale	Date	File & Drawing No.
H/A	3/97	85-1059-01-01
Drawn By	Checked	Sheet
J.A.S.	ACA	3 of 6

P A R C E L X

Being a parcel of land located in Section 31, Township 37 South, Range 42 East, and more particularly described as follows:

Commence at the intersection of the Southerly right-of-way line of State Road A1A and the South line of the North 1000 feet of Government lot 4 of said Section 31; thence S 62 degrees 27 seconds 20 minutes W, along said Southerly right-of-way line a distance of 1000.00 feet to the Point of Beginning.

Thence S 27 degrees 32 seconds 40 minutes E a distance of 172.00 feet to the beginning of a curve concave to the Northeast having a radius of 405.00 feet; thence Southeasterly 132.40 feet along said curve through an angle of 18 degrees 43 seconds 49 mi; thence S 46 degrees 16 seconds 29 minutes E a distance of 152.26 feet; thence S 42 degrees 55 seconds 17 minutes E a distance of 170.96 feet to the beginning of a curve non tangent to the last described course concave to the Northeast having a radius of 1410.00 feet the chord of said curve bears S 67 degrees 49 seconds 58 minutes E; thence Southeasterly 1061.05 feet along said curve through an angle of 43 degrees 06 seconds 58 mi; thence S 89 degrees 23 seconds 27 minutes E a distance of 1222.00 feet to the beginning of a curve concave to the Southwest having a radius of 340.00 feet; thence Southeasterly 302.08 feet along said curve, through an angle of 50 degrees 54 seconds 21 minutes to a line tangent to aforesaid curve, said line being the Easterly right-of-way line of MacArthur Boulevard, a 66 foot wide right-of-way as now laid out and in use; thence S 26 degrees 50 seconds 10 minutes E, along said Easterly right-of-way a distance of 18.18 feet to a point 200 feet North of as measured at right angles to the North line of Government Lot 10 of said Section 31; thence N 89 degrees 23 seconds 27 minutes W along a line parallel to and 200 feet North of as measured at right angles to the North line of Government Lot 10 of said Section 31 a distance of 74.37 feet; thence S 26 degrees 50 seconds 10 minutes E along the existing Westerly right-of-way line of said MacArthur Boulevard a distance of 84.75 feet; thence S 63 degrees 09 seconds 50 minutes W a distance of 7.00 feet to the beginning of a curve non tangent to aforesaid line, said curve being concave to the Southwest having a radius of 260.00 feet; thence Northwesterly 283.86 feet along said curve through an angle of 62 degrees 33 seconds 17 mi; thence N 89 degrees 23 seconds 27 minutes W a distance of 1222.00 feet to the beginning of a curve concave to the Northeast having a radius of 1490.00 feet; thence Northwesterly 1121.25 feet along said curve through an angle of 43 degrees 06 seconds 58 minutes to a line non tangent to aforesaid curve; thence N 49 degrees 37 seconds 41 minutes W a distance of 170.96 feet; thence N 46 degrees 16 seconds 29 minutes W a distance of 152.26 feet to the beginning of a curve concave to the Northeast having a radius of 505.00 feet; thence Northwesterly 165.09 feet along said curve through an angle of 18 degrees 43 seconds 49 mi; thence N 27 degrees 32 seconds 40 minutes W a distance of 172.00 feet to the

Southerly right-of-way line of State Road A1A; thence N 62 degrees 27 seconds 20 minutes E along the Southerly right-of-way line of said State Road A1A a distance of 100.00 feet to the Point of Beginning.

EXHIBIT "B"

1. Taxes for the year 1997 and subsequent years.
2. The terms, provisions, restrictions and conditions contained in or otherwise permitted by the Condominium Documents and any amendments and/or supplements and/or addenda thereto referencing the Property.
3. All government ordinances, regulations and restrictions, including zoning, pertaining to the Property.
4. Easements in favor of Florida Power & Light Company recorded in Official Records Book 449, Page 2853; Official Records Book 449, at Page 2857; Official Records Book 449, at Page 2861 ; Official Records Book 449, at Page 2864; Official Records Book 449, at Page 2869; Official Records Book 792, at Page 2838; Official Records Book 860, at Page 2531; and Official Records Book 895, at Page 2457 all being of the Martin County, Florida Public Records.
5. Easement for water pipe line in favor of Southern Gulf Utilities, Inc., recorded in Official Records Book 498, Page 470, Martin County, Florida, Public Records, as it affects Parcels I, II, III, VI, IX and X.
6. Coastal Construction Set Back Lines, as set forth on plat recorded in Plat Book 5, Page 17, Martin County, Florida, Public Records, as it affects Parcel VI.
7. Covenants and restrictions as contained in Declaration of Covenants for Indian River Plantation recorded in Official Records Book 595, Page 514, including but not limited to the right of Indian River Plantation Property Owners Association, Inc., to acquire title to the "Ocean Beach Recreational Area" being described in Exhibit "B" attached to said restrictions, assigned in Official Records Book 623, at Page 1433, both being of the Martin County Florida Public Records.
8. PUD Zoning Agreement between Indian River Plantation and Martin County recorded in Official Records Book 520, Page 634, as supplemented in Official Records Book 527, at Page 2680; Official Records Book 528, at Page 1630; Official Records Book 536, at Page 1180; Official Records Book 545, at Page 1661; Official Records Book 560, at Page 2144; Official Records Book 576, at Page 653; Official Records Book 584, at Page 823; Official Records Book 588, at Page 1522; Official Records Book 591, at Page 126; Official Records Book 627, at Page 1052; Official Records Book 663, at Page 1876; Official Records Book 691, at Page 850; Official Records Book 743, at Page 120; Official Records Book 776, at Page 1349; Official Records Book 793, at Page 536; Official Records Book 828, at Page 2719; Official Records Book 842, at Page 2208 and Official Records

Book 949, at Page 2505 all being of the Martin County, Florida Public Records.

9. Reservations to State of Florida of title to an undivided one-half of all petroleum and petroleum products, and title to an undivided three-fourths of all other minerals which may be found on or under that portion of the "golf course area South" described on Schedule 1 hereof which lies within the bounds of the West 15 acres of the East 30 acres of Government Lot 9(B)(C) and (D), Section 31, Township 37 South, Range 42 East, containing 15 acres, together with the right to explore for and to mine and develop such petroleum and petroleum products and all other minerals which may be found on or under the aforesaid portion of the "golf course area South", pursuant to Tax Deed 447 from The Trustees of the Internal Improvement Fund of the State of Florida to R.M. Pitchford, dated November 15, 1944 and recorded in Deed Book 32, Page 429, as modified by Quit-Claim Deed from the State of Florida through the Board of The Trustees of the Internal Improvement Fund to Indian River Plantation Company dated November 23, 1981 and recorded in Official Records Book 534, Pages 808 and 811, Martin County, Florida, Public Records as it affects Parcel II.

NOTE: The right of entry has been released pursuant F.S. 270.11.

10. Reservation to State of Florida of title to an undivided one-half of all petroleum and petroleum products, and title to an undivided three-fourths of all other minerals which may be found on or under that portion of Government Lot 10, Section 31, Township 37 South, Range 42 East described on Schedule 2 hereof, containing 1.82 acres more or less, together with the right to explore for and to mine and develop such petroleum and petroleum products and all other minerals which may be found on or under the aforesaid portion of Government Lot 10, Section 31, Township 37 South, Range 42 East described on Schedule 2 hereof, containing 1.82 acres more or less, pursuant to Tax Deed No. 446 from the Trustees of the Internal Improvement Fund of the State of Florida to C.B. Arbogast dated December 15, 1944 and recorded in Deed Book 32, Page 428, as modified by Quit-Claim Deeds from the State of Florida, through the Board of The Trustees of the Internal Improvement Fund to Indian River Plantation Company, dated November 12, 1981 and recorded in Official Records Book 534, Pages 1656 and 1658, Martin County, Florida, Public Records, as it affects Parcels II and VIII.

NOTE: The right of entry has been released pursuant to F.S. 270.11.

11. Reservation to State of Florida of title to an undivided one-half of all petroleum and petroleum products, and title to an undivided three-fourths of all other minerals which may be found on or under that portion of Government Lot 10, Section

31, Township 37 South, Range 42 East, less land to Whitney described on Schedule 3 hereof, less 10 acres deeded to Harry H. Hoke and Sons as in Deed Book 32, Page 294, less land deeded to the State of Florida Board of The Trustees of the Internal Improvement Fund as in Official Records Book 373, at Page 434, Public Records of Martin County, and less land described on Schedule 2 hereof, which reservation excludes any and all right to explore for and to mine and develop such petroleum products and all other minerals which may be found on or under the aforesaid portion of Government Lot 10, Section 31, Township 37 South, Range 42 East, pursuant to Tax Deed No. 446 from The Trustees of the Internal Improvement Fund of the State of Florida to C.B. Arbogast dated December 15, 1944 and recorded in Deed Book 32, Page 428, as modified by Quit-Claim Deeds from the State of Florida, through the Board of The Trustees of the Internal Improvement Fund to Indian River Plantation Company, dated November 12, 1982 and recorded in Official Records Book 534, Pages 1656 and 1658, Martin County, Florida, Public Records, as it affects Parcels II and VIII.

NOTE: The right of entry has been release pursuant to F.S. 270.11.

12. Unity of Title Agreement between Indian River Plantation Company and Martin County, dated January 18, 1977, filed for record January 25, 1977 and recorded in Official Records Book 413, Page 1723, Martin County, Florida Public Records.
13. The policy does not insure title to property lying below the presently existing mean high water line of the Indian River.
14. Memorandum of Lease between Indian River Plantation Company and Stuart National Bank dated June 6, 1977 and recorded in Official Records Book 430, Page 106, Martin County, Florida Public Records, as it affects Parcel II.
15. Perpetual easement and right-of-way drainage easements granted to Martin County in, upon, over, through and across that portion of MacArthur Boulevard as is more particularly described in instrument recorded in Official Records Book 438, Page 293, Martin County, Florida, Public Records, as it affects Parcel X.
16. License Agreements of record between Indian River Plantation Company Fairways Villas Condominium Association, Inc. recorded in Official Records Book 469, Page 1131; Plantation Tennis Villas Association, Inc. recorded in Official Records Book 476, Page 487; Plantation Riverwood Association, Inc. recorded in Official Records Book 503, Page 918; Lakeside Condominium Association, Inc. recorded in Official Records Book 501, Page 1150; and Inlet Village Condominium Association, Inc. recorded in Official Records Book 533, Page 2764, as it may affect Parcel VI.

17. Rights to enter upon private roads for purpose of ingress and egress set forth in License Agreements of record between Indian River Plantation Company and Resort Villas Condominium Association No. 1 Inc. recorded in Official Records Book 428, Page 85; Resort Villas Condominium Association No. 2, Inc. recorded in Official Records Book 435, Page 1937; Fairway Villas Condominium Association, Inc. recorded in Official Records Book 444, Page 2234; Plantation Tennis Villages Association, Inc. recorded in Official Records Book 452, Page 729; Plantation Tennis Villas Condominium Inc. recorded in Official Records Book 455, Page 630; Plantation House Condominium Association, Inc., recorded in Official Records Book 458, Page 1578; Plantation Club Villas Condominium Association, Inc. recorded in Official Records Book 741, Page 1613 and re-recorded in Official Records Book 742, at Page 679; Ocean House at Indian River Plantation Condominium Association, Inc. recorded in Official Records Book 848, Page 2118, as amended by that certain Affidavit recorded in Official Records Book 866, Page 382. , as it affects Parcels VI, VII, VIII, IX and X.
18. Rights to enter for purposes of ingress and egress set forth in License Agreement of record between Indian River Plantation Company and River Village Condominium Association, Inc. recorded in Official Records Book 465, Page 969, as it may affect Parcel VI.
19. Perpetual Easement over, across and upon the lands described in Exhibit A attached to the Declaration of Condominium of Lakeside Condominium, in Official Records Book 501, at Page 1091, Martin County, Florida, Public Records for the sole purpose of the use, maintenance and repair of a swimming pool deck area, as it may affect Parcel I.
20. Perpetual easement over, across and upon the lands more particularly described in Exhibit C-1 to the Declaration of Condominium of Inlet Village, a Condominium, in Official Records Book 533, at Page 2719, Martin County, Florida, Public Records for the sole purpose of use, maintenance and repair of common deck areas which may extend beyond the boundaries of Inlet Village, a Condominium, as it may affect Parcel II.
21. Easement for swimming pool deck as shown on Exhibit B to Declaration of Condominium of Tennis Villages Condominium No. 1 recorded in Official Records Book 452, Page 699, Martin County, Florida, Public Records, as it may affect Parcel I.
22. Grant of Easement recorded in Official Records Book 501, Page 2717, Martin County, Florida, Public Records, as it affects Parcel IX.
23. Rights or claims of parties in possession as resort or hotel guests or under unrecorded Leases.

24. Matters set forth on the Coastal Construction set back line for Martin County, Florida recorded in Plat Book 9, Page 99 and Certificate of recording recorded in Official Records Book 642, Page 364 both being of the Martin County, Florida Public Records, as it may affect Parcel VIA.
25. Declaration of Covenants and Restrictions prohibiting the destruction of dune vegetation recorded in Official Records Book 756, Page 484 and re-recorded in Official Records Book 757, at Page 802, as amended in Official Records Book 871, at Page 2353 and as further amended in Official Records Book 872, at Page 1268, all being of the Martin County, Florida Public Records, as it affects Parcel VIA.
26. Maintenance obligations described in Declaration of Covenants and Easements recorded in Official Records Book 925, Page 359 of the Martin County, Florida Public Records regarding a walkway easement from N.E. Plantation Drive to the ocean beachfront.
27. Utility Easement Agreement with Southern Bell Telephone and Telegraph Company recorded in Official Records Book 775, Page 2190, as amended and restated in Official Records Book 752, at Page 2833, both being of the Martin County, Florida Public Records, as it affects Parcel II.
28. Declaration of Easement for Spa Pool Equipment recorded in Official Records Book 887, Page 729 of the Public Records of Martin County, Florida, as it affects Parcel VI.
29. Declaration of Easement for Beach Access recorded in Official Records Book 887, Page 717 of the Martin County, Florida Public Records, as it affects Parcel VIA.
30. Declaration of Condominium of Sandpiper at Indian River Plantation, a Condominium recorded in Official Records Book 887, Page 741, together with and subject to easements recited therein for access to the beach via the Dune Crossover Boardwalk and Spa facilities contained in the legal description for Sandpiper Condominium and the Beach Pavilion Facilities contained therein; said legal description corrected by Scrivener's Affidavit recorded in Official Records Book 1009, Page 1296 and said declaration amended in Official Records Book 1009, at Page 1304 all being of the Martin County, Florida Public Records, as it affects Parcel VI.
31. Rights of the public to use any part of the Property seaward of the natural line of vegetation or the extreme high water line as a public beach.
32. Right of the United States government arising by reason of the United States government's control over navigable waters in the interest of navigation and commerce.

Marsha Stiller
Martin County Clerk of Circuit Court
P.O. BOX 9016 Stuart, Florida 34995
General Receipting

Transaction: PAYMENT
NOT A RECEIPT WITHOUT PROPER VALIDATION

Receipt Number: 97 015823 INVOICE NO: 00 000000
Cashier - Dept: LOTLC-06533 Date/Time : 04/03/97 14:32

Received from : HOLLAND & KNIGHT LLP
: ONE EAST BROWARD BLVD
: STE 1300
: FT LAUDERDALE FL 33301 0000

Qt	Item--Description	Total	Amount	Comments
0010	RECORDING	46.50		DECL. SANDPIPER
0009	RECORDING	42.00		KAS RADNOR
0043	RECORDING	195.00		WD RADNOR-EIC
0001	DOC STAMPS - \$.70	225,400.00		
0043	COPIES \$1.00	43.00		

Receivable Amt :	\$225,726.50
Cash :	\$.00
Other:Check/MO :	\$225,726.50
Escrow Charge :	\$.00
Total Applied :	\$225,726.50
Overpay Amount :	\$.00
Refund Amount :	\$.00
New Balance :	\$.00
Amount Tendered:	\$225,726.50
Change :	\$.00

Comments: #148 \$226269.30

Receipt 97-015823 Validated for

VALIDATION:
\$225,726.50 by LOTLC 04/03/97 14:32

JOINT APPLICATION OF IHC REALTY PARTNERSHIP L.P.
AND RADNOR/PLANTATION CORPORATION
FOR AUTHORITY TO TRANSFER
CERTIFICATE NOS. 336-W AND 291-S

The original and two copies of Exhibit "E" (Water and Wastewater Tariffs) have been provided directly to the Department of Water and Wastewater.



FLORIDA PUBLIC SERVICE COMMISSION

CERTIFICATE NUMBER

336-V

Upon consideration of the record it is hereby ORDERED that authority be and is hereby granted to

Radnor Plantation Corp.

Whose principal address is

660 N.E. Ocean Blvd.

Stuart, Florida 33494 (Martin Co.)

to provide water service in accordance with the provisions of Chapter 367, Florida Statutes, the Rules, Regulations and Orders of this Commission in the territory described by the Orders of this Commission.

This Certificate shall remain in force and effect until suspended, cancelled or revoked by Orders of this Commission.

ORDER 14738 DATED 08/19/85 DOCKET 850054-WS

ORDER _____ DATED _____ DOCKET _____

ORDER _____ DATED _____ DOCKET _____

ORDER _____ DATED _____ DOCKET _____

BY ORDER OF THE
FLORIDA PUBLIC SERVICE COMMISSION



Steve Jibble
Commission Clerk
D. J. [Signature]
Executive Director

EXHIBIT

"F"



FLORIDA PUBLIC SERVICE COMMISSION

CERTIFICATE NUMBER

291-5

Upon consideration of the record it is hereby ORDERED that authority be and is hereby granted to

Radnor Plantation Corp.

Whose principal address is

660 N.E. Ocean Blvd.

Stuart, Florida 33494

(Martin County)

to provide sewer service in accordance with the provisions of Chapter 367, Florida Statutes, the Rules, Regulations and Orders of this Commission in the territory described by the Orders of this Commission.

This Certificate shall remain in force and effect until suspended, cancelled or revoked by Orders of this Commission.

ORDER 14738 DATED 08/19/85 DOCKET 850054-WS

ORDER _____ DATED _____ DOCKET _____

ORDER _____ DATED _____ DOCKET _____

ORDER _____ DATED _____ DOCKET _____

BY ORDER OF THE
FLORIDA PUBLIC SERVICE COMMISSION

Two Jibble

Commission Clerk

D. S. ...

Executive Director



EXHIBIT

"P-2"

WATER TARIFF

IHC Realty Partnership.L.P.
d/b/a PLANTATION UTILITIES

(Name of Company)

FILED WITH FLORIDA PUBLIC SERVICE COMMISSION

EXHIBIT

"E"

WATER TARIFF

IHS Realty Partnership L.P.
d/b/a PLANTATION UTILITIES

(Name of Company)

Foster Plaza Ten

680 Anderson Drive

Pittsburg, PA 15220

(Address of Company)

412-937-0600

(Business & Emergency Telephone Numbers)

Filed With Florida Public Service Commission

Timothy Q. Hudak
Issuing Officer

WATER TARIFF
TABLE OF CONTENTS

	<u>Sheet Number</u>
Territory Served	3.0
Miscellaneous	4.0
Technical Terms and Abbreviations	5.0
Index of Rules and Regulations	6.0 - 7.0
Rules and Regulations	8.0 - 15.1
Index of Rate Schedules	16.0
Rate Schedules	17.0 - 21.0
Index of Standard Forms	22.0
Standard Forms	23.0 - 26.0
Contracts and Agreements	There are no Contracts at the date of Original Issue

Effective Date: _____

Timothy Q. Hudak
Issuing Officer

IHC REALTY PARTNERSHIP, L.P. d/b/a
PLANTATION UTILITIES
WATER TARIFF

FIRST REVISED SHEET NO. 3.0
CANCELS ORIGINAL SHEET NO. 3.0

TERRITORY SERVED

Please refer to description of territory served as filed in Docket
Number _____, Order Number _____, issued

(Date)

Timothy Q. Hudak
Issuing Officer

IHC REALTY PARTNERSHIP L.P. d/b/a
PLANTATION UTILITIES
WATER TARIFF

FIRST REVISED SHEET NO. 4.0
CANCELS ORIGINAL SHEET NO. 4.0

MISCELLANEOUS

Timothy Q. Hudak
Issuing Officer

TECHNICAL TERMS AND ABBREVIATIONS

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

Timothy Q. Hudak
Issuing Officer

INDEX OF RULES AND REGULATIONS

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6.0	Extensions	9.0
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Timothy Q. Hudak
Issuing Officer

<u>Rule Number</u>		<u>Sheet Number</u>
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Effective Date: _____

Timothy Q. Hudak
Issuing Officer

RULES AND REGULATIONS

1.0 POLICY DISPUTE - Any dispute between the company and the customer or prospective customer regarding the meaning or application of any provision of this tariff shall upon written request by either party be resolved by the Florida Public Service Commission.

2.0 GENERAL INFORMATION - The company's Rules and Regulations, insofar as they are inconsistent with any Statute, Law or Commission Order shall be null and void. These Rules and Regulations are a part of the rate schedules, applications and contracts of the company, and in the absence of specific written agreement to the contrary, they apply without modifications or change to each and every customer to whom the company renders water service.

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

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

3.0 SIGNED APPLICATION NECESSARY - Water service is furnished only upon signed application or agreement accepted by the Company and the conditions of such application or agreements are binding upon the customer as well as upon the Company. A copy of the application or agreement for water service accepted by the Company will be furnished to the applicant on request.

N/A

The applicant shall furnish to the company the correct name, street address or lot and block number, at which water service is to be rendered.

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

- 5.0 WITHHOLDING SERVICE - The company may withhold or discontinue water service rendered under application made by any member or agent of a household, organization or business unless all prior indebtedness to the company of such household, organization or business for water service has been settled in full.
- Service may also be discontinued for any violation by the customer or consumer of any rule or regulation set forth in this tariff.
- 6.0 EXTENSIONS - Extensions will be made to the company's facilities in compliance with the Rules/Orders/Tariff issued by the Commission.
- 7.0 LIMITATION OF USE - Water service purchased from the company shall be used by the customer only for the purposes specified in the application for water service and the customer shall not sell or otherwise dispose of such water service supplied by the company. Water service furnished to the customer shall be rendered directly to the customer through company's individual meter and may not be remetered by the customer for the purpose of selling or otherwise disposing of water service to lessees, tenants, or others and under no circumstances shall the customer or customer's agent or any other individual, association or corporation install meters for the purpose of so remetering said water service. In no case shall a customer, except with the written consent of the company extend his lines across a street, alley, lane, court, property line, avenue, or other way, in order to furnish water service for adjacent property through one meter, even though such adjacent property be owned by him. In case of such unauthorized extension, remetering, sale or disposition of service, customer's water service is subject to discontinuance until such unauthorized extension, remetering, sale or disposition is discontinued and full payment is made of bills for water service, calculated on proper classification and rate schedules and reimbursement in full made to the company for all extra expenses incurred for clerical work, testing and inspections.
- 8.0 CONTINUITY OF SERVICE - The company will at all times use reasonable diligence to provide continuous water service, and having used reasonable diligence, shall not be liable to the customer for failure or interruption of continuous water service. The company shall not be liable for any act or omission caused directly or indirectly by strikes, labor troubles, accident, litigations, breakdowns, shutdowns for emergency repairs, or adjustments, acts of sabotage, enemies of the United States, Wars, United States, State, Municipal or other governmental interference, acts of God or other causes

(Continued from Sheet No. 9.0)

beyond its control. If at any time the company shall interrupt or discontinue its service for any period greater than one hour, all customers affected by said interruption or discontinuance shall be given not less than 24 hours notice.

- 9.0 TYPE AND MAINTENANCE - The customer's pipes, apparatus and equipment shall be selected, installed, used and maintained in accordance with the standard practice, conforming with the Rules and Regulations of the company, and in full compliance with all Laws and Governmental Regulations applicable to same. The company shall not be responsible for the maintenance and operation of the customer's pipes and facilities. The customer expressly agrees not to utilize any appliance or device which is not properly constructed, controlled and protected, or which may adversely affect the water service; and the company reserves the right to discontinue or withhold water service to such apparatus or device.
- 10.0 CHANGE OF CUSTOMER'S INSTALLATION - No changes or increases in customer's installation, which will materially affect the proper operation of the pipes, mains, or stations of the company shall be made without written consent of the company. The customer will be liable for any change resulting from a violation of this rule.
- 11.0 INSPECTION OF CUSTOMER'S INSTALLATION - All customer's water service installations or changes shall be inspected upon completion by competent authority to insure that customer's piping, equipment, and devices have been installed in accordance with accepted standard practice and such local governmental or other rules as may be in effect. Where municipal or other governmental inspection is required by local rules or ordinances, the company cannot render water service until such inspection has been made and a formal notice of approval from the inspecting authority has been received by the company.
- The Company reserves the right to inspect customer's installation prior to rendering water service and from time to time thereafter, but assumes no responsibility whatsoever for any portion thereof.
- 12.0 PROTECTION OF COMPANY'S PROPERTY - The customer shall exercise reasonable diligence to protect the company's property on the customer's premises, and shall knowingly permit no one but the company's agents, or persons authorized by law, to have access to the company's pipes and apparatus.

(Continued to Sheet No. 11.0)

Timothy Q. Hudak
Issuing Officer

(Continued from Sheet No. 10.0)

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

- 13.0 ACCESS TO PREMISES - The duly authorized agents of the company shall have access at all reasonable hours to the premises of the customer for the purpose of installing, maintaining and inspecting or removing company's property, reading meters and other purposes incident to performance under or termination of the company's agreement with the customer and if such performance shall not be liable for trespass.
- 14.0 RIGHT OF WAY OR EASEMENTS - The customer shall grant or cause to be granted to the company and without cost to the company all rights, easements, permits, and privileges which are necessary for the rendering of water service.
- 15.0 BILLING PERIODS - Bills for water service will be rendered (Monthly, Bimonthly, Quarterly), bills are due when rendered and shall be considered as received by customer when delivered or mailed to water service address or some other place mutually agreed upon.

Nonreceipt of bills by customer shall not release or diminish obligation of customer with respect to payment thereof.

- 16.0 DELINQUENT BILLS - Bills are due when rendered, and if not paid within fifteen (15) days thereafter become delinquent and water service may then, after five (5) days written notice, be discontinued. Service will be resumed only upon payment of all past-due bills and penalties, together with a reconnection charge of \$ N/A, when performed during regular working hours. After regular working hours the reconnection charge will be \$ N/A. There shall be no liability of any kind against the company by reason of discontinuance of water service to the customer for failure of the customer to pay the bills on time.

No partial payment of any bill rendered will be accepted by the company, except by agreement with company, or by order or direction of the Commission.

- 17.0 PAYMENT OF WATER AND SEWER SERVICE BILLS CONCURRENTLY - When both water and sewer service are provided by the company payment of any water service bill rendered by the company to a water service customer shall not be accepted

(Continued to Sheet No. 12.0)

Timothy Q. Hudak
Issuing Officer

(Continued from Sheet No. 11.0)

by the Company without the simultaneous or concurrent payment of any sewer service bill rendered by the Company. If the charges for water service are not so paid, the Company may discontinue both sewer service and water service to the customer's premises for nonpayment of the water service charges or if the charges for sewer service are not so paid the Company may discontinue both water service and sewer service to the customer's premises for nonpayment of the sewer service charge. The Company shall not reestablish or reconnect sewer service and water service or either of such services until such time as all sewer service charges and water service charges and all other expenses or charges established or provided for by these Rules and Regulations are paid.

- 18.0 TAX CLAUSE - A municipal or county franchise tax levied upon a water or sewer public utility shall not be incorporated in the rate for water or sewer service but shall be shown as a separate item on the utility's bills to its customers in such municipality or county.

This charge must be approved by the Commission before being incorporated in the customer's bills.

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

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

(Continued to Sheet No. 13.0)

Timothy Q. Hudak
Issuing Officer

- 20.0 UNAUTHORIZED CONNECTIONS - WATER - Connections to the Company's water system for any purpose whatsoever are to be made only by employees of the Company. Unauthorized connections render the service subject to immediate discontinuance without notice and water service will not be restored until such unauthorized connections have been removed and unless settlement is made in full or all water service estimated by the Company to have been used by reason of such unauthorized connection.
- 21.0 METERS - All water meters shall be furnished by and remain the property of the Company and shall be accessible and subject to its control. The customer shall provide meter space to the Company at a suitable and readily accessible location and when the Company considers it advisable, within the premises to be served, adequate and proper space for the installation of meters and other similar devices.
- 22.0 ALL WATER THROUGH METER - That portion of the Customer's installation for water service shall be so arranged that all water service shall pass through the meter. No temporary pipes, nipples or spaces are permitted and under no circumstances are connections allowed which may permit water to by-pass the meter or metering equipment.
- 23.0 ADJUSTMENT OF BILLS - When a customer has been overcharged or undercharged as a result of incorrect application of the rate schedules, incorrect reading of the meter, incorrect connection of the meter, or other similar reasons, the amount may be credited or billed to the customer as the case may be.
- 24.0 CUSTOMER DEPOSIT - Before rendering service, the Company may require a deposit or guarantee satisfactory to the Company to secure the payment of bills, and the Company shall give the customers a non-negotiable and non-transferable deposit receipt. The amount of initial deposit shall be the following, according to meter size:

	Residential	General Service
5/8 x 3/4"	\$ <u>None</u>	\$ <u>None</u>
1"	\$ <u>"</u>	\$ <u>"</u>
1 1/2"	\$ <u>"</u>	\$ <u>"</u>
2"	\$ <u>"</u>	\$ <u>"</u>

After a customer's service has been discontinued due to non-payment of bill, before service will be resumed, Company may increase the deposit to three (3) times the average monthly bill for that class of customer and meter size.

The Company will pay interest on customers deposit at the rate of N/A percent per annum. The payment of interest will be made once each year as a credit on regular bills, and on final bills when service is discontinued. No customer depositor will receive interest on his deposit until at least six (6) months

(Continued from Sheet No. 13.0)

continuous service, then interest will be paid from the date of the commencement of service.

The Company will pay or credit accrued interest to the customers account during the month of N/A each year.

Upon final settlement of customer's account, any unused balance of the deposit will be refunded. Refund is contingent upon surrender to the Company of the applicable deposit receipt or, when the receipt cannot be produced, upon adequate identification.

- 25.0 REQUEST FOR METER TEST BY CUSTOMER - Should any customer request a bench test of his water meter, the company will require a deposit to defray cost of testing; such deposit not to exceed the following schedule of fees:

<u>METER SIZE</u>	<u>FEE</u>
5/8" and 3/4"	\$5.00
1" and 1½"	\$7.50
2" and above	\$10.00

If the meter is found to register in excess of the accuracy limits prescribed by the Commission the deposit will be refunded; but if below such accuracy limit, the deposit will be retained by the Company as a service charge for conducting the test.

Further, upon written request of any customer, the Company shall, without charge, make a field test of the accuracy of the water meter in use at customer's premises provided that the meter has not been tested within the past six (6) months.

- 26.0 ADJUSTMENT OF BILLS FOR METER ERROR - In meter tests made by the Commission or by the Company, the accuracy of registration of the meter and its performance in service shall be judged by its average error. The average meter error shall be considered to be the average of the errors at the test rate flows.

(Continued to Sheet No. 15.0)

FAST METERS - Whenever a meter tested is found to register fast in excess of the tolerance provided in the Meter Accuracy Requirements provision herein, the utility shall refund to the customer the amount billed in error for one-half the period since the last test; said one-half period not to exceed six (6) months except that if it can be shown that the error was due to some cause, the date of which can be fixed. The overcharge shall be computed back to but not beyond such date. The refund shall not include any part of any minimum charge.

METER ACCURACY REQUIREMENTS - All meters used for measuring quantity of water delivered to a customer shall be in good mechanical condition and shall be adequate in size and design for the type of service which they measure. Before being installed for the use of any customer every water meter, whether new, repaired, or removed from service for any cause, shall be adjusted to register within the accuracy limits set forth in the following table:

ACCURACY LIMITS IN PERCENT

<u>METER SIZE</u>	<u>Maximum Rate</u>	<u>Intermediate Rate</u>	<u>New</u>	<u>Repaired</u>
Displacement	98.5-101.5	98.5-101.5	95-101.5	90-101.5
Current	97 - 103	97 -103	95-103	90-103
Compound*	97 - 103	97 - 103	95-103	90-103

* The minimum required accuracy for compound meters at any rate within the "changeover" range of flows shall be 85%.

27.0 The Company shall file copies of all Guaranteed Revenue Contracts or special contracts for the sale of its products or services in a manner not specifically covered by its standard regulations or approved rate schedules prior to execution.

28.0 **MISCELLANEOUS SERVICE CHARGES** - The Company may charge the following miscellaneous service charges in accordance with the terms also stated below. If both water and sewer services are provided, only a single charge is appropriate unless circumstances beyond the control of the Company require multiple actions.

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

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

VIOLATION RECONNECTION - This charge would be levied subsequent to disconnection of service for cause including a delinquency in bill payment.

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

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

Effective Date: _____

Timothy Q. Hudak
Issuing Officer

IHC REALTY PARTNERSHIP L.P. d/b/a
PLANTATION UTILITIES
WATER TARIFF

FIRST REVISED SHEET NO. 16.0
CANCELS ORIGINAL SHEET NO. 16.0

INDEX OF RATE SCHEDULES

	<u>Sheet Number</u>
General Service, GS -----	17.0
Residential Service, RS -----	18.0
Multi-Residential Service, MS -----	19.0
Fire Hydrants -----	20.0
Meter Installation Fees -----	21.0

Timothy Q. Hudak
Issuing Officer

GENERAL SERVICE

RATE SCHEDULE - GS

AVAILABILITY - Available throughout the area served by the Company.

APPLICABILITY - To any customer for which no other schedule applies.

LIMITATIONS - Subject to all the rules and regulations of this tariff and general rules and regulations of the Commission.

RATE - Flat Rate \$7.56 Per 1,000 gallons

Bills for water service are rendered in arrears.

TERMS OF PAYMENT - Bills are due and payable when rendered and become delinquent if not paid within twenty (20) days. After five (5) working days written notice, separate and apart from any bill, service may then be discontinued.

Effective Date: _____

Timothy Q. Hudak
Issuing Officer

Type of Filing: Transfer

RESIDENTIAL SERVICE

RATE SCHEDULE - RS

AVAILABILITY - Available throughout the area served by the Company.

APPLICABILITY - To any customer for which no other schedule applies.

LIMITATIONS - Subject to all the rules and regulations of this tariff and general rules and regulations of the Commission.

RATE - Flat Rate \$7.56 Per 1,000 gallons

Bills for water service are rendered in arrears.

TERMS OF PAYMENT - Bills are due and payable when rendered and become delinquent if not paid within twenty (20) days. After five (5) working days written notice, separate and apart from any bill, service may then be discontinued.

Effective Date: _____

Type of Filing: Transfer

Timothy Q. Hudak
Issuing Officer

MULTI-RESIDENTIAL SERVICE

RATE SCHEDULE MS

AVAILABILITY - Available throughout the area served by company

APPLICABILITY - To any master-metered residential customer including but not limited to Condominiums, Apartments and Mobile Home Parks.

LIMITATIONS - Subject to all of the Rules and Regulations of this tariff and general Rules and Regulations of the Commission.

LATE - Not Applicable

MINIMUM CHARGE -

TERMS OF PAYMENT - Bills are due and payable when rendered and become delinquent if not paid within fifteen (15) days. After five (5) days written notice, service may then be discontinued.

Timothy Q. Hudak
Issuing Officer

FIRE HYDRANTS

WATER

AVAILABILITY - Available throughout the area served by the company.

APPLICABILITY - To fire hydrants furnishing fire protection installed on public or private property connected to the water mains of the company.

LIMITATIONS - Subject to all of the Rules and Regulations of this tariff and General Rules and Regulations of the Commission.

RATE - Not Applicable

MINIMUM CHARGE -

TERMS OF PAYMENT -

SCHEDULE OF METER INSTALLATION FEES ---WATER

AVAILABILITY - Available throughout the area served by the Company.

DEFINITION - The actual or average cost to the utility to install the water measuring device at the point of delivery, including materials and labor required.

APPLICABILITY - To all classifications of customers for the initial commencement of service at any given location.

RATE - Utility does not install meters.

3/4" or 5/8"	\$ _____
1"	\$ _____
1 1/2"	\$ _____
2"	\$ _____

TERMS OF PAYMENT -

Timothy Q. Hudak
Issuing Officer

INDEX OF STANDARD FORMS

Sheet Number

Customer's Guarantee Deposit Receipt -----	23.0
Application for Water Service -----	24.0
Application for Meter Installation -----	25.0
Copy of Customer's Bill -----	26.0

Timothy Q. Hudak
Issuing Officer

IHC REALTY PARTNERSHIP L.P. d/b/a
PLANTATION UTILITIES
WATER TARIFF

FIRST REVISED SHEET NO. 23.0
CANCELS ORIGINAL SHEET NO. 23.0

CUSTOMER'S GUARANTEE DEPOSIT RECEIPT

Not Applicable.

Timothy Q. Hudak
Issuing Officer

IHC REALTY PARTNERSHIP L.P. d/b/a
PLANTATION UTILITIES
WATER TARIFF

FIRST REVISED SHEET NO. 24.0
CANCELS ORIGINAL SHEET NO. 24.0

APPLICATION FOR WATER SERVICE

Not Applicable.

Timothy Q. Hudak
Issuing Officer

IHC REALTY PARTNERSHIP L.P. d/b/a
PLANTATION UTILITIES
WATER TARIFF

FIRST REVISED SHEET NO. 25.0
CANCELS ORIGINAL SHEET NO. 25.0

APPLICATION FOR METER INSTALLATION

Not Applicable.

Timothy Q. Hudak
Issuing Officer

IHC REALTY PARTNERSHIP L.P. d/b/a
PLANTATION UTILITIES
WATER TARIFF

FIRST REVISED SHEET NO. 26.0
CANCELS ORIGINAL SHEET NO. 26.0

COPY OF CUSTOMER'S BILL



Account No. _____

Bill Date _____

Service Address: _____

	<u>Meter Readings</u>	<u>Read Dates</u>
Present	_____	_____
Previous	_____	_____
Consumption	_____	Gallons

Water Charges _____
Sewer Charges _____
Previous Balance _____
Total Now Due _____

INDIAN RIVER PLANTATION COMPANY
Suite 107, Bessemer Building, Jensen Beach, Florida 33457 Telephone: (305) 286-1571

Timothy Q. Hudak
Issuing Officer

SEWER TARIFF

IHC REALTY PARTNERSHIP L.P.
d/b/a PLANTATION UTILITIES

(NAME OF COMPANY)

FILED WITH
FLORIDA PUBLIC SERVICE COMMISSION



IHC REALTY PARTNERSHIP L.P. d/b/a
PLANTATION UTILITIES
SEWER TARIFF

FIRST REVISED SHEET NO. 1.0
CANCELS ORIGINAL SHEET NO. 1.0

SEWER TARIFF

IHC REALTY PARTNERSHIP, L.P.
d/b/a PLANTATION UTILITIES

(NAME OF COMPANY)

Foster Plaza Ten

680 Andersen Drive

Pittsburg, PA 15220

(ADDRESS OF COMPANY)

412-937-0600

(Business & Emergency Telephone Numbers)

FILED WITH
FLORIDA PUBLIC SERVICE COMMISSION

SEWER TARIFF

TABLE OF CONTENTS

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Territory Served -----	3.0
Miscellaneous -----	4.0
Technical Terms and Abbreviations -----	5.0
Index of Rules and Regulations -----	6.0 - 7.0
Rules and Regulations -----	8.0 - 14.0
Index of Rate Schedules -----	15.0
Rate Schedules -----	16.0, - 17.0
Index of Standard Forms -----	18.0
Standard Forms -----	19.0 - 22.0
Contracts and Agreements -----	There are no contracts at the date of original issue.

Timothy Q. Hudak
Issuing Officer

IHC REALTY PARTNERSHIP L.P.
d/b/a PLANTATION UTILITIES
SEWER TARIFF

FIRST REVISED SHEET NO. 3.0
CANCELS ORIGINAL SHEET NO. 3.0

TERRITORY SERVED

Please refer to description of territory served as filed in Docket
Number _____, Order Number _____, issued

(Date)

Timothy Q. Hudak
Issuing Officer

IHC REALTY PARTNERSHIP L.P.
d/b/a PLANTATION UTILITIES
SEWER TARIFF

FIRST REVISED SHEET NO. 4.0
CANCELS ORIGINAL SHEET NO. 4.0

MISCELLANEOUS

Timothy Q. Hudak
Issuing Officer

TECHNICAL TERMS AND ABBREVIATIONS

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

INDEX OF RULES AND REGULATIONS

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2.0	General Information -----	8.0
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14.0	Right of Way or Easements -----	11.0
15.0	Billing Periods -----	11.0
16.0	Delinquent Bills -----	11.0
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18.0	Evidence of Consumption -----	12.0
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(Continued to Sheet No. 7.0)

Timothy Q. Hudak
Issuing Officer

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Effective Date: _____

Timothy Q. Hudak
Issuing Officer

RULES AND REGULATIONS

1.0 POLICY DISPUTE - Any dispute between the company and the customer or prospective customer regarding the meaning or application of any provision of this tariff shall upon written request by either party be resolved by the Florida Public Service Commission.

2.0 GENERAL INFORMATION - The company's Rules and Regulations, insofar as they are inconsistent with any Statute, Law or Commission Order shall be null and void. These Rules and Regulations are a part of the rate schedules, applications and contracts of the company and in the absence of specific written agreement to the contrary, they apply without modification or change to each and every customer to whom the company renders sewage service.

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

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

3.0 SIGNED APPLICATION NECESSARY - Sewage service is furnished only upon signed application or agreement accepted by the company and the conditions of such application or agreement are binding upon the customer as well as upon the company. A copy of the application or agreement for sewer service accepted by the company will be furnished to the applicant on request.

N/A

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

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

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

Timothy Q. Hudak
Issuing Officer

- 9.0 TYPE AND MAINTENANCE - The customer's pipes, apparatus and equipment shall be selected, installed, used and maintained in accordance with the standard practice, conforming with the Rules and Regulations of the Company, and in full compliance with all laws and governmental regulations applicable to same. The company shall not be responsible for the maintenance and operation of the customer's pipes and facilities. The customer expressly agrees not to utilize any appliance or device which is not properly constructed, controlled and protected, or which may adversely affect the sewer service; and the company reserves the right to discontinue or withhold sewer service to such apparatus or device.
- 10.0 CHANGE OF CUSTOMER'S INSTALLATION - No changes or increases in customer's installation, which will materially affect the proper operation of the pipes, mains, or stations of the company shall be made without written consent of the company. The customer will be liable for any change resulting from a violation of this rule.
- 11.0 INSPECTION OF CUSTOMER'S INSTALLATION - All customer's sewer service installations or changes shall be inspected upon completion by competent authority to ensure that customer's piping, equipment, and devices have been installed in accordance with accepted standard practice and such local governmental or other rules as may be in effect. Where municipal or other governmental inspection is required by local rules or ordinances, the company cannot render sewer service until such inspection has been made and a formal notice of approval from the inspecting authority has been received by the Company.
- The company reserves the right to inspect the customer's installation prior to rendering sewer service and from time to time thereafter, but assumes no responsibility whatsoever for any portion thereof.
- 12.0 PROTECTION OF COMPANY'S PROPERTY - The customer shall exercise reasonable diligence to protect the company's property on the customer's premises, and shall knowingly permit no one but the company's agents, or persons authorized by law, to have access to the company's pipes and apparatus.
- In the event of any loss, or damage to property of the company caused by or arising out of carelessness, neglect or misuse by the customer, the cost of making good such loss or repairing such damage shall be paid by the customer.

- 13.0 ACCESS TO PREMISES - The duly authorized agents of the company shall have access at all reasonable hours to the premises of the customer for the purpose of installing, maintaining and inspecting or removing company's property, and other purposes incident to performance under or termination of the company's agreement with the customer and in such performance shall not be liable for trespass.
- 14.0 RIGHT OF WAY OR EASEMENTS - The customer shall grant or cause to be granted to the company and without cost to the company all rights, easements, permits, and privileges which are necessary for the rendering of sewer service.
- 15.0 BILLING PERIODS - Bills for sewer service will be rendered (~~Monthly~~ Bimonthly, Quarterly), bills are due when rendered and shall be considered as received by customer when delivered or mailed to sewer service address or some other place mutually agreed upon.

Nonreceipt of bills by customer shall not release or diminish obligation of customer with respect to payment thereof.

- 16.0 DELINQUENT BILLS - Bills are due when rendered, and if not paid within fifteen (15) days thereafter become delinquent, and sewer service may then, after five (5) days written notice be discontinued. Service will be resumed only upon payment of all past-due bills and penalties, together with a reconnection charge established on the basis of the expenses incurred in the reconnection and restoration of service which shall be nondiscriminatory in its application. There shall be no liability of any kind against the company by reason of discontinuance of sewer service to the consumer for failure of the consumer to pay the bills on time.

No partial payment of any bill rendered will be accepted by the company, except by agreement with company, or by order of the Commission.

- 17.0 PAYMENT OF SEWER AND WATER SERVICE BILLS CONCURRENTLY - When both sewer and water service are provided by the company payment of any sewer service bill rendered by the company to a sewer service consumer shall not be accepted by the company without the simultaneous or concurrent payment of any water service bill rendered by the company. If the charges for sewer service are not so paid, the company may discontinue both sewer service and water service to the consumer's premises for nonpayment of the sewer service

(Continued from Sheet No. 11.0)

charges or if the charges for water service are not paid the Company may discontinue both water service and sewer service to the Consumer's premises for nonpayment of the water service charge. The Company shall not reestablish or reconnect sewer service and water service or either of such services until such time as all sewer service charges and water service charges and all other expenses or charges established or provided for by these Rules and Regulations.

- 18.0 EVIDENCE OF CONSUMPTION - The initiation or continuation or resumption of water service to the premises shall constitute the initiation, continuation, or resumption of sanitary sewer service to the premises, regardless of occupancy.
- 19.0 TAX CLAUSE - A municipal or county franchise tax levied upon a water or sewer public utility shall not be incorporated in the rate for water or sewer service but shall be shown as a separate item on the utility's bills to its customers in such municipality or county.

This charge must be approved by the Commission before being incorporated in the customer's bills.

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

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

Timothy Q. Hudak
Issuing Officer

Continued from Sheet No. 12.0)

- 21.0 UNAUTHORIZED CONNECTIONS - SEWER - Connections to the Company's sewer system for any purpose whatsoever are to be made only by employees of the Company. Unauthorized connections render the service subject to immediate discontinuance without notice and sewer service will not be restored until such unauthorized connections have been removed and unless settlement is made in full and for sewer service estimated by the Company to have been used by reason of such unauthorized connection.
- 22.0 ADJUSTMENT OF BILLS - When a customer has been overcharged or undercharged as a result of incorrect application of the rate schedule, or, if sewer service is measured by water consumption, a meter error is determined, the amount may be credited or billed to the customer, as the case may be.
- 23.0 CUSTOMER DEPOSIT - Before rendering service, the Company may require a deposit or guarantee satisfactory to the Company to secure the payment of bills; and the Company shall give the customers a nonnegotiable and nontransferable deposit receipt.

The amount of such deposit shall be the following:

Residential \$ None

All other classes (according to water meter size):

5/8 x 3/4" \$ None

1" \$ "

1½" \$ "

2" \$ "

After a customer's service has been discontinued due to nonpayment of bill, before service will be resumed, Company may increase the deposit to three (3) times the average monthly bill for that class of customer and meter size.

The Company will pay interest on customers deposit at the rate of N/A percent per annum. The payment of interest will be made once each year as a credit on regular bills, and on final bills when service is discontinued. No customer depositor will receive interest on his deposit until at least six (6) months continuous service, then interest will be paid from the date of the commencement of service.

The Company will pay or credit accrued interest to the customer's account during the month of N/A each year.

Upon final settlement of customer's account, any unused balance of the deposit will be refunded. Refund is contingent upon surrender to the Company of the applicable deposit receipt or, when the receipt cannot be produced, upon adequate identification.

- 24.0 The Company shall file with the Commission copies of all Guaranteed Revenue Contracts or special contracts for the sale of its product or services in a manner not specifically covered by its standard regulations or approved rate schedules prior to execution.
- 25.0 MISCELLANEOUS SERVICE CHARGES - The Company may charge the following miscellaneous service charges in accordance with the terms also stated below. If both water and sewer services are provided, only a single charge is appropriate unless circumstances beyond the control of the company requires multiple actions.

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

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

VIOLATION RECONNECTION - This charge would be levied subsequent to disconnection of service for cause including a delinquency in bill payment.

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

Initial Connection	15.00
Normal Reconnection	15.00
Violation Reconnection	15.00
Premises Visit (in lieu of disconnection)	10.00

Effective Date: _____

Timothy Q. Hudak
Issuing Officer

INDEX OF RATE SCHEDULES

General Service, GS -----	16.0
Residential Service, RS -----	17.0
Multi-Residential Service, MS -----	18.0

Timothy Q. Hudak
Issuing Officer

GENERAL SERVICE

RATE SCHEDULE - GS

AVAILABILITY - Available throughout the area served by the Company.

APPLICABILITY - For sewer service for which no other schedule applies.

LIMITATIONS - Subject to all the rules and regulations of this tariff and general rules and regulations of the Commission.

RATE - (Monthly)

<u>Meter Size</u>	<u>Base Facility Charge</u>	<u>Gallorage Charge</u> (Per 1,000 Gallons)
5/8" x 3/4"	\$ 11.12	\$ 5.38
1"	27.79	5.38
1-1/2"	55.59	5.38
2"	88.94	5.38
3"	177.90	5.38
4"	333.56	5.38
6"	694.91	5.38

(no maximum)

MINIMUM CHARGE - Shall be equal to the Base Facility Charge for each meter size per month.

TERMS OF PAYMENT - Bills are due and payable when rendered and become delinquent if not paid within twenty (20) days. After five (5) working days written notice, separate and apart from any bill, service may then be discontinued.

Effective Date: _____

Timothy Q. Hudak
Issuing Officer

Type of Filing: Transfer

RESIDENTIAL SERVICE

RATE SCHEDULE - RS

AVAILABILITY - Available throughout the area served by the Company.

APPLICABILITY - For sewer service for all purposes in private residences and individually metered apartment units.

LIMITATIONS - Subject to all the rules and regulations of this tariff and general rules and regulations of the Commission.

RATE - (Monthly)

<u>Meter Size</u>	<u>Base Facility Charge</u>	<u>Gallonage Charge</u> (Per 1,000 Gallons)
All meter sizes	\$ 11.12	\$ 4.47 (maximum 6,000 gallons per month)

MINIMUM CHARGE - Shall be equal to the Base Facility Charge per month.

TERMS OF PAYMENT - Bills are due and payable when rendered and become delinquent if not paid within twenty (20) days. After five (5) working days written notice, separate and apart from any bill, service may then be discontinued.

Effective Date: _____

Timothy Q. Hudak
Issuing Officer

Type of Filing: Transfer

MULTI-RESIDENTIAL SERVICE

RATE SCHEDULE -- MS

AVAILABILITY - Available throughout the area served by the Company.

APPLICABILITY - For sewer service to all master-metered residential customers including but not limited to condominiums, apartments and mobile home parks.

LIMITATIONS - Subject to all of the Rules and Regulations of this tariff and General Rules and Regulations of the Commission.

RATE -

MINIMUM CHARGE -

TERMS OF PAYMENT - Bills are due and payable when rendered and become delinquent if not paid within fifteen (15) days. After five (5) days written notice, service may then be discontinued.

Timothy Q. Hudak
Issuing Officer

INDEX OF STANDARD FORMS

	<u>Sheet No.</u>
CUSTOMER'S GUARANTEE DEPOSIT RECEIPT -----	20.0
APPLICATION FOR SEWER SERVICE -----	21.0
COPY OF CUSTOMER'S BILL -----	22.0

Timothy Q. Hudak
Issuing Officer

IHC REALTY PARTNERSHIP L.P.
d/b/a PLANTATION UTILITIES
SEWER TARIFF

FIRST REVISED SHEET NO. 20.0
CANCELS ORIGINAL SHEET NO. 20.0

CUSTOMER'S GUARANTEE DEPOSIT RECEIPT

Not Applicable.

Timothy Q. Hudak
Issuing Officer

IHC REALTY PARTNERSHIP L.P.
d/b/a/ PLANTATION UTILITIES
SEWER TARIFF

FIRST REVISED SHEET NO. 21.0
CANCELS ORIGINAL SHEET NO. 21.0

APPLICATION FOR SEWER SERVICE

Not Applicable.

Timothy Q. Hudak
Issuing Officer

IHC REALTY PARTNERSHIP L.P.
d/b/a PLANTATION UTILITIES
SEWER TARIFF

FIRST REVISED SHEET NO. 22.0
CANCELS ORIGINAL SHEET NO. 22.0

COPY OF CUSTOMER'S BILL



Account No. _____

Bill Date _____

Service Address: _____

	<u>Meter Readings</u>	<u>Read Dates</u>
Present	_____	_____
Previous	_____	_____
Consumption	_____ Gallons	

Water Charges _____
Sewer Charges _____
Previous Balance _____
Total Now Due _____

INDIAN RIVER PLANTATION COMPANY
Suite 107, Bessemer Building, Jensen Beach, Florida 33457 Telephone: (305) 286-1571

Timothy Q. Hudak
Issuing Officer

IHC REALTY PARTNERSHIP L.P.
d/b/a PLANTATION UTILITIES
SEWER TARIFF

FIRST REVISED SHEET NO. 23.0
CANCELS ORIGINAL SHEET NO. 23.0

SERVICE AVAILABILITY POLICY

The Company constructs all off-site facilities and developers shall construct all on-site facilities and, at the Company's discretion, transfer them to the Company.

Effective Date: _____

Type of Filing: Transfer

Timothy Q. Hudak
Issuing Officer

SCHEDULE OF FEES AND CHARGES

<u>DESCRIPTION</u>	<u>AMOUNT</u>
System Capacity Charge Residential - Per Unit	\$1,000
Plan Review Charge Refer to Rule	Actual Cost
Inspection Fee Refer to Rule	Actual Cost

Effective Date: _____

Timothy Q. Hudak
Issuing Officer