

HOLMES UTILITIES, INC.
760 Henscratch Road
Lake Placid, Florida 33852
(941) 465-6044

RECEIVED
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96 JUN 26 PM 12 50
MAIL ROOM

ORIGINAL
FILE COPY

June 15, 1996

960244-1110

Ms. Blanca Bayo, Director
Division of Records and Reporting
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Dear Ms. Bayo

I believe I have completed the task you asked me to do for this application. If there is something missing or done incorrectly, please let me know as soon as possible and I will do my best to correct or complete it for you.

Sincerely

Lisa Holmes
Lisa Holmes, V-President

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG 1 _____
- LIN _____
- OPC _____
- RCH _____
- SEC 1 _____
- WAS w/maps _____
- OTH _____

DOCUMENT NUMBER-DATE
06900 JUN 26 96
FPSC-RECORDS/REPORTING

Commissioners:

AN F. CLARK, CHAIRMAN
J. TERRY DEASON
JULIA L. JOHNSON
DIANE K. KIESLING
JOE GARCIA



DIVISION OF WATER &
WASTEWATER
CHARLES HILL
DIRECTOR
(904) 413-6900

Public Service Commission

*Fried's
Copies*

SENT 16 13-29
MAP # 95B

March 28, 1996

Mrs. Lisa Holmes
Holmes Utilities, Inc.
760 Henscratch Road
Lake Placid, Florida 33852

RE: Docket No. 960244-WU, Application for certificate to provide water service in Highlands County by Holmes Utilities, Inc./Country Walk Facility.

Dear Mrs. Holmes:

We appreciate your diligence in completing the application. As we discussed, the Division of Water and Wastewater's current procedure is to send a letter to all applicants which lists any deficiencies to the application. Staff has reviewed the utility's application for a water certificate and determined that it is deficient pursuant to Section 367.045, Florida Statutes and Rule 25-30.034, Florida Administrative Code. The following deficiencies have been noted:

1. **Application.** Per our conversation, it appears that the application forms we sent you were not complete. Specifically, all of the even numbered pages were missing. We apologize for the error and any inconvenience this has caused you. In order to process the utility's application, we will need for you to provide the information requested on Pages 2, 4, and 6 of the application. We have attached Pages 2, 4, and 6 for you to complete, along with a new copy of the entire application package for your information.

Done 2

Warranty Deed. Rule 25-30.034(1)(e), Florida Administrative Code, requires that the utility provide evidence that the utility owns the land upon which the utility treatment facilities are located, or a copy of an agreement which provides for the continued use of the land, such as a 99-year lease. The Commission may consider a written easement or other cost-effective alternative. The warranty deed that was submitted with your application contains the statement "This instrument prepared without benefit of title examination." Please provide proof of title insurance or a new warranty deed which states that the "Grantor does hereby fully warrant the title of said land, and will defend the same against the lawful claims of all persons whomsoever."

Done

Territory Map. Rule 25-30.034(1)(j), F.A.C., requires one copy of an official county tax assessment map, or other map showing township, range, and section in the scale of 1

Mrs. Lisa Holmes
March 28, 1996
Page 2

inch = 200 feet or 1 inch = 400 feet, with the proposed territory plotted by use of metes and bounds or quarter sections and with a defined reference point of beginning. The set of system maps which were provided with the application are in the scale of 1 inch = 2000 feet.

PB 10-3

Please provide a territory map in the appropriate scale with an accurate depiction of the existing territory being served. An example of the appropriate types of territory descriptions and an example of a territory map were provided on Pages 11 and 12 of your application package.

4. **Legal Notice.** The legal description furnished with the application relies on references to tracks and lots as recorded in the public records of Highlands County, Florida. Since such records are not on file with the Commission, Rule 25-30.030(2)(b), F.A.C., does not allow the use of such references in legal notices:

The description may reference interstates, state roads, and major bodies of water. The description shall not rely on references to government lots, local streets, recorded plats or lots, tracts, or other recorded instruments. (Emphasis added.)

The legal description must be rewritten pursuant to Rule 25-30.030(2), F.A.C., which was provided with your application package. You will not be required to renote the corrected legal description if you provide us with a statement that the description that was noticed represents the same territory contained in the corrected legal description.

Additionally, since the territory description included in your original application is incorrect, the tariff sheets you submitted are also incorrect. Please send in the original and two copies of the correct tariff sheets.

5. **Notice.** In accordance with Section 367.045(1)(a), Florida Statutes, and Rule 25-30.030, Florida Administrative Code, the Utility is required to provide notice of application. Please provide an affidavit that the notice was given in accordance with Section 367.045(1)(a), Florida Statutes, and Rule 25-30.030, Florida Administrative Code, and a list of entities to whom the notice was sent.

In addition to the above noted deficiencies, please provide additional information on the following items.

1. **Engineering Contact(s).** Please identify the name and phone number of the person(s) responsible for providing the territory description, the territory map and the system engineering.

Fred Myers - 386-6529

Dale Polatony - 385-5561

Not Done
Exhibit

Mrs. Lisa Holmes

March 28, 1996

Page 3

2. **Need for Certificate of Authorization.** Rule 25-30.034(1)(m), Florida Administrative Code, and Part III(B) of the application, require a statement explaining how and why the utility began providing service prior to obtaining a certificate of authorization. The utility's application states that "Mitch, Delores and Todd Harvey turned over the ownership of the County Walk facility to Daniel and Lisa Holmes."

Done a. Please provide the date upon which you and Daniel Holmes purchased and/or began operating the utility facilities. *August 1, '96*

Done b. Were you aware that the utility was regulated by the Florida Public Service Commission (PSC) when you purchased the utility? If not, please explain how and when you became aware that the PSC regulates the utility. *When PSC called*

Done 3. **Monthly Service Rates.** Original Sheet No. 16.0 of the tariff that was submitted with the utility's application indicates that the utility is using an inclining block rate structure. The tariff shows the gallonage charges for usage up to a level of 15,000 gallons, then states that for each 5,000 gallons used the rate goes up \$0.30 per 1,000 gallons. Does the utility continue to charge \$2.00 per 1,000 gallons for usage above the 15,000 gallon level or does the charge increase for each 5,000 gallon block above 15,000 gallons? *yes*

Please file one copy of the maps, the original and two copies of the revised tariff sheets, and an original and five copies of the remaining requested information no later than June 28, 1996 with Ms. Blanca Bayo, Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0850. Please feel free to call either Pat Brady at (904)413-6686 or me at (904)413-7015 if you have any questions.

Sincerely,

Martha A. Golden

Martha A. Golden
Economic Analyst

Enclosures

cc: Division of Water and Wastewater (Hill, Williams, Messer, Brady)
Division of Legal Services (Jaber, Crosby)
Division of Records and Reporting

- C) Indicate the organizational character of the applicant:
(circle one)

Corporation

Partnership

Sole Proprietorship

Other _____

(Specify)

- D) If the applicant is a corporation, list names, titles and addresses of corporate officers, directors. (Use additional sheet if necessary).

Daniel M. Holmes - President

Lisa K. Holmes - Vice President, Secretary, Treasurer

Both at - 9818 Payne Road Sebring, Florida 33872

- E) If the applicant is not a corporation, list names and addresses of all persons or entities owning an interest in the organization. (Use additional sheet if necessary.)

N/A

PART II SYSTEM INFORMATION

A) WATER

- (1) Exhibit F - A statement describing the proposed types(s) of water service to be provided (i.e., potable, non-potable or both).
- (2) Exhibit G - A schedule showing the number of customers currently being served by class and meter size, as well as the number of customers projected to be served when the requested service territory is fully occupied.
- (3) Indicate permit numbers and dates of approval of water treatment facilities by the Department of Environmental Protection (DEP) or the agency designated by the DEP to issue permits:

Construction Permit # WC28-170876 Approved by FL.D.E.P. 3/7/91

PART IV RATES AND TARIFFS

- A) Exhibit H - A statement specifying on what date and under what authority the current rates and charges were established.
- B) Exhibit I - The original and two copies of water and/or wastewater tariff(s) containing all rates, classifications, charges, rules and regulations. Sample tariffs are enclosed with the application package.

PART V TERRITORY DESCRIPTION AND MAPS

A) **TERRITORY DESCRIPTION**

Exhibit J - An accurate description, using township, range and section references as specified in Rule 25-30.030(2), Florida Administrative Code, of the territory the utility is currently serving. If the water and wastewater service territories are different, provide separate descriptions.

Exhibit N/A - If the applicant is requesting territory not serviced at the time of the application provide the following:

- (1) A statement showing the need for service in the proposed area.
- (2) A statement that, to the best of the applicant's knowledge, the provision of service in this territory will be consistent with the water and wastewater sections of the local comprehensive plan as approved by the Department of Community Affairs at the time the application is filed. Or, if not consistent, a statement demonstrating why granting the territory would be in the public interest.

B) **TERRITORY MAPS**

Exhibit K1/K2/K3 - One copy of an official county tax assessment map or other map showing township, range and section with a scale such as 1"=200' or 1"=400' on which the proposed territory is plotted by use of metes and bounds or quarter sections and with a defined reference point of beginning. If the water and wastewater service territories are different, provide separate maps.

- B) Exhibit L - An affidavit that the notice of actual application was given in accordance with Rule 25-30.030, Florida Administrative Code, by regular mail or personal delivery to each customer of the system. A copy of the notice shall accompany the affidavit. THIS MAY BE A LATE-FILED EXHIBIT.
- C) Exhibit M - Immediately upon completion of publication, an affidavit that the notice of actual application was published once in a newspaper of general circulation in the territory in accordance with Rule 25-30.030, Florida Administrative Code. A copy of the proof of publication shall accompany the affidavit. THIS MAY BE A LATE-FILED EXHIBIT.

PART VII FILING FEE

Indicate the filing fee enclosed with the application:

\$ 750.00 (for water) and/or \$ (for wastewater).

Note: Pursuant to Rule 25-30.020, Florida Administrative Code, the amount of the filing fee as follows:

- (1) For applications in which the utility has the capacity to serve up to 500 ERC's, the filing fee shall be \$750.
- (2) For applications in which the utility has the capacity to serve ~~from~~ 501 to 2,000 ERC's the filing fee shall be \$1,500.
- (3) For applications in which the utility has the capacity to serve from 2,001 ERC's to 4,000 ERC's the filing fee shall be \$2,250.
- (4) For applications in which the utility has the capacity to serve more than 4,000 ERC's the filing fee shall be \$3,000.

PUGH UTILITIES SERVICE, INC.

700 Henscratch Road
Lake Placid, Florida 33852
(841) 485-6911

Holmes Utilities/Country Walk Facility has 100% financial and technical backing from our company, Pugh Utilities Service, Inc.

Pugh Utilities Service has been established since 1979. Our company just Incorporated September 1, 1995.

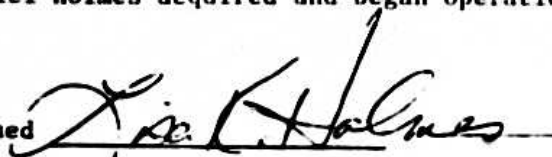
Assets	400,000.00
Liabilities	50,000.00
Net Worth of	350,000.00

The local banking institution that our company uses is Huntington Federal, Sebring, Florida. The banking officer that our company goes thru is Mary Birge of the Lake Placid, FL Branch.

Our Company has on staff over 100 combined years of water and wastewater experience. The staff works closely with the owners/managers of 85 other facilities, along with two F.D.E.P. districts.

Daniel Holmes acquired and began operation on August 1, 1995

Signed



Lisa Holmes, V-President

HOLMES UTILITIES, INC.
760 Henscratch Road
Lake Placid, FL 33852
(941) 465-6044

LEGAL NOTICE

Notice is hereby given on _____, pursuant to Section 367.045, Florida Statutes, of the application of Holmes Utilities, Inc./ Country Walk Facility to operate a water utility to provide service to the following described territory in Highlands County, Florida as follows:

DESCRIPTION:

A portion of the Southeast Quarter of the Southwest Quarter of Section 16, Township 36 South, Range 29 East, Highlands County, Florida, more particularly described as follows: Begin at the Northwest corner of the Southeast Quarter of the Southwest Quarter of said Section 16; thence North 85°22'50" East along the North line of the said Southeast Quarter of the Southwest Quarter for a distance of 35.01 feet to a point; thence continue North 85°22'50" East for a distance of 630.10 feet to a point; thence South 0°14'26" East for a distance of 158.61 feet to a point; thence South 88°45'35" West for a distance of 100.00 feet to a point on a circular curve concave to the West and having a radius of 50.0 feet, a central angle of 45°23' and a chord bearing of South 23°51'7" West; thence in a Southeastery direction along the arc of said curvature for an arc distance of 41.95 feet to a point of reverse curvature; thence in a Southerly direction along the arc of a curve concave to the East and having a radius of 25.0 feet, a central angle of 45°23', and a chord bearing of South 23°51'7" West for an arc distance of 21.03 feet to the Point of Tangency; thence South 0°14'26" East for a distance of 10.10 feet to a point of curvature concave to the Southeast and not tangent to the last described course; thence in a Northeastery direction along the arc of said curvature having a radius of 25.0 feet, a central angle of 90°00'00" and a chord bearing of North 44°45'35" East for an arc distance of 30.27 feet to the Point of Tangency; thence South 0°14'26" East for a distance of 125.0 feet to the Point of Curvature of a circular curve concave to the North and radial to the last described course; thence in a Northeastery direction along the arc of said curvature having a radius of 300.0 feet, a central angle of 32°39'23" and a chord bearing of North 73°25'55" East for an arc distance of 170.59 feet to a point; thence North 85°22'50" East for a distance of 210.23 feet to a point; thence South 0°02'1" East for a distance of 350.0 feet to a point; thence North 85°37'41" East for a distance of 300.0 feet to the East line of the Southwest Quarter of the Southwest Quarter of said Section 16; thence South 0°02'1" East along the East line of the Southwest Quarter of the Southwest Quarter of said Section 16 for a distance of 374.07 feet to a point on the meander line of Lake Carle; thence South 78°27'28" West along the meander line of Lake Carle for a distance of 273.91 feet to a point on the South line of said Section 16; thence South 85°22'25" West along the South line of said Section 16 for a distance of 1053.94 feet to the Southwest corner of said section 16; thence North 0°14'26" West along the West line of said Section 16 for a distance of 134.68 feet to the POINT OF BEGINNING.

Any objection to the said application must be made in writing within thirty (30) days from this date to the Director, Division of Records and Reporting, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850. A copy of said objection should be mailed to the applicant whose address is:

Holmes Utilities Inc.
760 Henscratch Road
Lake Placid, Florida 33852

HOLMES UTILITIES, INC.
760 Henscratch Road
Lake Placid, Florida 33852
(841) 485-6044

Exhibit F

Potable water will be provided to all Single Family Residents
of the Country Walk Subdivision.

HOLMES UTILITIES, INC.
760 Henscratch Road
Lake Placid, Florida 33852
(841) 465-8044

Exhibit G

Customers currently being served

3/4"	Single Family Residential Service	34
3/4"	Clubhouse Residential Service	1

Customers projected to be added to be served

3/4"	Single Family Residential Service	55
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HOLMES UTILITIES, INC.
760 Henscratch Road
Lake Placid, Florida 33852
(841) 463-6044

Exhibit H

The current rate was established during August 1995,
approved by phone by PSC stating the pyramid schedule
of charges would be ok.

HOLMES UTILITIES, INC.
780 Henacatch Road
Lake Placid, Florida 33852
(847) 465-8844

Exhibit I

NAME OF COMPANY Holmes Utilities Inc./Country Walk Facility

WATER TARIFF

GENERAL SERVICE

RATE SCHEDULE GS

- AVAILABILITY - Available throughout the area served by the Company.
- APPLICABILITY - For water service to all customers for which no other schedule applies.
- LIMITATIONS - Subject to all of the Rules and Regulations of this tariff and General Rules and Regulations of the Commission.
- BILLING PERIOD - Monthly Billing
- RATE -
For Residential Customers using 3/4" Meters
0-5000 gallons 1.40 per 1000 gallons
5001-10000 gallons 1.70 per 1000 gallons
10001-15000 gallons 2.00 per 1000 gallons
for each 5000 gallons used the rate goes up .30c
per 1000 gallons.
- The Charges increase for each 5,000 gallon block above 15,000 gallons.

BASE FACILITY CHARGE - 8.00

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

HOLLAND UTILITIES, INC.
700 Hawthorn Road
Lake Park, Florida 32082
(904) 488-8844

Exhibit J .

DESCRIPTION:

A portion of the Southeast Quarter of the Southwest Quarter of Section 16, Township 36 South, Range 29 East, Highlands County, Florida, more particularly described as follows: Begin at the Northwest corner of the Southwest Quarter of the Southwest Quarter of said Section 16; thence North 66°22'30" East along the North line of the said Southwest Quarter of the Southwest Quarter for a distance of 35.01 feet to a point; thence continue North 66°22'30" East for a distance of 620.00 feet to a point; thence South 07°12'6" East for a distance of 100.00 feet to a point on a circular curve concave to the West and having a radius of 50.00 feet, a central angle of 46°22'5" and a chord bearing of South 25°17' West; thence in a Southwesterly direction along the arc of said curve for an arc distance of 42.05 feet to a point of reverse curvature; thence in a Southerly direction along the arc of a curve concave to the East and having a radius of 25.00 feet, a central angle of 46°22'5" and a chord bearing of South 25°17' West for an arc distance of 21.05 feet to the Point of Tangency; thence South 07°12'6" East for a distance of 81.00 feet to a point of curvature concave to the Southeast and not tangent to the last described course; thence in a Northwesterly direction along the arc of said curve having a radius of 25.00 feet, a central angle of 90°00'00" and a chord bearing of North 46°45'36" East for an arc distance of 28.27 feet to the Point of Tangency; thence South 07°12'6" East for a distance of 25.00 feet to the Point of Curvature of a circular curve concave to the North and equal to the last described course; thence in a Northwesterly direction along the arc of said curve having a radius of 200.00 feet, a central angle of 27°37'25" and a chord bearing of North 75°25'55" East for an arc distance of 70.09 feet to a point; thence North 66°22'30" East for a distance of 200.23 feet to a point; thence South 60°27'6" East for a distance of 800.00 feet to a point; thence North 66°57'45" East for a distance of 200.00 feet to the East line of the Southwest Quarter of the Southwest Quarter of said Section 16; thence South 60°27'6" East along the East line of the Southwest Quarter of the Southwest Quarter of said Section 16 for a distance of 374.07 feet to a point on the meander line of Lake Canoe; thence South 78°27'25" West along the meander line of Lake Canoe for a distance of 271.26 feet to a point on the South line of said Section 16; thence South 66°22'30" West along the South line of said Section 16 for a distance of 1005.74 feet to the Southwest corner of said section 16; thence North 07°12'6" West along the West line of said Section 16 for a distance of 1319.68 feet to the POINT OF BEGINNING.

NAME OF COMPANY **Colinas Delicias Inc. / Country Club Facility**

WATER TARIFF

(Continued from Sheet No. 3.0)

DESCRIPTION OF TERRITORY SERVEDDESCRIPTION

A portion of the Southeast Quarter of the Southwest Quarter of Section 18, Township 38 South, Range 20 East, Highlands County, Florida, more particularly described as follows: Begin at the Northwest corner of the Southeast Quarter of said Section 18; thence North 68°23'56" East along the North line of the said Southeast Quarter of the Southeast Quarter for a distance of 36.01 feet to a point; thence southerly North 65°22'30" East for a distance of 600.00 feet to a point; thence South 61°12'0" East for a distance of 182.00 feet to a point; thence South 66°48'36" West for a distance of 620.00 feet to a point on a circular curve concave to the West and having a radius of 60.00 feet, a central angle of 48°57'25" and a chord bearing of South 23°07'17" West; thence in a Southeasterly direction along the arc of said curve for an arc distance of 42.00 feet to a point of reverse curvature; thence in a Southerly direction along the arc of a curve concave to the East and having a radius of 26.00 feet, a central angle of 48°57'25", and a chord bearing of South 23°07'17" West for an arc distance of 21.00 feet to the Point of Tangency; thence South 61°12'0" East for a distance of 8.00 feet to a point of curvature concave to the Southeast and not tangent to the last described course; thence in a Northeasterly direction along the arc of said curve having a radius of 26.00 feet, a central angle of 90°00'00" and a chord bearing of North 47°45'36" East for an arc distance of 20.37 feet to the Point of Tangency; thence South 61°12'0" East for a distance of 625.00 feet to the Point of Curvature of a circular curve concave to the North and radial to the last described course; thence in a Northeasterly direction along the arc of said curve having a radius of 300.00 feet, a central angle of 33°39'25" and a chord bearing of North 75°39'35" East for an arc distance of 60.00 feet to a point; thence North 68°23'56" East for a distance of 36.01 feet to a point; thence South 60°27'0" East for a distance of 600.00 feet to a point; thence North 66°33'48" East for a distance of 300.00 feet to the East line of the Southeast Quarter of the Southeast Quarter of said Section 18; thence South 60°27'0" East along the East line of the Southeast Quarter of the Southeast Quarter of said Section 18 for a distance of 376.07 feet to a point on the meander line of Lake Canita; thence South 78°27'28" West along the meander line of Lake Canita for a distance of 372.00 feet to a point on the South line of said Section 18; thence South 68°23'56" West along the South line of said Section 18 for a distance of 1625.97 feet to the Southwest corner of said section 18; thence North 61°12'0" West along the West line of said Section 18 for a distance of 1591.66 feet to the point of beginning.

1400 Colinas
ISSUING OFFICER

Vice-President
TITLE

NAME OF COMPANY Holmes Utilities Inc./Country Walk Facility

WATER TARIFF

GENERAL SERVICE

RATE SCHEDULE GS

- AVAILABILITY - Available throughout the area served by the Company.
- APPLICABILITY - For water service to all customers for which no other schedule applies.
- LIMITATIONS - Subject to all of the Rules and Regulations of this tariff and General Rules and Regulations of the Commission.
- BILLING PERIOD - Monthly Billing
- RATE -
For Residential Customers using 3/4" Meters
0-5000 gallons 1.40 per 1000 gallons
5001-10000 gallons 1.70 per 1000 gallons
10001-15000 gallons 2.00 per 1000 gallons
for each 5000 gallons used the rate goes up .30c
per 1000 gallons.
- The Charges increase for each 5,000 gallon block above 15,000 gallons.

BASE FACILITY CHARGE - 8.00

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

EFFECTIVE DATE -

TYPE OF FILING .Original in Existence

Lisa Holmes
ISSUING OFFICER
Vice-President
TITLE

COPY

American Land Title Association
Owner's Policy 10-17-88
(Florida Modified)

**AMERICAN
PIONEER
TITLE INSURANCE COMPANY**

**OWNER'S POLICY
OF
TITLE INSURANCE**

**SOUTH RIDGE ABSTRACT
& TITLE CO.**
229 South Commerce Avenue
SEBRING, FLORIDA 33870
Phone (813) 365-2521
FAX (813) 362-6438

Home Office
493 E. Semoran Blvd.
Casselberry, FL 32707

CONDITIONS AND STIPULATIONS - CONTINUED

- (c) The amount of or endorsement to the policy can be made except by a writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or a duly authorized officer or authorized signatory of the Company.
- 16. GENERALITY**
In the event any provision of the policy is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision and all other provisions shall remain in full force and effect.
- 17. NOTICE, WHERE SENT**
All notices required to be given the Company and any statement in writing required to be furnished to the Company shall include the number of the policy and shall be addressed to the Company at 493 East Semoran Boulevard, Casselberry, Florida 32707. Telephone: (407) 360-8050.
- 18. LIABILITY LIMITED TO THIS POLICY; POLICY SETTING CONTRACT**
A copy of the Rules may be obtained from the Company upon request.
The law of the state of the land shall apply to an arbitration under the Title Insurance Arbitration Rules.
(a) This policy together with all endorsements, if any, attached hereto by the Company is the entire policy and contract between the insured and the Company in respecting any provision of the policy. The policy shall be construed as a whole.
(b) Any claim of loss or damage, whether or not based on negligence, and which arises out of the title to the estate or interest covered hereby or by any action asserting such claim, shall be restricted to the policy.
The amount may include attorney's fees and costs of the suit in which the land is located provided a court is awarded attorney's fees to a prevailing party. Judgment upon the award rendered by the Arbitrator may be entered in any court having jurisdiction thereof.

**AMERICAN LAND TITLE ASSOCIATION
OWNER'S POLICY 10-17-82 (Florida Modified)**

POLICY NO.

OP-9-0676-750

OWNER'S POLICY OF TITLE INSURANCE

ISSUED BY

**AMERICAN PIONEER
TITLE INSURANCE COMPANY**

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS AND STIPULATIONS, AMERICAN PIONEER TITLE INSURANCE COMPANY, a Florida corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the Amount of Insurance stated in Schedule A, sustained or incurred by the insured by reason of:

1. **Title to the estate or interest described in Schedule A being vested other than as stated therein;**
2. **Any defect in or lien or encumbrance on the title;**
3. **Unmarketability of the title;**
4. **Lack of a right of access to and from the land.**

The Company will also pay the costs, attorneys' fees and expenses incurred in defense of the title, as insured, but only to the extent provided in the Conditions and Stipulations.

IN WITNESS WHEREOF, AMERICAN PIONEER TITLE INSURANCE COMPANY has caused this policy to be signed and sealed as of the Date of Policy shown in Schedule A, the policy to become valid when countersigned by an authorized signatory.

Issued by:

**SOUTH RIDGE
ABSTRACT & TITLE CO.
P.O. BOX 1070
SEBRING, FL 33871-1070**

AMERICAN PIONEER TITLE INSURANCE COMPANY



By:

Roy W. Lucerto
President

Attest:

George P. Daniels
Secretary

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from coverage of this policy and the Company will not pay loss, damage, costs, attorneys' fees or expenses which arise by reason of:

- (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (a) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
 - (b) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (i) to timely record the instrument of transfer; or
 - (ii) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

CONDITIONS AND STIPULATIONS

1. DEFINITION OF TERMS

The following terms when used in this policy mean:

(a) "insured": the insured named in Schedule A, and, subject to any rights or defenses the Company would have had against the named insured, those who succeed to the interest of the named insured by operation of law as distinguished from purchase including, but not limited to, heirs, distributees, devisees, survivors, personal representatives, next of kin, or corporate or fiduciary successors.

(b) "insured claimant": an insured claiming loss or damage.

(c) "knowledge" or "known": actual knowledge, not constructive knowledge or notice which may be imputed to an insured by reason of the public records as defined in this policy or any other records which impart constructive notice of matters affecting the land.

(d) "land": the land described or referred to in Schedule [A], and improvements added thereto which by law constitute real property. The term "land" does not include any property beyond the lines of the area described or referred to in Schedule [A], nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing herein shall modify or limit the extent to which a right of access to and from the land is insured by this policy.

(e) "mortgage": mortgage, deed of trust, trust deed, or other security instrument.

(f) "public records": records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge. With respect to Section 1(a)(iv) of the Exclusions From Coverage, "public records" shall also include environmental protection laws filed in the records of the clerk of the United States district court for the district in which the land is located.

(g) "unmarketability of the title": an alleged or apparent matter affecting the title to the land, not excluded or excepted from coverage, which would entitle a purchaser of the estate or interest described in Schedule A to be released from the obligation to purchase by virtue of a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF INSURANCE AFTER CONVEYANCE OF TITLE

The coverage of this policy shall continue in force as of Date of Policy in favor of an insured only so long as the insured retains an estate or interest in the land, or holds an indebtedness secured by a purchase money mortgage given by a purchaser from the insured, or only so long as the insured shall have liability by reason of covenants of warranty made by the insured in any transfer or conveyance of the estate or interest. This policy shall not continue in force in favor of any purchaser from the insured of either (i) an estate or interest in the land, or (ii) an indebtedness secured by a purchase money mortgage given to the insured.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT

The insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 4(a) below; (ii) in case knowledge shall come to an insured hereunder of any claim of title or interest which is adverse to the title to the estate or interest as insured, and which might cause loss or damage for which the Company may be liable by virtue of this policy; or (iii) if title to the estate or interest, as insured, is rejected as unmarketable. If prompt notice shall not be given to the Company, then as to the insured all liability of the Company shall terminate with regard to the matter or matters for which prompt notice is required; provided, however, that failure to notify the Company shall in no case prejudice the rights of any insured under this policy unless the Company shall be prejudiced by the failure and then only to the extent of the prejudice.

4. DEFENSE AND PROSECUTION OF ACTIONS; DUTY OF INSURED CLAIMANT TO COOPERATE

(a) Upon written request by the insured and subject to the options contained in Section 6 of these Conditions and Stipulations, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an insured in litigation in which any third party asserts a claim adverse to the title or interest as insured, but only as to those stated causes of action alleging a defect, lien or encumbrance or other matter insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the insured to object for reasonable cause) to represent the insured as to those stated causes of action and shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs or expenses incurred by the insured in the defense of these causes of action which allege matters not insured against by this policy.

(b) The Company shall have the right, at its own cost, to institute and prosecute any action or proceeding or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest, as insured, or to prevent or reduce loss or damage to the insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable hereunder, and shall not thereby concede liability or waive any provision of this policy if the Company shall exercise its rights under this paragraph, it shall do so diligently.

(c) Whenever the Company shall have brought an action or interposed a defense as required or permitted by the provisions of this policy, the Company may pursue any litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

(d) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, the insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, and all appeals thereon, and permit the Company to use, at its option, the name of the insured for this purpose. Whenever requested by the Company, the insured, at the Company's expense, shall give the Company all reasonable aid (i) in any action or proceeding, securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement; and (ii) in any other lawful act which in the opinion of the Company may be necessary or desirable to establish the title to the estate or interest as insured. If the Company is prejudiced by the failure of the insured to furnish the required cooperation, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

5. PROOF OF LOSS OR DAMAGE

In addition to and after the release required under Section 3 of these Conditions and Stipulations have been provided the Company, a proof of loss or damage signed and sworn to by the insured claimant shall be furnished to the Company within 60 days after the insured claimant shall ascertain the facts giving rise to the loss or damage. The proof of loss or damage shall describe the defect in, lien or encumbrance on the title, or other matter insured against by this policy which constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage. If the Company is prejudiced by the failure of the insured claimant to provide the required proof of loss or damage, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such proof of loss or damage.

OWNERS

SCHEDULE A

AGENCY ID NO	COUNTY CODE	INSURANCE NO	SIMULTANEOUS NO
¹ OFFICE FILE NUMBER 45441	² POLICY NUMBER OP-9-0676-750	³ DATE OF POLICY 12/01/95 11:04 A.M.	⁴ AMOUNT OF INSURANCE \$100,000.00

- Name of Insured:
HOLMES UTILITIES, INC., a corporation existing under the laws of the State of Florida
- The estate or interest in the land described herein and which is covered by this policy is: Fee Simple
- The estate or interest referred to herein is at Date of Policy vested in the insured.
- The land referred to in this policy is described as follows:

A Portion of Tract A, COUNTRY WALK, according to the Plat thereof as recorded in Plat Book 15, Page 50, of the Public Records of Highlands County, Florida, more particularly described as follows: BEGIN at the Southwest corner of Lot 15, Block 3, COUNTRY WALK; thence North 89 degrees 45 minutes 36 seconds East along the South line of said Lot 15 for a distance of 196.21 feet to a point; thence North 3 degrees 38 minutes 37 seconds East for a distance of 35.33 feet to a point; thence South 86 degrees 34 minutes 28 seconds East for a distance of 55.0 feet to a point; thence South 3 degrees 38 minutes 37 seconds West for a distance of 70.0 feet to a point; thence North 86 degrees 34 minutes 28 seconds West for a distance of 55.0 feet to a point; thence North 3 degrees 38 minutes 37 seconds East for a distance of 19.64 feet to a point; thence South 89 degrees 45 minutes 36 seconds West for a distance of 195.19 feet to a point on the East right-of-way line of Lake Side Trail; thence North 0 degrees 14 minutes 24 seconds West along said East right-of-way line for a distance of 15.0 feet to the POINT OF BEGINNING.

J. Elizabeth Tuck

 Coconsigned Authorized Signatory

Issued By:
 SOUTH RIDGE ABSTRACT
 & TITLE CO.

This policy valid only if Schedule B is attached

OWNERS FORM

SCHEDULE B

Policy Number OP-9-0676-750

EXCEPTIONS

This policy does not insure against loss or damage by reason of the following exceptions:

1. Rights or claims of parties in possession not shown by the public records.
2. Encroachments, overlaps, boundary line disputes, and any other matters which would be disclosed by an accurate survey and inspection of the premises.
3. Easements or claims of easements not shown by the public records.
4. Taxes or special assessments which are not shown as existing liens by the public records.
5. Taxes and assessments for the year 1996 and subsequent years, which are not yet due and payable.
6. An Easement with Florida Power Corporation recorded in O. R. Book 1068, Page 417, of the Public Records of Highlands County, Florida.
7. Declaration of Covenants and Restrictions for Country Walk recorded in O. R. Book 1133, Page 571 and amended in O. R. Book 1294, Page 138 and amended in O.R.Book 1314, Page 198, all of the Public Records of Highlands County, Florida.
8. Easement for ingress and egress as shown recorded in Warranty Deed recorded in O. R. Book 1314, Page 193, of the Public Records of Highlands County, Florida.
9. Rules, Regulations and Assessments of the Southwest Florida Water Management District, as recorded in O.R.Book 547, Page 131 and in O.R.Book 596, Page 298, of the Public Records of Highlands County, Florida, affecting the captioned property, and assessments, if any.

FOR INFORMATION ONLY: The Strap No. is C 16 36 29 010 00A1
000.0 Real Estate Taxes are paid in arrears. Solid Waste
Assessments paid in advance.

File No. 45441 American Pioneer

CONDITIONS AND STIPULATIONS - CONTINUED

In addition, the insured claimant may reasonably be required to submit to examination under oath by any authorized representative of the Company and shall produce for examination, inspection and copying, at such reasonable times and places as may be designated by any authorized representative of the Company, all records, books, ledgers, checks, correspondence and memoranda, whether bearing a date before or after Date of Policy, which reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the insured claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all records, books, ledgers, checks, correspondence and memoranda in the custody or control of a third party, which reasonably pertain to the loss or damage. All information designated as confidential by the insured claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the insured claimant to submit for examination under oath, produce other reasonably requested information or grant permission to secure reasonably necessary information from third parties as required in the paragraph shall terminate any liability of the Company under this policy as to that claim.

6. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY

In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance.
To pay or tender payment of the amount of insurance under this policy together with any costs, attorneys' fees and expenses incurred by the insured claimant, which were authorized by the Company, up to the time of payment or tender of payment and which the Company is obligated to pay.

Upon the exercise by the Company of this option, all liability and obligations to the insured under this policy, other than to make the payment required, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, and the policy shall be surrendered to the Company for cancellation.

(b) To Pay or Otherwise Settle With Parties Other than the Insured or With the Insured Claimant.

(i) to pay or otherwise settle with other parties for or in the name of an insured claimant any claim insured against under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay, or

(ii) to pay or otherwise settle with the insured claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in paragraphs (b)(i) or (ii), the Company's obligations to the insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

7. DETERMINATION, EXTENT OF LIABILITY AND CONTRIBUTION

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the insured claimant who has suffered loss or damage by reason of matters insured against by this policy and only to the extent herein described.

(a) The liability of the Company under this policy shall not exceed the least of:

(i) the Amount of Insurance stated in Schedule A, or,

(ii) the difference between the value of the insured estate or interest as insured and the value of the insured estate or interest subject to the defect, loss or encumbrance insured against by this policy.

(b) *(This paragraph dealing with Coinsurance was removed from Florida policies.)*

(c) The Company will pay only those costs, attorneys' fees and expenses incurred in accordance with Section 4 of these Conditions and Stipulations.

8. APPORTIONMENT

If the land described in Schedule [A] consists of two or more parcels which are not used as a single site, and a loss is established affecting one or more of the parcels but not all, the loss shall be computed and settled on a pro rata basis as if the amount of insurance under this policy was divided pro rata as to the value on Date of Policy of each separate parcel to the whole, exclusive of any improvements made subsequent to Date of Policy, unless a liability or value has otherwise been agreed upon as to each parcel by the Company and the insured at the time of the issuance of this policy and shown by an express statement or by an endorsement attached to this policy.

9. LIMITATION OF LIABILITY

(a) If the Company establishes the title, or removes the alleged defect, loss or encumbrance, or cures the lack of a right of access to or from the land, or cures the claim of unmarketability of title, as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused thereby.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title as insured.

(c) The Company shall not be liable for loss or damage to any insured for liability voluntarily assumed by the insured in settling any claim or suit without the prior written consent of the Company.

10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY

All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the amount of the insurance pro rata.

11. LIABILITY NONCUMULATIVE

It is expressly understood that the amount of insurance under this policy shall be reduced by any amount the Company may pay under any policy insuring a mortgage to which exception is taken in Schedule B or to which the insured has agreed, assumed, or taken subject, or which is hereafter executed by an insured and which is a charge or lien on the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment under this policy to the insured owner.

12. PAYMENT OF LOSS

(a) No payment shall be made without producing this policy for endorsement of the payment unless the policy has been lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.

(b) When liability and the extent of loss or damage has been definitely fixed in accordance with these Conditions and Stipulations, the loss or damage shall be payable within 30 days thereafter.

13. SUBROGATION UPON PAYMENT OR SETTLEMENT

(a) The Company's Right of Subrogation.
Whenever the Company shall have settled and paid a claim under this policy, all right of subrogation shall vest in the Company unaffected by any act of the insured claimant.

The Company shall be subrogated to and be entitled to all rights and remedies which the insured claimant would have had against any person or property in respect to the claim had this policy not been issued. If requested by the Company, the insured claimant shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect the right of subrogation. The insured claimant shall permit the Company to sue, compromise or settle in the name of the insured claimant and to use the name of the insured claimant in any transaction or litigation involving these rights or remedies.

If a payment on account of a claim does not fully cover the loss of the insured claimant, the Company shall be subrogated to those rights and remedies in the proportion which the Company's payment bears to the whole amount of the loss.

If loss should result from any act of the insured claimant, as stated above, that act shall not void this policy, but the Company, in that event, shall be required to pay only that part of any losses insured against by this policy which shall exceed the amount, if any, lost to the Company by reason of the payment by the insured claimant of the Company's right of subrogation.

(b) The Company's Rights Against Non-Insured Obligors.
The Company's right of subrogation against non-insured obligors shall exist and shall include, without limitation, the rights of the insured to indemnities, guarantees, other policies of insurance or bonds, notwithstanding any terms or conditions contained in those instruments which provide for subrogation rights by reason of this policy.

14. ARBITRATION

(This paragraph was modified for Florida policies.)

Unless prohibited by applicable law, arbitration pursuant to the Title Insurance Arbitration Rules of the American Arbitration Association may be demanded if agreed to by both Company and the insured. Arbitrable matters may include, but are not limited to, any controversy or claim between Company and the insured arising out of or relating to this policy, and service of Company in connection with its issuance or the breach of a policy provision or other obligation. Arbitration pursuant to this policy and under the Rules in effect on the date the demand for arbitration is made or, at the option of the insured, the Rules in effect at Date