

FLORIDA PUBLIC SERVICE COMMISSION
Capital Circle Office Center • 2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

RECEIVED

MEMORANDUM

September 11, 1997

SEP 11 1997
12.10
FPSC - Records/Reporting

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF LEGAL SERVICES (REYES) *but [signature]*
DIVISION OF WATER & WASTEWATER (ZHANG) *[signature] P.W.M. [signature]*

RE: DOCKET NO. 961471-WS - INITIATION OF SHOW CAUSE
PROCEEDING AGAINST MAD HATTER UTILITY, INC. FOR VIOLATION
OF ORDER NO. PSC-93-0295-FOF-WS

DOCKET NO. 970125-WS - INITIATION OF LIMITED PROCEEDING
FOR POSSIBLE WASTEWATER RATE REDUCTION FOR FOXWOOD/TURTLE
LAKES SYSTEM FOR MAD HATTER UTILITY, INC.

COUNTY: PASCO

AGENDA: SEPTEMBER 23, 1997 - REGULAR AGENDA - ISSUE 1 IS PROPOSED
AGENCY ACTION - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: S:\PSC\LEG\WP\961471WS.RCM

CASE BACKGROUND

Mad Hatter Utility, Inc., (MHU or utility) is a Class B utility located in Lutz, Florida. The utility is located in the Northern Tampa Bay Water-Use Caution Area, as designated by the Southwest Florida Water Management District. MHU owns and operates water and wastewater systems in three separate communities: Linda Lakes, Foxwood, and Turtle Lakes. According to MHU's 1996 annual report, MHU serves 1,977 water customers and 1,895 wastewater customers.

MHU's last rate case was finalized by Order No. PSC-93-0295-FOF-WS, issued February 24, 1993, in Docket No. 910637-WS. In that Order, the Commission recognized the loss associated with MHU's abandonment of the Foxwood and Turtle Lakes wastewater plants, including land, and allowed recovery of the loss in rates over a period of eight years. The Order further required the utility to report to the Commission any future sale of this abandoned land and any proposed rate reduction resulting therefrom.

DOCUMENT NUMBER-DATE

09231 SEP 11 97

FPSC-RECORDS/REPORTING

DOCKET NOS. 961471-WS and 970125-WS
SEPTEMBER 11, 1997

In November, 1996, staff received information which indicated that this land had been sold; however, MHU had not reported any sale of the land to the Commission pursuant to Order No. PSC-93-0295-FOF-WS. By Order No. PSC-97-0140-FOF-WS, issued February 11, 1997, the Commission ordered MHU to show cause in writing why it should not be fined \$5,000 for failing to report the sale of the land and initiated a limited proceeding to address any possible wastewater rate reduction. On March 3, 1997, the utility filed its response to the show cause order alleging that no sale by the utility ever occurred and, therefore, the utility had no duty under the Order to report to the Commission the land transaction at issue here.

By Order No. PSC-97-0790-FOF-WS, issued on July 2, 1997, the Commission consolidated Docket Nos. 961471-WS and 970125-WS into a single proceeding for hearing. On August 5, 1997, MHU filed a Motion to Establish Procedure. On August 6, 1997, the utility submitted an offer of settlement which has been attached to this recommendation. By Order No. PSC-97-0986-PCO-WS, issued August 20, 1997, these proceedings were suspended pending review of the utility's settlement proposal by the Commission.

This recommendation addresses the utility's offer of settlement for Dockets Nos. 961471-WS and 970125-WS.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission accept the offer of settlement filed by Mad Hatter Utility, Inc. on August 6, 1997 for the limited proceeding?

RECOMMENDATION: Yes, the Commission should accept the settlement proposal for the limited proceeding offered by Mad Hatter Utility, Inc. on August 6, 1997. The revenue and rates should be reduced on a going forward basis for eight years. The annual decrease in revenue should be \$22,453. The rates for the Foxwood and Turtle Lakes wastewater system should be reduced by 2.83%. The utility should submit revised tariffs and a proposed customer notice reflecting the appropriate rates and the reason for the reduction. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), Florida Administrative Code. The rates should not be implemented until proof of notice has been received by the customers. The utility should provide proof of the date notice was given within 10 days after the date of the notice. (REYES, ZHANG)

STAFF ANALYSIS: By Order No. PSC-93-0295-FOF-WS, the Commission recognized the loss associated with the abandonment of the Foxwood and Turtle Lakes plants, including the land, and allowed MHU to recover this loss through its rates over a period of eight years. That loss is still being recovered in current wastewater rates. By Order No. PSC-97-0140-FOF-WS, issued February 11, 1997, the Commission initiated a limited proceeding to address any possible wastewater rate reduction resulting from the foreclosure and subsequent sale of this land. By Order No. PSC-97-0986-PCO-WS, issued August 20, 1997, the Commission set this matter for hearing.

MHU's offer of settlement for the limited proceeding contains proposed revenue and rate reduction and schedules which support the calculation. In its offer of settlement, the utility recognizes staff's concerns that the liens which render the utility unable to dispose of the land for any gain should never have been allowed to be attached to the percolation pond land. However, the utility pointed out that the loan transaction resulting in the transfer of this land to the utility, which was never fully documented, was negotiated and finalized almost exclusively by the then primary shareholders of the utility who are now long-gone. The utility further states that the present shareholders and management, Mr. and Mrs. DeLucenay, had been attempting to straighten out the problems that arose under prior majority shareholders. The utility was also aware of staff's contention that this was a matter within management's control, and management, whether current or prior, should bear the responsibility for these problems rather than the utility's customers. The utility has prepared a calculation of the

DOCKET NOS. 961471-WS and 970125-WS
SEPTEMBER 11, 1997

proforma net gain on the sale of the land as though the utility was able to sell it at the price that the shareholders were ultimately able to dispose of the property.

In addition, the utility also recognizes staff's concern that the utility had already received reimbursement for a portion of its basis in this land through the amortization of the loss on the land in the utility's last rate case order. The utility proposed to amortize both the gain that the utility would have recognized, the recovery of loss that the utility has achieved to date through rates, and the amount contained within the current rates for recovery of the loss. The combination of those three amortized over an eight-year period results in an annual revenue reduction of \$22,453. The detailed calculation of revenue and rate reduction for the utility's Foxwood and Turtle Lakes wastewater systems is shown in the attached schedules. The utility proposed, in an attempt to settle this matter short of hearing, to make that rate reduction on a going forward basis.

The utility believes that its offer of settlement is in line with staff's concerns and is reflective of staff's perspective on this matter. However, the utility maintained its position that the gain on the sale of this land could not have accrued to the utility, nor can it be booked as such. Therefore, the utility contends that the Commission cannot in anyway, require a change in the accounting treatment of the disposition of this land as it would reinstate the liens and eliminate any benefit to anyone. Further, the utility does not believe that the gain achieved on the land should be passed on to the customers. Finally, the utility alleges that the proposed changes will affect its earnings and will require the utility to consider seeking general rate relief in the near future.

Staff has reviewed the entire offer of settlement as filed by the utility. The utility's calculation of the net proforma gain on sale of the land and the total annual revenue reduction is shown in Schedule No. 1 of the attachment. The sales price of the land to VanDorsten Corp., Inc., is \$195,000. By Order No. PSC-93-0295-FOF-WS, the Commission determined that the total loss on abandonment of land was \$83,021 with an annual amortization of \$10,377 over eight years. Since the amortization of the loss began in March, 1993, the unamortized loss on this land through July 31, 1997 is \$30,271. The proforma gain is reduced by income tax expense of \$53,411 and other closing expenses of \$22,791 associated with the sale. Netting all of these items results in a proforma gain of \$88,527. The proforma gain is amortized over eight years consistent with the loss amortization period resulting in an annual amortization of \$11,066. Adding the \$10,377 for the loss on abandonment for the land results in an annual gain of \$21,433 to be recovered by the

DOCKET NOS. 961471-WS and 970125-WS
SEPTEMBER 11, 1997

customers for eight years. The annual revenue impact including gross-up for Regulatory Assessment Fees is \$22,453. The utility then calculated the percentage decrease in rates to be 2.83% by comparing the annual revenue reduction with the utility's annualized revenue based on the rates approved by Order No. PSC-97-0681-FOF-SU. These rates effective July 14, 1997, incorporate a pass-through rate reduction resulting from the reduction in purchased wastewater costs from Pasco County. The utility calculated its proposed rates by applying the 2.83% rate reduction across board to the existing rates. The details of these calculations are shown on Schedules Nos. 2 and 3.

Staff believes that the utility's settlement proposal reflects staff's concerns and position regarding the regulatory recognition of a gain on the sale of the percolation pond land. Staff believes that any gain realized through the sale of the percolation pond land should be passed on to the utility customers who have been paying the loss of abandonment, including the land, through the current rates. This is consistent with the utility's last rate case order.

Based on staff's review, the utility's proposed revenue and rate reduction is appropriately calculated and supported. Based on the above, staff recommends that the Commission accept the utility's offer of settlement in the limited proceeding.

The utility should file revised tariff sheets along with a proposed customer notice reflecting the appropriate rates and the reason for the reduction. The rates should be effective for service rendered as of the stamped approval date on the tariff sheets, provided the customers have received notice. The tariff sheets should be approved administratively upon staff's verification that the tariffs are consistent with the Commission's decision and that the customer notice is adequate. The utility should provide proof of the date notice was given within 10 days after the date of the notice.

If the effective date of the new rates falls within a regular billing cycle, the initial bills at the new rates may be prorated. The old charge should be prorated based on the number of days in the billing cycle before the effective date of the new rates. The new charge should be prorated based on the number of days in the billing cycle on or after the effective date of the new rates. In no event should the rates be effective for service rendered prior to the stamped approval date.

DOCKET NOS. 961471-WS and 970125-WS
SEPTEMBER 11, 1997

ISSUE 2: Should the Commission accept Mad Hatter Utility, Inc.'s offer of settlement of the show cause proceeding initiated by Order No. PSC-97-0140-FOF-WS?

RECOMMENDATION: Yes, the Commission should accept Mad Hatter Utility, Inc.'s offer of settlement of the show cause proceeding and require that the \$1,000 in settlement be paid within 10 days of the date of the order. Upon receipt by the Commission, the \$1,000 payment in settlement should be forwarded to the Office of the Comptroller for deposit in the State of Florida General Revenue Fund, pursuant to Section 367.161, Florida Statutes. (REYES)

STAFF ANALYSIS: As stated earlier, by Order No. PSC-97-0140-FOF-WS, the Commission ordered MHU to show cause in writing why it should not be fined \$5,000 for failing to report the sale of the Foxwood and Turtle Lakes land to the Commission. On March 3, 1997, the utility filed its response to the show cause order alleging that no sale by the utility ever occurred because the land had been foreclosed on by Mr. Larry DeLucenay, President and shareholder of MHU, and, therefore, the utility had no duty under the Order to report to the Commission the latter sale of that land by Mr. DeLucenay. By Order No. PSC-97-0790-FOF-WS this matter was scheduled concurrently for hearing with Docket No. 970125-WS.

On August 6, 1997, MHU filed an offer of settlement in the above-referenced dockets. In its offer, the utility maintains that it has not violated Order No. PSC-93-0295-FOF-WS. The utility states that it did not report the transaction because it did not constitute a sale and because the utility did not and could not achieve any gain under the transaction. The utility further states that it would be willing to pay a \$1,000 fine to the Commission in settlement of this matter under the following circumstances: the order in this matter will reflect that this is in fact a settlement and that the utility admits no guilt and that the Commission makes no finding of guilt or innocence, but rather the parties agree to settle this and the limited proceeding in combination.

Order No. PSC-93-0295-FOF-WS required the utility to report to the Commission any future sale of the Foxwood and Turtle Lakes abandoned land and any proposed rate reduction resulting therefrom. Staff believes that in light of the utility's offer with regards to the limited proceeding portion of this matter as discussed in Issue 1, the utility's offer will accomplish the same end result which the Order's language was intended to achieve. Therefore, staff believes that the settlement amount is reasonable and recommends that the Commission accept the utility's offer of settlement and require that the \$1,000 in settlement be paid within 10 days of the date of the order. Upon receipt by the Commission, the \$1,000 payment in settlement should be forwarded to the Office of the

DOCKET NOS. 961471-WS and 970125-WS
SEPTEMBER 11, 1997

Comptroller for deposit in the State of Florida General Revenue
Fund, pursuant to Section 367.161, Florida Statutes.

DOCKET NOS. 961471-WS and 970125-WS
SEPTEMBER 11, 1997

ISSUE 3: Should this docket be closed?

RECOMMENDATION: Upon expiration of the protest period, if a timely protest is not received from a substantially affected person, and upon verification that the utility has remitted the \$1,000 fine and has reduced its rates pursuant to its settlement offer, and upon the utility's filing of and staff's approval of the proposed customer notice and the revised tariff sheets, this docket should be closed. (REYES)

STAFF ANALYSIS: Upon expiration of the protest period, if a timely protest is not received from a substantially affected person, and upon verification that the utility has remitted the \$1,000 fine and has reduced its rates pursuant to its settlement offer, and upon the utility's filing of and staff's approval of the proposed customer notice and the revised tariff sheets, this docket should be closed.

ROSE, SUNDSTROM & BENTLEY, LLP

2548 BLAIRSTONE PINES DRIVE

TALLAHASSEE, FLORIDA 32301

(850) 877-6555

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 JOHN L. WHARTON

August 6, 1997

VIA HAND DELIVERY

MAILING ADDRESS:
 POST OFFICE BOX 156
 TALLAHASSEE, FLORIDA 32301-0156
 TELEPHONE: 850-884-8470

RECEIVED

AUG 06 1997

Florida Public Service Commission
 1000 N. Walton and Westwalk

Bobbie Reyes, Esquire
 Division of Legal Services
 Florida Public Service Commission
 2540 Shumard Oak Boulevard
 Tallahassee, Florida 32399-0873

Re: Mad Hatter Utility, Inc.; PSC Docket Nos. 961471-WS and
 970125-WS; Show Cause and Limited Proceeding
Our File No. 28023.09

Dear Bobbie:

After our recent conversations and my discussions with the Utility management and their accounting consultant, we at Mad Hatter have decided to make an offer to settle both of the above referenced cases. However, there are several important points that we at the Utility believe need to be made with the Staff concerning these issues. I have addressed these separately for the Show Cause and the Limited Proceeding.

SHOW CAUSE

Mad Hatter Utility maintains that they have not violated the Commission's order. The Utility did not report the transaction because it did not constitute a sale and because the Utility did not and could not achieve any gain under the transaction. While we are willing to settle these two cases in combination, we want the order to reflect that this is in fact a settlement and that the Utility admits no guilt and that the Commission makes no finding of guilt or innocence, but rather the parties agree to settle this and the other case in combination. The Utility would be willing to pay a \$1,000 fine to the Commission under these conditions.

LIMITED PROCEEDING

Mad Hatter maintains that the Utility did not and could not have achieved any gain upon the disposition of the treatment plant land. In addition, we maintain that Mad Hatter shareholders did what was in the best interest of the customers in foreclosing on that land and disposing of it in order to allow the Utility the opportunity to refinance its existing debt at substantial savings to the Utility and its customers. We at the Utility understand the

Bobbie Reyes, Esquire
August 6, 1997
Page 2

Staff's position to be that the liens which render the Utility unable to dispose of the land for any gain should never have been allowed to attach to that land. However, as the Staff is aware, the loan transaction which resulted in the transfer of this land to the Utility, but was never fully documented, was negotiated and finalized almost exclusively by the then primary shareholders of the Utility who are now long-gone. The present shareholders and management of the Utility have simply been attempting to straighten out the problems that arose under prior majority shareholders. The Staff's position is simply based upon their contention that this was a matter within management's control, and management, whether current or prior, should bear the responsibility for these problems rather than the Utility's customers. As such, it is our understanding that the Commission Staff wishes to see a calculation of the gain on the sale of this land as though the Utility was able to sell it at the price that the shareholders were ultimately able to dispose of the property. Mr. Bob Nixon, for the Utility, has prepared a calculation of the proforma net gain that would have resulted to the Utility under those hypothetical circumstances.

In addition, the Staff is concerned that the Utility has already received reimbursement for a portion of its basis in this land through the amortization of that loss on that land in the Utility's last rate order. Both elimination of the prospective amortization of loss and reimbursement for that loss already recovered are included within Mr. Nixon's calculations. In effect, the Utility is proposing through Mr. Nixon's schedule to amortize both the gain that the Utility would have recognized; the recovery of loss that the Utility has achieved to date through rates; and the amount contained within the current rates for recovery of loss. The combination of those three amortized over an eight year period results in an annual revenue reduction of \$22,453. The Utility is proposing, in an attempt to settle this matter short of hearing, to make that rate reduction on a going forward basis. We believe this is in line with what the PSC Staff is suggesting and is reflective of their perspective on the matter in any case.

As noted previously, the Utility continues to believe that it has done everything in its power to straighten out the above situation and that the gain on the sale of this land could not have accrued to the Utility, nor can it be booked as such. Therefore, the Commission cannot in any way require a change in the accounting treatment of the disposition of this land as it would reinstate the liens and eliminate any benefit to anyone.

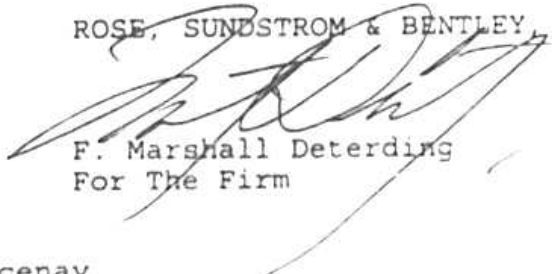
The Utility does not feel as though it has violated the order and therefore should not be fined in the show cause proceeding, and, in addition, does not feel as though the gain achieved on the

Bobbie Reyes, Esquire
August 6, 1997
Page 3

land should appropriately pass on to the customers. However, in order to avoid costly litigation, the Utility is willing to make the changes as proposed by the Staff even though it will significantly effect the earnings of the Utility and will require the Utility to seriously consider seeking general rate relief in the near future. Please present this settlement proposal to the Commission at their earliest convenience. If you have any questions concerning the details, please let me know.

Sincerely,

ROSE, SUNDBSTROM & BENTLEY, LLP



F. Marshall Deterding
For The Firm

FMD/lts

cc: Janice and Larry DeLucenay
Robert C. Nixon, CPA
Tricia Merchant, CPA
Marshall Willis, CPA
Mr. Clay Zhang

Mad Hatter Utility, Inc.
 Proforma Gain on Sale of Foxwood Treatment Plant Land
 and Proposed Regulatory Treatment
 Foxwood and Turtle Lakes Wastewater System

| | |
|--|-------------------|
| I. <u>Proforma Gain to Mad Hatter</u> | |
| Sales price to VanDorsten Corp., Inc. | \$ 195,000 |
| Mad Hatter cost basis, net of accumulated amortization through July 31, 1997 | (30,271) |
| | <u>164,729</u> |
| Income taxes at 37.63% | (53,411) |
| Expenses per closing statements: | |
| Real estate taxes | (11,273) |
| Document stamps | (1,365) |
| Recording fees | (56) |
| Courier fees | (30) |
| Title insurance fees | (1,577) |
| Attorney's fees | (3,475) |
| Power of Attorney fees | (15) |
| Commission | (5,000) |
| | <u>(5,000)</u> |
| Net gain if Mad Hatter were seller | <u>\$ 88,527</u> |
| II. <u>Rate Impact - 8-Year Amortization Period</u> | |
| Decrease for loss amortization in existing rates | \$ 10,377 |
| Amortization of proforma gain on sale of land | 11,066 |
| | <u>21,443</u> |
| Annual decrease in revenue | 21,443 |
| Divide by Regulatory Assessment Fee Expansion Factor | <u>0.955</u> |
| Total annual revenue decrease | <u>\$ 22,453</u> |
| Divide by annualized revenue (Schedule No. 2) | <u>\$ 792,677</u> |
| Percentage decrease in rates | <u>2.83%</u> |

Mad Hatter Utility, Inc.
 Schedule of Annualized Revenue
 Foxwood & Turtle Lakes Wastewater Systems
 For the Year Ended December 31, 1996

| | Number of Bills/Gallons | | | Tariff Rate | Revenue |
|---|-------------------------|-----------------|---------|----------------|-------------------|
| | Foxwood | Turtle Lakes | Total | | |
| <u>Foxwood & Turtle Lakes Systems</u> | | | | | |
| <u>Residential</u> | | | | | |
| Base facility charge | 12,447 | 8,788 | 21,235 | \$ 11.34 | \$ 240,805 |
| Gallons sold | | | 110,038 | 3.76 | 413,743 |
| Total Residential revenue | | | | | <u>654,548</u> |
| <u>General Service</u> | | | | | |
| Base facility charge: | | | | | |
| 5/8" x 3/4" | 322 | 48 | 370 | 11.34 | 4,196 |
| 1" | 120 | 36 | 156 | 28.34 | 4,421 |
| 1 1/2" | 108 | 60 | 168 | 56.68 | 9,522 |
| 2" | 84 | | 84 | 90.68 | 7,617 |
| 4" | 12 | | 12 | 283.40 | 3,401 |
| | | | | | <u>29,157</u> |
| Gallons sold | 17,934 | 5,653 | 23,587 | 4.62 | 108,972 |
| Total General Service revenue | | | | | <u>138,129</u> |
| Total annualized revenue | | | | | <u>\$ 792,677</u> |

Note: Rates effective July 14, 1997, per Show Cause - Pass-through Gallonage Reduction

Mad Hatter Utility, Inc
 Schedule of Present and Proposed Rates
 Foxwood & Turtle Lakes Wastewater System

| | Present Rates | Proposed Rates |
|---|------------------|-------------------|
| <u>Residential (2.83% decrease)</u> | | |
| Base facility charge - all meter sizes | \$ 11.34 | \$ 11.02 |
| Gallage charge per 1,000 gallons (8,000 max.) | 3.76 | 3.65 |
| <u>General & Multi-Residential Service (2.83% decrease)</u> | | |
| Base facility charges: | | |
| 5/8" x 3/4" | 11.34 | 11.02 |
| 1" | 28.34 | 27.54 |
| 1 1/2" | 56.68 | 55.08 |
| 2" | 90.68 | 88.11 |
| 3" | 181.37 | 176.24 |
| 4" | 283.40 | 275.38 |
| 6" | 566.81 | 550.77 |
| Gallage charge per 1,000 gallons | 4.62 | 4.49 |

PERC
PONDS



NORTHFORX PROFESSIONAL TITLE
1515 N. DALE MABRY HWY, SUITE 101, TAMPA, FLORIDA 33549

(813) 544-764
FAX (813) 546-041

SELLER'S CLOSING STATEMENT

DATE CLOSED: OCTOBER 7, 1994 FILE NO. 3312-60
 SELLERS: LARRY G. DELOUCENAY AND JANICE L. DELOUCENAY
 PURCHASERS: VAN DORSTEN CORPORATION, INC.
 PROPERTY: A PORTION OF SEC. 36, TWP. 26 S., RGE 18 E., PASCO COUNTY, FL

THIS COMPANY ASSUMES NO LIABILITY FOR WATER, SEWER, GAS, ELECTRICITY, TAXES OR PERSONAL PROPERTY, LICENSE OR GARBAGE CHARGES.

| | DEBITS | CREDITS |
|--|---------------|------------|
| Sales Price | | 100,000.00 |
| Deposit with Seller | | |
| Escrow Balance Being Assumed | | |
| Provision of Insurance _____ to _____ | | |
| Mortgage Being Paid-Off/Assumed | | |
| PAYOFF TO BARNETT BANKS, INC. | 50,000.00 ✓ | |
| Provision of Interest _____ to _____ | | |
| RESCISSOR'S PAYOFF TO NATIONAL BANK FOR COOPERATIVES PAYOFF TO NATIONAL BANK FOR COOPERATIVES | 12,000.00 ✓ | |
| REAL ESTATE TAXES FOR 1987, 89, 91, 92 & 93 | 9,389.92 ✓ | |
| Documentary Stamps on Deed | 700.00 ✓ | |
| Record Satisfaction of Mortgage, UCC & COLLATERAL ASSIGN. | 33.00 ✓ | |
| COURIER FEES - PAYOFFS | 30.00 ✓ | |
| Title Insurance (Premium, search & closing fee) | 825.00 ✓ | |
| ATTORNEY FEES - GEORGE L. HAYES III, P.A. | 3,475.00 ✓ | |
| EXPRESS RECORD POWER OF ATTORNEY | 15.00 | |
| Survey | | |
| Broker Commission _____ % of _____ | | |
| 50% plus MLS to | | |
| 50% less MLS to | | |
| Taxes 280 days based on \$670.54 | 514.38 ✓ | |
| Should the November amount of taxes for current year be greater than amount used above, Seller agrees to pay to buyer a prorated share of said amount. | | |
| Assessments | | |
| CLOSING OF TITLE DOES NOT RELIEVE THE SELLER FROM ANY LIABILITY TO PAY JUST DEBTS INCURRED DURING HIS OWNERSHIP. | | |
| WE have read the foregoing statement and hereby approve same for distribution. | | |
| SELLER | | |
| LARRY G. DELOUCENAY | | |
| SELLER | | |
| JANICE L. DELOUCENAY | | |
| BY: LARRY G. DELOUCENAY AS ATTORNEY-IN-FACT | | |
| DATE OCTOBER 7, 1994 | | |
| | TOTAL CREDITS | 100,000.00 |
| | LESS DEBITS | 76,982.30 |
| | NET PROCEEDS | 23,017.70 |

A. Settlement Statement

B. Type of Loan

| | | | | | | | |
|---------------------------------|--|--|-------------------------------------|-----------------------------------|-----------------------------------|----------------|-------------------------------|
| 1. <input type="checkbox"/> FHA | 2. <input type="checkbox"/> Fannie Mae | 3. <input type="checkbox"/> Conventional | 4. <input type="checkbox"/> Reverse | 5. <input type="checkbox"/> Other | 6. <input type="checkbox"/> Other | 7. Loan Number | 8. Mortgage Insurance Company |
| 4. <input type="checkbox"/> VA | 5. <input type="checkbox"/> Conventional | 9509-11 | | CASH | | | |

C. NOTE: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.a.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the total.

D. NAME AND ADDRESS OF BORROWER: BUYER: VAN DORSTEN-KING CORPORATION, INC.
2047-A OSPREY LANE, LUTZ FL 33549

E. NAME AND ADDRESS OF SELLER: LARRY G. DELUCENAY AND JANICE L. DELUCENAY
4925 PARKWAY BLVD., LAND O'LAKES FL 34639

F. NAME AND ADDRESS OF LENDER:

G. PROPERTY LOCATION: THE EAST 1/2 OF A PARCEL IN SECTION 26, TOWNSHIP 26 SOUTH, RANGE 18 EAST, PASCO COUNTY, FLORIDA.

H. SETTLEMENT AGENT: TICO TITLE, INC.
PLACE OF SETTLEMENT: 1515 DALE MARRY, SUITE 101, LUTZ, FL 33549

I. SETTLEMENT DATE: OCTOBER 18, 1995

| J. SUMMARY OF BORROWER'S TRANSACTION | | K. SUMMARY OF SELLER'S TRANSACTION | |
|---|-----------|---|-----------|
| 101. GROSS AMOUNT DUE FROM BORROWER | | 401. GROSS AMOUNT DUE TO SELLER | |
| 101. Contract sales price | 95,000.00 | 401. Contract sales price | 95,000.00 |
| 102. Personal property | | 402. Personal property | |
| 103. Settlement charges to borrower (from line 1400) | 0.00 | 403. | |
| 104. | | 404. | |
| 105. | | 405. | |
| ADJUSTMENTS FOR ITEMS PAID BY SELLER IN ADVANCE: | | ADJUSTMENTS FOR ITEMS PAID BY SELLER IN ADVANCE: | |
| 106. Annual taxes | | 406. | |
| 107. County taxes to | | 407. County taxes to | |
| 108. Assessments to | | 408. Assessments to | |
| 109. | | 409. | |
| 110. | | 410. | |
| 111. | | 411. | |
| 112. | | 412. | |

128. GROSS AMOUNT DUE FROM BORROWER: > 95,000.00 428. GROSS AMOUNT DUE TO SELLER: > 95,000.00

| L. AMOUNTS PAID BY OR IN BEHALF OF BORROWER: | | M. REDUCTIONS IN AMOUNT DUE TO SELLER: | |
|--|----------|--|-----------|
| 201. Deposit or earnest money | | 501. Excess deposit (see instructions) | |
| 202. Principal amount of new loan(s) | | 502. Settlement charges to seller (line 1400) | 6,439.50 |
| 203. Existing loan(s) taken subject to | | 503. Existing loan(s) taken subject to | |
| 204. | | 504. Payoff of first mortgage loan | 70,470.10 |
| 205. | | 505. Payoff of second mortgage loan | |
| 206. | | 506. | |
| 207. SELLERS PORTION OF 1994 RE TAX | 831.61 | 507. SELLERS PORTION OF 1994 RE TAX | 831.61 |
| 208. | | 508. | |
| 209. | | 509. | |
| ADJUSTMENTS FOR ITEMS UNPAID BY SELLER: | | ADJUSTMENTS FOR ITEMS UNPAID BY SELLER: | |
| 210. | | 510. | |
| 211. County taxes 01/01/95 to 10/18/95 | 536.50 | 511. County taxes 01/01/95 to 10/18/95 | 536.50 |
| 212. Assessments to | | 512. Assessments to | |
| 213. | | 513. | |
| 214. | | 514. | |
| 215. | | 515. | |
| 216. | | 516. | |
| 217. | | 517. | |
| 218. | | 518. | |
| 219. | | 519. | |
| 220. TOTAL PAID BY/FOR BORROWER: > | 1,368.11 | 520. TOTAL REDUCTIONS IN AMOUNT DUE SELLER: > | 78,277.71 |

308. CASH AT SETTLEMENT FROM/TO BORROWER: 608. CASH AT SETTLEMENT TO/FROM SELLER:

| | | | |
|--|-------------|--|--------------|
| 301. Gross amount due from borrower (line 120) | 95,000.00 | 601. Gross amount due to seller (line 420) | 95,000.00 |
| 302. Less amount paid by/fur borrower (line 220) | (1,368.11) | 602. Less total reductions in amount due seller (line 520) | (78,277.71) |
| 303. CASH (<input checked="" type="checkbox"/> FROM) (<input type="checkbox"/> TO) BORROWER: > | 93,631.89 | 603. CASH (<input checked="" type="checkbox"/> TO) (<input type="checkbox"/> FROM) SELLER: > | 16,722.29 |

SUBSTITUTE FORM 1099 SELLER STATEMENT. The information contained on Forms 8, 9, 10 and 1 and on one 401 001, if the 401 is selected, item 402 and 403 is reported for settlement and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction will be imposed on you if the form is required to be reported and the IRS determines that it has not been reported.

SELLER INSTRUCTIONS: If the real estate taxes your previous residence, see Form 2140, Sale or Exchange of Principal Residence, for any gain, with your previous tax return, for other instructions, complete the appropriate parts of Form 4797, Form 6252 and/or Schedule D (Form 1040).

You are required by law to provide line 603 to your former taxpayer identification number. If you do not provide line 603 with your former taxpayer identification number, you may be subject to and or criminal penalties imposed by law, and Under penalties of perjury, I certify that the number shown on this statement is my correct taxpayer identification number.

Seller's Signature
PAGE 1

