

SECURITIES AND EXCHANGE COMMISSION

FORM 10-12G/A

Initial general form for registration of a class of securities pursuant to Section 12(g) [amend]

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FILER

APPLE HOMES CORP INC

CIK: **934330** | IRS No.: **133525328** | State of Incorpor.: **DE** | Fiscal Year End: **0331**
Type: **10-12G/A** | Act: **34** | File No.: **000-30696** | Film No.: **99709163**
SIC: **5271** Mobile home dealers

Mailing Address
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EVANS GA 30809*

Business Address
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EVANS GA 30809
7066502015*

SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

AMENDMENT NUMBER 1 TO

FORM 10

GENERAL FORM FOR REGISTRATION OF SECURITIES

Pursuant to Section 12(b) or (g) of the Securities Exchange Act of 1934

Apple Homes Corporation

(Exact name of registrant as specified in its charter)

Delaware

13-3525328

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

124 North Belair Road
Evans, Georgia

30809

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code 706-650-2015

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

None

Securities to be registered pursuant to Section 12(g) of the Act

Common Stock, \$.002 Par Value

Item 1. Business

General Information

Apple Homes Corporation (the "Company") is a retailer of factory built manufactured homes, known in the industry as manufactured housing. It presently operates 12 retail sales locations—four in Augusta, Georgia, two in Thomson, Georgia, and one each in Wrens, Washington, Statesboro and Waynesboro, Georgia and Aiken and Anderson, South Carolina. It also operates a reconditioning and used sales lot in Augusta, this lot houses its Mobile Air Systems subsidiary offering air conditioning sales and service to manufactured home owners. All of the Company's retail sales locations and other mobile home operations use the trade name "Apple Homes".

The Company presently purchases homes for resale from six manufacturers located in the southeastern United States. Purchases are financed through wholesale floor plan financing lines totaling \$10,275,000 provided by three major financial institutions and three local banks. To promote retail sales and generate additional fee income, the Company assists its customers in finding mortgage financing for the purchase of homes and also places homeowners insurance for home buyers.

The Company is also involved in development and sale of two adjoining real estate subdivisions in Richmond County, Georgia. The sites, known as Mayfair Acres and The Timbers, consist of 47 developed lots, of which the Company still owns seven lots and 10 rental homes. The Company also owns 6.3 acres of undeveloped land in the area which it is presently considering developing by installing roads and utilities and obtaining the necessary zoning approval. The Company believes that the property may be subdivided into approximately 40 lots for sale to retail purchasers of its manufactured homes.

The Company was organized as a Delaware corporation on April 17, 1989 under the name PLAM Properties, Inc. It changed its name to Mayfair Homes Corporation in 1993 to reflect the name of its principal residential development and again to Apple Homes Corporation in 1997 to reflect the trade name under which it operates its mobile home sales centers. It presently operates three of its

retail sales centers and its used sales lot under its own name and the remaining nine retail sales centers through six wholly or partially owned subsidiaries: Augusta Housing Center, Inc., which is 100% owned and operates one center; Big Daddy's Mobile Homes, Inc., 80% owned and operating two centers; Evans-Lanier, Inc., 80% owned and operating two centers; Apple Homes, Inc., 100% owned and operating one center; J.C. Homes, Inc., 80% owned and operating one center; and Tim Phillips Homes, Inc., 100% owned and operating two centers.

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Industry Overview

Manufactured homes are complete single family residences built in a factory and transported to the site on which they are to be located. They are built on a chassis and may be transported by tow trucks to their designation. Once setup, a manufactured home may or may not have a permanent foundation added, is connected to the required utilities and meets the certification standards required by the Secretary of HUD. Substantially all of the Company's sales are of manufactured homes. Manufactured homes offer most of the amenities of and are generally built with the same materials as site-built homes. They are produced in sections, also referred to as "floors;" finished homes may consist of one or more sections.

Because of their lower costs of construction when compared to costs of site-built homes, manufactured homes have historically served as one of the most affordable alternatives for the home buyer. According to statistics compiled by the Georgia Manufactured Housing Institute for 1998, the average cost per square foot of a single-section manufactured home in the state of Georgia (where 84% of the Company's sales originated in that year) averaged \$23 for a manufactured home, compared to an average cost of \$55 per square foot for a site-built home (in each case excluding land costs).

Since they are relatively less expensive than traditional housing, manufactured homes have been an attractive means for home buyers to overcome the obstacle of large down payments and high monthly mortgage payments. According to the Manufactured Housing Institute, industry wide domestic shipments accounted for 29.6% of the overall new housing market in the United States during 1998. The use of manufactured housing in the southeastern United States, in which the Company's primary market area is located, is even greater than for the nation as a whole. The Georgia Manufactured Housing Association has reported that the State of Georgia alone has more than 30 plants manufacturing housing and over 1,000 manufactured home retail sales locations. During 1997, according to the National Conference of States on Building Codes and Standards, the states of Georgia and South Carolina (which now comprise the principal market area for the Company) ranked third and fifth in manufactured home shipments, and Georgia was the leading producer of manufactured homes, a ranking it has held since 1984.

The manufactured housing industry is cyclical and is affected by many of the same factors that influence the housing industry generally, including inflation, interest rates, availability of financing, regional economic and

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demographic conditions and consumer confidence levels, as well as the affordability and availability of alternative housing such as apartments, condominiums and conventional site-built homes. While the Company has been able to expand its revenues and operations in recent years, the industry is presently suffering from difficult market conditions, including lessened demand for its products and strong price competition. There can be no assurance that the Company's current expansion of revenues and profitability can be sustained.

Sales of manufactured homes are typically conducted in retail sales centers whose operators range from small proprietors to large regional or national dealerships, many of whom manufacture their own retail products. Because of economies of scale, the ability to obtain larger rebates and discounts from manufacturers and better financing for inventory and customers, these large retail dealerships have a distinct advantage over small single location operators. The Company's goal is to move its operations toward the level of these large dealership networks.

The Company's Retail Operations

Commencing in 1992 with the acquisition of its first two retail sales centers, the Company's sales operations have expanded substantially over the past five years. Sales during this period, which are not necessarily indicative of future performance by the Company, have been as follows:

	Year Ended March 31,						Quarter Ended June 30	
	1999	1998	1997	1996	1995	1994	1999	1998
Home Units Sold (1)	792	639	399	278	195	112	194	198
Retail Sales Centers Owned (2)	12	9	6	3	3	2	12	12
Weighted Average Unit Sales per Center	66	71	67	93	65	56	16	16

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(1) Sales are divided between single-section and multi-section homes, with single-section homes accounting for 34% and multi-section homes accounting for 66% of sales in fiscal 1999. The range of home sale prices during fiscal 1999 was \$16,500 for the least expensive single-section unit to \$94,000 for the most expensive multi-section home, excluding land costs.

A single section home is a home transported in one section, which cannot exceed 16 feet in width and 80 feet in length, and which is built on a permanent chassis and designed to be used as a single family dwelling when connected to the required utilities. It also includes the plumbing, heating and electrical systems contained in it.

A multi section home is a home transported in multiple sections, of which each section cannot exceed 16 feet in width and 80 feet in length, and which is built on a permanent chassis and designed to be inter-connected to form a single family dwelling when connected to the required utilities. It also includes the plumbing, heating and electrical systems contained in it.

(2) Based on number of centers open at least three months during the period.

The Company believes that these statistics are typical for retail sales dealerships in its primary market area. In addition to sales of new manufactured homes, the Company also deals in used homes acquired in trade-ins, which account for approximately 4% of sales.

Sales are conducted through commissioned retail sales representatives located at each sales center. Each sales center typically has onsite at any given time from 15 to 20 manufactured home units in a variety of models and price ranges, although some sales centers carry a smaller inventory. All units are equipped with basic appliances and some are furnished, and every unit is ready to move onto the customer's site on purchase.

To enhance sales, the Company provides assistance to its customers in locating purchase money financing. The Company has agreements with several large retail finance companies including Green Point, Bergen, Bombardier, Deutsche Bank and Dynex, under which it introduces its customers who require purchase money financing. The Company receives fees from lenders for these services. Revenues from this source were \$136,460 for fiscal 1998 and \$430,000 for fiscal 1999.

As part of its placement of retail financing for its customers, applications and supporting documentation required by the lenders are submitted by the Company. In certain cases, if a lender discovers a loan has been made on the basis of an erroneous application, it will look to the Company for recourse. This practice, which is common in the industry, has resulted in contingent recourse liability to the Company that, at March 31, 1999 amounted to \$859,000. Industry statistics and Company performance indicate that an average loss of 10-15% of this amount can be expected if the Company has to repossess a home. The Company does not believe that this contingent liability is significant to its operations or financial condition, however, as it is in a position to relieve itself of this liability in any given case by repossessing and reselling the home in question.

The Company also receives significant revenues from various commissions and rebates. The sources of these revenues include the placement of homeowner's insurance for American Modern Insurance Company, rebates on freight contracts

for the delivery of its inventory, the sale of repossessed homes for lending institutions, furniture sales, discounts for prompt payment of sales taxes and small rebates earned in connection with purchases of furniture and appliances in bulk quantities. Total commission and rebate income was \$107,000 for fiscal 1998 and \$231,000 for fiscal 1999.

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The Company's retail sales centers each consist of a tract of land ranging from one to six acres on which 15 to 20 manufactured home units are displayed, and a sales office. The land on which all centers are located is leased by the Company with the exception of one lot in Thomson Georgia which it purchased in March 1999 for \$275,000 paid by a purchase money mortgage, and one lot formerly operated in Pelzer South Carolina which it purchased in September 1998 for a price of \$50,000. The sales offices on the lots are manufactured homes used for that purpose. The Company owns or has financed 7 offices, rents 2 offices from unrelated parties, rents 3 offices from minority shareholders and rents 3 offices from the Company President. The Company also owns three tow trucks and two escort vehicles to transport units sold to customer sites, as well as other necessary equipment.

Each sales center has personnel available to transport each purchased home to the customer's site and to install and make it fully operational at the site. Some of these personnel are Company employees, while others are independent contractors who supply their own transportation equipment. The equipment and personnel used for these activities typically service more than one location, thus reducing overall costs of installation and transportation. The Company believes that by expanding its retail sales network to new locations, it will be able to enhance its profitability per inventory unit by emphasizing integration of these activities among these new and existing sales centers.

In addition to its retail sales activities, the Company went into the air conditioning sales and service business in January 1999 with the purchase of Mobile Air Systems, Inc. ("MAS"). The subsidiary was purchased from Robert Steed for a price of \$257,500, of which \$10,000 was paid in cash, \$20,000 was a short term note and the balance was paid by issuing the owner 130,000 shares of Company Common Stock at its then market price of \$1.75 per share. Gross revenues for MAS during calendar 1998 were \$595,500 and its profit for the year was \$76,349. As of the date of its purchase by the Company, MAS had a net worth per its books of \$76,449.

Real Estate Development Activities

The Company's original business, commenced in 1989, involved a real estate subdivision and development in the Augusta, Georgia area known as Mayfair Acres. The first phase of this development, which consists of 11 acres, contains 29 developed lots, the remaining 6.7 acres are not yet developed. The developed lots were acquired by the Company in 1989 for \$30,000 and were developed at a cost of \$160,000. The Company is presently marketing the remaining seven developed lots on the site, four of which include a manufactured home installed

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on the lot. It is considering the development of the remaining 6.7 acres in Mayfair Acres into a subdivision with approximately 40 lots for sale to prospective retail purchasers.

In addition to its Mayfair Acres subdivision, the Company purchased 18 homes in The Timbers, a subdivision located near Mayfair Acres. Nine of the homes were purchased in April, 1996 from Robert S. Wilson, a Company director and promoter, and Ted C. Smith, a stockholder of the Company, for a purchase price of \$200,000 (approximately the cost of these housing units to the sellers). The other nine houses were acquired in June, 1997 from LEAP Associates, a partnership of which Mr. Wilson is an owner, for 70,500 shares of Common Stock. Ten of the 18 houses are rented and eight have been sold under installment sales contracts for prices ranging from \$30,000 to \$42,000.

In May 1999, the Company sold installment contracts on 18 of the homes in Mayfair Acres and The Timbers for \$320,000, leaving it with a total of 7 homes and/or lots and the undeveloped acreage owned in the two sites.

Suppliers

The Company currently purchases manufactured homes from six manufacturers, all located in the Southeastern United States. Two of these suppliers, General Housing of Waycross, Georgia and Bellcrest Homes of Millen, Georgia accounted for over 75% of inventory purchased in fiscal 1999. Eight of the Company's retail sales centers sell General Housing homes exclusively, and the inventory costs at those centers are borne by that supplier. The Company purchases inventory units on a deal-by-deal basis and has one year contracts with each supplier, the terms of which are reviewed annually. While the Company does not anticipate any problems in continued supply of product from these suppliers and believes that it can replace any of them by substituting the products of other manufacturers located in the Southeastern region, the loss of any of its major suppliers may have a material adverse effect on the Company's operations. Each supplier offers incentive payments to the Company based upon its volume of purchases. During fiscal 1999 these incentives amounted to an average of \$2,150 per unit.

Dealer Financing

The Company finances purchases of manufactured housing units through "floor plan" financing. Under these financing arrangements, the Company borrows the purchase price for each manufactured home it acquires from a bank or other

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lending institution pursuant to a master contract, each loan being secured by the unit purchased with its proceeds. When the unit is sold to a retail customer, the Company must pay off the loan and obtain a release of the lender's security interest, in order to give the buyer free and clear title to the property.

The Company now has floor plan financing contracts with six lenders, three of whom, Bombardier Capital, TransAmerica Distribution Finance and Deutsche Financial Services, are major financial institutions and three, Regions Financial Corp. of Thompson Georgia, First National Bank & Trust of Louisville Georgia and First Bank of Thomson Georgia are local financial institutions. The Company's floor plan financing lines now total \$10.275 million, of which \$7,993,154 was outstanding at March 31, 1999 and \$8,158,969 was outstanding at June 30, 1999. The applicable interest rates run from 1% to 2% over prime. The lines are reviewed and extended on an annual basis. E. Samuel Evans, the Company's President, has personally guaranteed all of this financing for which he receives an annual fee from the Company.

The Company believes that its lines of credit are sufficient to finance purchases of inventory in its existing locations for the foreseeable future. However, if its retail operations continue to increase, it may have to increase them, as each retail sales center typically requires up to \$500,000 to finance inventory units on hand. The Company believes that new floor plan financing will be available as needed to cover the requirements for its proposed new sales centers, but there can be no assurance that this availability will continue to exist or that the present interest rates and other credit terms it now enjoys (which are subject to changes in lending practices of its present lenders and other general economic conditions) will continue to be available. The Company has no present commitments for any expanded dealer financing.

Competition

The retail manufactured home sales business is highly competitive, as capital requirements for entry are relatively small. Competition is based primarily on price, reputation for service and quality, depth of field inventory, sales promotion and merchandising and terms and availability of retail customer financing. In its existing sales areas (the 150 mile radius around Augusta, Georgia) there are many manufactured home retail sales centers with which the Company competes. The Company generally expects that any areas in which it opens new retail sales centers will have similar numbers of competitors in the market place. While the Company is larger than most of the over 30 competitors in the Augusta, GA area, one company, South Atlantic Homes, is substantially larger

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than Apple Homes. In addition, many national and regional manufactured home producers operate their own retail sales locations throughout the country. At least two of these producers, Oakwood Homes and Fleetwood Homes, are currently operating in the Company's primary marketing areas and other companies (which because of their size and integrated operations may offer better pricing and terms of financing than the Company has available) may become competitors in the future.

Government Regulation

There are a number of federal, state and local laws and regulations affecting the manufacture, sale and financing of manufactured homes. Manufacturers are governed by federal laws including the Department of Housing and Urban Development's comprehensive national construction standards, affecting such items as structural integrity, fire, safety, thermal protection and ventilation. State and local building and zoning codes may also affect the quality, type and number of manufactured homes the Company is permitted to sell within any given geographic area. The Company believes that the homes it is currently selling meet all of these federal, state and local laws and regulations.

The sale and financing of manufactured homes are also the subject of extensive federal and local regulation. These include Federal Trade Commission rules involving unfair credit and collection practices, Federal Reserve rules requiring written disclosure of financing terms and information used as a basis for denial of credit, and laws prohibiting discrimination in sales and lending practices. In addition, the Company's activities as a mortgage broker and insurance agent require licenses from state agencies which also govern allowable charges and sales practices. The Company believes that it is currently in compliance with all such governmental regulations.

Federal, state and local legislation and regulations are proposed from time to time that, if enacted, could significantly affect the regulatory climate for sales and financing of manufactured homes. It is not possible at this time to predict what if any changes such legislation and regulations may have upon the Company's business in the future.

Employees

At June 30, 1999, the Company had 97 full time employees, including 41 in sales, 14 in transportation, installation and repair, and 42 in general or administrative positions, as well as 110 independent contractors who are used for site preparation and installation of homes. The Company has no collective bargaining agreement with its employees and has not experienced any work stoppages as a result of labor disputes. It considers that its relations with its employees are good. All employees with the exception of sales personnel are salaried; sales employees are paid by commission based upon their production.

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Item 2. Financial Information

A. Summary Financial and Operating Data

Summary operating and financial data for the Company's five fiscal years ended March 31, 1995 through March 31, 1999 and the fiscal quarters ended June 30, 1998 and 1999 and balance sheets as of those dates are as follows:

<TABLE>
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	YEAR ENDED MARCH 31				
	1995	1996	1997	1998	1999
STMT OF OPERATIONS	-----				
<S>	<C>	<C>	<C>	<C>	<C>
NET SALES (REVENUES)	\$ 6,768,965	\$ 8,442,228	\$ 15,549,376	\$ 25,615,535	\$ 33,776,250
INCOME (LOSS) FROM OPERATIONS	244,334	179,296	116,538	34,962	(247,196)
OTHER INCOME (LOSS)	(137,835)	(274,399)	(518,346)	37,785	434,228
NET INCOME (LOSS)	106,499	(93,434)	(439,526)	(51,531)	104,304
INCOME (LOSS) PER COMMON SHARE	0.08	(0.10)	(0.40)	(0.03)	0.05
WEIGHTED AVG SHARES O/S	1,269,087	946,264	1,109,669	1,491,423	1,925,012
OPERATING DATA	-----				
HOMES SOLD	195	278	399	639	792
NUMBER OF RETAIL CENTERS	3	3	6	9	12
WEIGHTED AVG UNITS SOLD / CTR	65	93	67	71	66
BALANCE SHEET DATA	-----				
WORKING CAPITAL					
(CURR ASSETS LESS CURR LIAB)	\$ (103,648)	\$ (36,090)	\$ (143,743)	\$ 640,812	\$ 1,442,991
TOTAL ASSETS	3,804,957	3,442,001	6,628,919	8,331,753	12,906,584
LONG TERM OBLIGATIONS	510,769	528,485	1,085,323	491,508	1,054,316
SHAREHOLDERS' EQUITY	568,923	723,296	333,427	1,609,056	2,291,110

STMT OF OPERATIONS	QUARTER ENDED JUNE 30,	
	1999	1998
NET SALES (REVENUES)	9,140,675	8,142,694
INCOME (LOSS) FROM OPERATIONS	(117,941)	128,537
OTHER INCOME (LOSS)	126,699	5,161
NET INCOME (LOSS)	(8,404)	149,227
INCOME (LOSS) PER COMMON SHARE	(.004)	0.07
WEIGHTED AVG SHARES O/S	2,091,539	1,811,942
OPERATING DATA		
HOMES SOLD	194	198
NUMBER OF RETAIL CENTERS	12	12
WEIGHTED AVG UNITS SOLD / CTR	16	16
BALANCE SHEET DATA		
WORKING CAPITAL	1,231,437	909,880
TOTAL ASSETS	12,966,393	9,830,128
LONG TERM OBLIGATIONS	988,330	510,656
SHAREHOLDERS' EQUITY	2,282,706	1,872,033

</TABLE>

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

The following discussion and analysis should be read in conjunction with the Company's consolidated financial statements and the notes thereto included elsewhere in this Registration Statement. The discussions of results, causes and trends should not be construed to imply any conclusion that such results or trends will necessarily continue in the future.

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Results of Operations -- Fiscal Years ended March 31, 1997, March 31, 1998 and March 31, 1999 and three month periods ended June 30, 1998 and 1999

The following table shows the components of the results of operations for fiscal years 1997, 1998 and 1999 and the first quarters of fiscal 1999 and fiscal 2000 in amounts and percentage of revenues (000 omitted):

Results of Operations Quarters ended June 30, 1998 and 1999

The following table shows the components of the results of operations for fiscal quarters ended June 30, 1999 and 1998 in amounts and percentages of revenues (000 omitted)

DESCRIPTION	QUARTER ENDED JUNE 30			
	1999		1998	
Sales	9,140	100.0%	8,143	100.0%
Cost of Sales	7,539	82.5%	6,398	78.6%
Gross Profit	1,601	17.5%	1,745	21.4%
Operating Expenses:				
Compensation	808	8.8%	719	8.8%
Advertising	173	1.9%	157	1.9%
Occupancy and vehicle	49	0.5%	142	1.7%
Depreciation and amortization	31	0.3%	30	0.4%
Insurance	90	1.0%	54	0.7%
Professional fees	48	0.5%	34	0.4%
Taxes and licenses	95	1.0%	60	0.7%
Guarantee fees	43	0.5%	36	0.4%
Utilities	73	0.8%	66	0.8%
Office and lot	176	1.9%	157	1.9%
Travel, training and entertainment	18	0.2%	68	0.8%
Rent and maintenance	115	1.3%	93	1.1%
Total Operating Expenses	1,719	18.7%	1,616	19.8%
Other Income (Expense):				

Commissions earned	105	1.0%	32	0.4%
Rental income	20	0.2%	22	0.3%
Interest income	18	0.2%	23	0.3%
Other income (expense)	8	0.1%	(83)	-1.0%
Finance participation	154	1.7%	41	0.5%
Interest expense	(178)	-1.9%	(30)	-0.4%
	-----		-----	
Total Other Income (Expense)	127	1.3%	5	0.1%
Income (Loss) Before Income Tax Provision and Minority Interest	9	0.1%	134	1.6%
Income tax provision	(6)	-0.1%	4	0.0%
Minority interest in net income	(11)	-0.1%	11	0.1%
	-----		-----	
Net Income	(8)	-0.1%	149	1.8%
	=====		=====	

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<TABLE>
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DESCRIPTION	YEAR ENDED MARCH 31					
	1997		1998		1999	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Sales	15,549	100.0%	25,616	100.0%	33,776	100.0%
Cost of Sales	12,327	79.3%	20,544	80.2%	27,849	82.5%
	-----		-----		-----	
Gross Profit	3,222	20.7%	5,072	19.8%	5,927	17.5%
Operating Expenses:						
Compensation	1,416	9.2%	2,355	9.2%	2,949	8.7%
Advertising	194	1.2%	353	1.4%	639	1.9%
Occupancy and vehicle	240	1.6%	358	1.4%	269	0.8%
Depreciation and amortization	38	0.2%	70	0.3%	98	0.3%
Insurance	101	0.6%	196	0.8%	223	0.7%
Professional fees	147	1.0%	219	0.9%	126	0.4%
Taxes and licenses	141	0.9%	296	1.2%	301	0.9%
Miscellaneous	829	5.3%	1,190	4.6%	1,569	4.6%
	-----		-----		-----	
Total Operating Expenses	3,106	20.0%	5,037	19.7%	6,174	18.2%
Other Income (Expense):						
Commissions earned	37	0.2%	108	0.5%	231	0.6%
Rental income					92	0.3%
Interest income	49	0.3%	27	0.1%	88	0.3%
Other income (expense)	(5)	0.0%	380	1.5%	18	0.1%
Finance participation			137	0.5%	430	1.3%
Interest expense	(599)	(3.8%)	(614)	(2.4%)	(425)	(1.3%)
	-----		-----		-----	
Total Other Income (Expense)	(518)	(3.3%)	38	0.2%	434	1.3%
Income (Loss) Before Income Tax Provision and Minority Interest	(402)	(2.6%)	73	0.3%	187	0.5%
Income tax provision	33	0.2%	116	0.4%	(73)	(0.2%)
Minority interest in net income	(71)	(0.5%)	(240)	(0.9%)	(10)	(0.0%)
	-----		-----		-----	
Net Income	(440)	(2.9%)	(51)	(0.2%)	104	0.3%
	=====		=====		=====	

Comparison of Fiscal Quarters ended June 30, 1999 and June 30, 2000

Revenues for the 1999 quarter continued the trend of increased sales by the Company, showing a 12% increase over the corresponding 1998 quarter. However, there was a significant decrease in earnings, with the 1999 quarter showing a loss of \$8404 as opposed to a profit for the corresponding 1998 quarter of \$149,227. This was caused by a reduction in gross profit margin of \$143,453, from 21.4% of sales for the 1998 quarter to 17.5% of sales in the 1999 quarter. This reduction was attributable to a general softening in the manufactured housing market and a corresponding increase in price competition among manufactured home dealers. This was somewhat offset by a tightening control over operating expenses, which reduced these costs to 18.7% of revenues in the 1999 quarter from 19.8% in the 1998 quarter, and by increased commissions and fees which contributed (after interest expense) \$126,699 to income in 1999 as opposed to \$5,161 in 1998. The Company took steps to further bring its costs in line in the 1999 quarter by closing an unprofitable sales center and changing managers

at another center, moves which it believes will contribute to improved earnings in the second quarter of fiscal 2000.

Comparison of Fiscal 1999 to Fiscal 1998. Sales in 1999 rose by approximately \$8 million, or 32%, on an increase of 153 units sold, or 24%, primarily due to a net increase of three sales lots in 1999, with the Company opening a total of four new centers during the year while selling one. However, these greater sales did not result in an increase in gross profit margin, which decreased as a percentage of sales to 17.5% in 1999 from 19.8% in 1998. This decrease was due primarily to a more competitive market which demands a decreased sales price per unit. Another factor is the additional costs to implement governmental restrictions related to the set-up and placement of homes. The Company is using inventory management methods in an effort to address these conditions in fiscal 2000. Despite this adverse condition, net profit for 1999 increased by \$155,000 in 1999, or over 300%, due to two primary factors which offset the decrease in gross margin. These were a reduction in operating costs from 19.7% of sales in 1998 to 18.2% of sales in 1999 and an increase in other income from .2% of sales in 1998 to 1.3% of sales in 1999. These resulted from the following factors: (i) spreading the operating costs over a greater sales base; (ii) an increase in commission, rental, interest and finance participation income (fees earned based on the volume of loans that we refer to retail finance companies); and (iii) a large decrease in interest expense due to the assumption of floor plan expense by manufacturers at a number of retail sales centers featuring their products exclusively. Minority

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</TABLE>

Interest in Net Income decreased from \$240,392 in Fiscal 1998 to \$9,989 in Fiscal 1999, due to an agreement between the Company and the minority shareholders to pay them bonuses based on performance rather than to pay dividends to them. As a result of this new plan, the Company paid \$193,460 to the minority shareholders, which was recorded as compensation. The effect of this was to reduce the profits in the minority ownership subsidiaries, resulting in a reduction in the amount recorded as Minority Interest in Net Income of Consolidated Subsidiaries.

Comparison of Fiscal 1998 to Fiscal 1997. Sales rose by approximately \$10 million, or 65%, in 1998 on increased unit sales of 260, or 60%. This increase was primarily attributable to a net increase of three sales lots in that year, with the Company opening five new sales centers and closing two. Gross margin dropped in 1998 by .9% from 20.7% in 1997 to 19.8% in 1998 due to the same factors adversely affecting gross margin in 1999, although the effect of these conditions was not as severe as in the later year. The net loss was reduced from \$440,000 in 1997 to \$51,000 in 1998 due almost entirely to a very substantial increase in commission, interest and finance participation income from \$86,000 in 1997 to \$642,000 in 1998. This increase resulted from better terms the Company was able to negotiate with its suppliers because of the very large increase in Company purchases from them. As reported in the Consolidated Statements of Operations, income (loss) before income tax provision and minority interest amounted to \$72,747 for the year ended March 31, 1998, compared to a loss of \$(401,808) for the year ended March 31, 1997. As a result of this significant improvement in operations and the probable realization of net operating loss carryforwards for income tax purposes, management considered it appropriate to reduce the valuation allowance recorded against deferred income tax assets in prior years. In 1998 a reduction in the valuation allowance of \$143,663 was recorded, which resulted in a net income tax benefit of \$116,114 being recognized for 1998.

Liquidity and Capital Resources

Since its formation in 1990, the Company has funded its operations and capital expenditures primarily through contributions from its founders and private placements of its equity securities and debt, including convertible notes. In the most recent placements of securities made by the Company (i) in 1997, it received a total of \$ 485,000 in capital contributions through the conversion of notes originally sold in 1996 and the sale of 200,000 shares of common stock in a private offering, and (ii) in fiscal 1999 it received \$202,500 from the sale of convertible debentures and \$100,000 from the sale of warrants in another private placement.

As an addition source of capital, the Company recently sold to a local finance company for \$565,204 a total of 34 retail installment sales contracts held received from the sale of lots and homes.

The Company has used these proceeds to open and supply inventory to new retail locations and to improve its working capital position. The Company believes that the proceeds from these placements, together with cash flow from its operations and its present lines of floor plan financing, should provide it with sufficient liquidity to conduct operations and maintain its expansion of sales for the next twelve months. There can be no assurance that such will be the case, however,

particularly if general economic conditions result in a downturn in the sale of housing in the Augusta Georgia market. The Company has no plans for any major capital expenditures for the next 12 months based on its determination that for the next year it will suspend its expansion of operations and will not open any new sales centers except with the use of capital provided by its mobile home suppliers. While the Company has had a negative cash flow of \$240,709 from operations for the period including the past two fiscal years and the first quarter of the current fiscal year, management believes that this is attributable to its concentration of the expansion of operations during that period, with a net increase of six new sales centers. With the program to expand suspended for the time being and an emphasis on improving profitability during the current year, the Company believes that it will return to positive cash flow from this source. This cannot be assured, however, particularly if the current strong price competition in the local mobile home market in the Augusta Georgia continues to prevail.

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Year 2000 Compliance

The following discussion of the Year 2000 issue contains numerous "forward looking statements." See "Forward-Looking Statements and Other Safe Harbor Applications," below, for a discussion of factors to be considered in reading forward-looking statements.

Year 2000 (or "Y2K") Compliance relates to the possibility that certain computers, hardware or software, may not perform properly because of the inability to read dates after December 31, 1999. This discussion includes consequences of this failure as it relates to the Company, not just from our internal computer systems, but also from our suppliers and vendors. It is conceivable that computer system failures could temporarily disrupt our ability to (i) obtain financing and financing information for our customers, (ii) maintain a current inventory with appropriate floorplan financing, (iii) process accounting transactions, including payroll, and other normal business activities.

The Company's State of Readiness

The Company has identified three information technology (IT) and non-IT areas for which Y2K compliance is critical to normal and routine operations. These areas are: (1) commercial software (including accounting and financial systems) used in the corporate and sales offices, (2) computer hardware within the Company, and (3) facilities-related applications and processes, such as telecommunications and equipment with embedded chips.

The Company has no software in use at this time that is not "off-the-shelf" software. We have contacted each of our third party suppliers and the manufacturers of these programs, and have installed any updates required to be compliant with Y2K readiness. We have received assurances from these third parties that they are as fully prepared as possible in this area.

Due to the recent expansion that has occurred in the Company, we do not own any computer hardware that is more than two years old. We hired a computer consultant to come in and evaluate all of our equipment with Y2K in mind, and have received assurances that we are fully prepared in this area, also.

The expansion that we have experienced has also helped us in the area of telecommunications equipment and other embedded software, non-IT problems. The corporate office moved to a new location in April 1999. At that time, all new phone systems and wiring were installed. All of these systems come with Y2K compliant warranties. The majority of our sales locations have also obtained new phone systems and lines within the last two years, either because they are new locations or because our business has grown to a level that new equipment became necessary. Our computer consultants have assured us that all of this equipment should operate smoothly through the new year.

The biggest concern for the Company relates to the Y2K readiness of our vendors and suppliers. We have addressed this in each of the following three areas: (1) Manufacturers, (2) Floorplan Lenders and (3) Retail Finance Companies. The homes that we carry in inventory come from six manufacturing companies; however, we purchase a significant amount of our inventory from two of these, General Housing and Pioneer Homes. We have contacted both of these companies and they have assured us of their readiness with regard to Y2K issues. Our three main floorplan lenders, Bombardier Capital, Deutsche Financial Services and Transamerica Distribution Finance are all public companies, and have addressed Y2K concerns in their annual reports to the SEC. Our main retail finance company, GreenPoint Credit, is also a public company with the same reporting requirements to the SEC. In addition to relying on their SEC filings for information about Y2K concerns, we have also written to each of the above named companies and received replies that they are, in fact, doing everything possible to be in compliance with Y2K readiness issues.

Cost of the Year 2000 Program

Since the majority of our Y2K compliance was done in conjunction with our expansion, the Company has not recognized any additional cost on our books that relates to Y2K compliance. We also do not anticipate any additional costs, over and above our normal operating costs, related to this problem. It is possible, since we have relied on new equipment and computer hardware manufacturer's assurances, that we could have to purchase replacement equipment in the event of a failure. We have not accrued any of these potential costs, and do not have any way of predicting what they may be. We do not, however, anticipate that there will be costs that are significantly outside the range of normal operations. Any equipment purchased would be capitalized and depreciated over the usual life expected.

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Risks of the Company's Year 2000 Issues

The failure to identify and correct a Year 2000 problem could result in an interruption in, or failure of, certain normal business activities or operations. The Company does not expect such failures to have an adverse effect on its results of operations or financial condition. However, because of the general uncertainty about Year 2000 readiness throughout the world economy, which results in uncertainties regarding the readiness of the Company's vendors, contractor and customers, the Company is currently unable to determine whether Year 2000 problems may have a materially adverse effect on its results of operations or financial condition.

Worst Case Scenario

It is not possible for the Company to describe a reasonably likely "worst case scenario" at this time without making numerous assumptions. The Company presently believes that a most likely scenario would be the failure of our retail finance companies to continue to finance loans for our customers. This would slow down the cash flow within the Company and is the event most likely to cause us harm. We understand that we could be required to change some vendors, rearrange some work plans or perhaps interrupt some sales activities. Assuming this is correct, the Company does not believe that such circumstances would have a materially adverse effect on its operations, even if it is necessary to incur additional costs to correct unanticipated compliance failures.

The Company's Contingency Plans

The Company has developed relationships with twelve retail finance companies to help assure that our worst case scenario does not have an impact on us. Also, in the event that one or more of our manufacturers has problems, we have other companies that we can turn to for inventory. We also are in the process of developing relationships with another floorplan lending source for the same reason. We maintain a three month inventory at all times, making the impact of a loss of manufacturers much less. The Company feels that with any other suppliers and contractors that may have problems related to YSK, we would be in a position to rearrange some work plans or otherwise replace the products required with comparable products. However, there can be no assurance that these assumptions or estimates will have been correctly made, or that the Company will have anticipated all relevant factors, or that there will not be delays or increased costs associated with the Company's implementation of final Y2K preparations as the end of 1999 draws nearer. Specific factors that might cause the actual outcome to differ from the projected outcome include, without limitation, the continued availability of personnel and consultants trained in the computer programming skills necessary for remediation of Year 2000 problems, the ability to locate and correct all relevant computer codes and embedded software, timely responses by third parties, including suppliers, contractors and customers, and the ability to implement interfaces between new systems and systems not being replaced.

Forward Looking Statements

The discussion contained in this Section and elsewhere in this Registration Statement contain certain "forward looking statements" (within the meaning of that term as defined in the Securities Act and the Exchange Act), about the Company's future operations. The likelihood of the Company's success is based upon a number of assumptions and estimates which are inherently subject to significant uncertainties and contingencies, many of which are beyond the control of the Company and which reflect business conditions that are subject to change. These include adverse changes in the financial markets, which may in turn adversely affect the Company's ability to borrow funds and the price at which those funds will be available, changes in the mortgage market, which may adversely affect the ability of the Company's customers to finance the purchase of new homes, and in economic conditions in those areas in which the Company's retail sales centers are located. As a result of these uncertainties, actual results may vary substantially from these forward looking statements contained

herein and prospective investors should not place undue reliance on any of them.

C. Qualitative and Quantitative Disclosures about Market Risk.

The Company does not hold and has not held any derivative securities such as options or other market risk sensitive instruments and, accordingly, is not presently subject to the risks of investment in such vehicles.

Item 3. Properties

The Company's principal offices are located in building at 124 North Belair Road, Evans, Georgia which it acquired in January 1999 for a price of \$285,000. The property has 3,340 square feet of modern office space and is adequate for the Company's requirements for the foreseeable future. It was financed by a \$230,000 mortgage loan from Suntrust Bank personally guaranteed by E. Samuel Evans, the Company's President and Robert S. Wilson, one of its directors and original promoters. The mortgage is due in monthly installments of \$2,115, including interest at 7.25% per annum, with the balance of the principal due on December 5, 2001.

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The Company holds a continuing interest in the Mayfair Acres and Timbers properties consisting of seven lots for sale (four with mobile homes installed on them), 10 rental units and 6.7 acres of undeveloped land.

Eleven of the Company's retail mobile home sales lots, consisting of approximately two to five acres each, are leased for a total rental of \$260,852 per year. One lot at Thomson Georgia, consisting of 1.5 acres, was purchased by the Company in March 1999 for a price of \$275,000, payable in monthly installments of \$2,663 each, or the same amount the Company was formerly paying as rent for the property to its owner. The Company also owns a lot in Pelzer South Carolina formerly used a sales center. The property was acquired in 1998 for a price of \$50,000.

The sales offices on the lots are manufactured homes used for that purpose. Three of these offices are leased from E. Samuel Evans, the Company's president and three are leased from other shareholders. The Company owns three tow trucks and two escort vehicles to transport units sold to customer sites, as well as five service trucks and other necessary sales and office equipment. Total book value of these vehicles and equipment was \$120,898 at March 31, 1999 against outstanding financing owing by the Company of \$114,962.

Item 4. Security Ownership of Certain Beneficial Owners and Management.

The following table sets forth information regarding the beneficial ownership of the Company's Common Stock at June 1, 1999, of (i) each person who is known by the Company to own beneficially more than five percent of its Common Stock, (ii) each executive officer and director of the Company, and (iii) all officers and directors of the Company as a group. The Company has been advised by each stockholder identified in the table that he possesses all voting and investment power with respect to the stock beneficially owned by him.

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<TABLE>
<CAPTION>

Name, Address and Affiliation with Company	Shares Beneficially Owned	Percentage of Outstanding Shares	Shares Covered By Warrants	Percentage of Outstanding Shares (1)
<S> E. Samuel Evans, President and Director 845 Vivian Court Evans GA 30809	<C> 195,000	<C> 9.3%	<C> 200,000	<C> 14.4%
Robert S. Wilson, Director 4715 Lake Front Drive Martinez, Georgia 30907	247,951 (2)	11.9%	328,000	21.0%
Richard Belz, Director 101 Fairchild Avenue Plainview NY 11803	9,900	0.4%	70,000	2.9%
Laura Rollins, Chief Financial Officer,	3,000	0.1%	-0-	0.1%

Secretary and Treasurer
 3690 Inverness Way
 Martinez GA 30907

Bryce N. Batzer, Director 2263 N.E. 26th Street Lighthouse Point, FL 33064	161,672 (3)	7.7%	50,000	7.7%
All officers and directors as a group (five persons)	614,523	29.4%	648,000	46.1%

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- (1) This percentage is derived by dividing the sum of the shares owned plus shares covered by warrants by the total number of outstanding shares of the Company's Common Stock (2,091,539) plus the total number of shares covered by the warrants held only by the officers and directors (648,000). As the warrants are exercisable at a price (6.50 per share) that is far above the current market price for the Common Stock, there is no possibility that the warrants will be exercisable in the foreseeable future.
 - (2) This table includes 51,000 shares held by Mr. Wilson's wife, and 2,813 shares held by Stock Builders Corp., a corporation of which Mr. Wilson and members of his immediate family own 41.67%.
 - (3) The table includes 128,672 shares held in trust by Mr. Batzer, as trustee, for the benefit of members of his family, and 33,000 shares issuable on conversion of \$90,000 in Convertible Debentures.

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</TABLE>

Item 5. Directors and Executive Officers

The directors and executive officers of the Company are:

Name	Age	Position
----	---	-----
E. Samuel Evans	50	President, CEO and Director
Robert S. Wilson	76	Director
Bryce N. Batzer	78	Director
Richard Belz	43	Director
Cynthia D. Holley	36	Vice President- Operations
Chester C. Helmick	57	Vice President- Sales
Laura H. Rollins	43	CFO, Secretary and Treasurer

E. Samuel Evans has served as president and a director of the Company since 1992. Prior to that date his principal occupation was as president and owner of Augusta Housing Center Inc. from its formation in 1982 until its sale to the Company in 1992. Mr. Evans is a graduate of Augusta College with a degree in business administration in 1971 and a graduate of Woodrow Wilson College of Law in Atlanta, Georgia in 1979. He is licensed to practice law in the State of Georgia.

Robert S. Wilson has been chairman of the board of the Company since its founding in 1989. He has resigned as Chairman effective June 30, 1999. He served as its president and chief executive officer until 1992 and as secretary and treasurer until 1998. Prior to his founding of the Company, Mr. Wilson was active for 34 years in the securities industry as an executive with S.D. Cohn & Company, a retail broker/dealer in New York City from 1981 to 1984 and, prior to that date, as a sales representative or wholesaler of mutual funds with several other firms. From 1986 to 1989, he was self-employed as a real estate broker and from 1984 to 1986, he was an employee of Lease/Purchase Corporation, a real estate dealer and developer. Until 1999, he held a real estate sales license in

the State of New York and is a 1947 graduate of Cornell University.

Bryce N. Batzer has been a director of the Company since 1994. He is currently the owner of Cedarbrook Development Company Inc., a Florida land and home developer which he organized in 1987. He is also vice president of American Marine Products Inc., a manufacturer of marine windows, boat windshields and other marine products. Mr. Batzer was the president of Plastiline Inc., a publicly held company, from 1955 through 1976, and until 1996 he served Florida Coast Banks Inc. for over 25 years as a member of the executive committee, chairman of the loan committee and chairman of the compensation committee. Mr. Batzer was a founder and board member of the Broward Manufacturers Association

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and a founder, director and chairman of the Broward Industrial Development Board, both of which are instrumental in developing an industrial economic base for Broward County, Florida. He is a graduate of Syracuse University, holding a bachelor's degree in industrial engineering.

Laura H. Rollins joined the Company as Comptroller in August, 1998. She previously worked for the Company's auditors, Serotta, Maddox, Evans & Co. for one year and for C. C. McGregor & Co. of Columbia, South Carolina for the prior two and one-half years. She is a certified public accountant licensed in South Carolina and Georgia and a graduate of the University of North Carolina. She is a member of the AICPA and the South Carolina and Georgia Societies of CPA's.

Richard Belz was elected a director of the Company in November 1998. He has been a principal and officer of Redstone Securities, Inc. since 1989. He is a licensed securities representative and certified public accountant.

Cynthia D. Holley has been an employee of the Company since October 1995 as office manager and administrative assistant and was promoted to her present position in April 1999. She is a graduate of Mercer University with a BBA in marketing management and holds certificates as human relations specialist and GMHA housing consultant.

Chester C. Helmick joined Augusta Housing Center, one of the Company's subsidiaries, in 1984 as a housing consultant and has served the Company in various managerial positions since its acquisition of that subsidiary. He was elected to his present position with the Company in March 1999. Mr. Helmick is retired from the United States Army in which he served for 20 years.

Mr. Wilson and Mr. Evans may be deemed promoters of the Company. They, members of their families, and Mr. Batzer have been involved in several transactions with the Company, described in "Certain Transactions".

Each director serves for a term of one year and is elected at the annual meeting of shareholders. The Company's officers are appointed by its Directors and hold office at their discretion.

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Item 6. Executive Compensation

The following table sets forth information concerning total compensation paid by the Company during its last three fiscal years to the Company's chief executive officer and its officers and directors as a group:

Name	Position	Year Ended	
		March 31	Compensation
E. Samuel Evans	President	1999	\$ 110,332
		1998	\$ 123,741 (1)
		1997	\$ 94,259
All directors and officers as a group (6 in number)		1999	\$ 307,182
		1998	\$ 277,211
		1997	\$ 156,759

(1) Includes automobile allowances in the amount of \$18,000 paid to Mr. Evans in fiscal 1998, but does not include guarantee fee paid annually to Mr. Evans for his personal guarantee of the Company's floor plan financing. See "Certain Relationships and Related Transactions".

In June 1997, the Company granted 200,000 Class A Warrants each to Messrs.

Wilson and Evans and 50,000 Class A Warrants to Mr. Batzer. The Warrants had no significant value at the dates they were issued.

Mr. Batzer and Mr. Belz serve as directors for minimal cash compensation but are reimbursed for out-of-pocket expenses in attending to the affairs of the Company.

The Company has entered into an employment agreement terminating on March 31, 2000 with Mr. Evans calling for compensation of \$96,000 per year plus bonuses to be determined by the Board of Directors based upon profitability of the Company's operations. The employment contract also contains a covenant not to compete with the Company for a period of one year following termination of employment.

Equity Incentive Plan -----

On April 26, 1996 the Company adopted an Equity Incentive Plan and reserved 1 million shares for issuance pursuant to options and awards granted under the Plan. All full time employees are eligible for participation in the Plan, including senior management and directors. All awards and options issued under the Plan must be approved by a committee of the Board of Directors not including members of senior management, which will fix the terms of the options and awards granted. At this date no such awards or options remain in effect.

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Item 7. Certain Relationships and Related Transactions

The Company and its subsidiaries have engaged in the following transactions with officers and directors of the Company and members of their immediate families since April 1, 1998:

1. On May 24, 1999, the Company paid off a mortgage loan in the amount of \$114,424 from McDuffie Bank & Trust Co. of Thomson, Georgia, the proceeds of which were used to repay a loan of \$40,000 made to purchase the Mayfair Acres property and to pay for the development of the lots and site improvements on the property. This bank loan had been personally guaranteed by Messrs. Evans and Wilson, and in consideration for giving their personal guarantees, the Company had issued to each of them 20,000 shares of Common Stock in March 1994.
2. Mr. Evans has personally guaranteed payment of the Company's obligations under its existing floor plan lines of credit. For these guarantees, the Company pays him a fee equal to 2% of the average floor plan financing used by the Company each month. During fiscal 1999 these fees amounted to \$147,560.
3. The Company employs Sheryl Evans, wife of Mr. Evans, as consultant in the decoration and furnishing of mobile homes it sells to its retail customers. During fiscal 1999, Mrs. Evans received \$152,725 for her services to the Company in this capacity, and incurred approximately \$24,000 in expenses for the purchase of materials used in Company displays.
4. On April 28, 1999, the Company purchased two manufactured homes from Bryce Batzer, a director of the Company, for a total purchase price of \$62,349, which was approximately his cost in the homes. On that day, Mr. Batzer used the proceeds from the sale to acquire a \$65,000 convertible debenture of the Company. The remaining \$2,651 was treated as a miscellaneous expense of the Company.
5. The Company rents three mobile homes from Mr. Evans for use as sales offices on its lots in Augusta and Statesboro, Georgia and Anderson, South Carolina. Total rental for these homes is \$33,446 per year.
6. On October 1, 1998, Apple Homes acquired Southern States Lenders, Inc., a recently organized Augusta Georgia mortgage lender and servicer, from that company's founders for \$35,000. The Company subsequently came to the conclusion that the acquisition would not serve its best interests as Southern States had larger capital requirements than the Company could afford to meet. The Company then sold all of its stock in Southern States back to that company for the sum of \$35,000 plus an additional amount (some \$25,000) equal to funds the Company had advanced to Southern States. For accounting purposes, the sale of the stock back to Southern States happened on October 1, 1998 also, and no transactions undertaken by Southern States have been recorded on the Company's books. Southern States raised the funds to purchase its stock back and to have additional working capital by sales of stock to a group of investors, including Messrs. Wilson and Batzer. It

then distributed to the Apple Homes stockholders approximately 200,000 shares of Southern States stock (representing 18% of its outstanding stock) on April 1, 1999. There is no remaining connection between the companies.

The Company believes that these transactions with its officers and shareholders have been and will be on terms no less favorable to the Company than those available from unaffiliated parties.

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Item 8. Legal Proceedings

The Company is currently a defendant in several lawsuits, none of which is material to its operations or would, in the event of an adverse decision, be materially adverse to its business.

Item 9. Market Price and Dividends on the Registrant's Common Equity and Related Stockholder Matters

The Company's Common Stock have traded on the OTC Bulletin Board since May 11, 1998. The following table sets forth the high and low bid and asked prices for both securities and the volume of trading on a quarterly basis since that date.

Quarter Ended -----	Bid ---	Asked -----
June 30, 1998	3.00--9.12	4.00--9.62
September 30, 1998	3.50--5.62	3.62--6.00
December 31, 1998	0.94--3.68	1.75--4.50
March 31, 1999	1.75--3.25	1.75--4.00
June 30 1999	1.62--2.37	1.87--3.00
July 1, 1999 -		
August 24, 1999	1.125--1.75	1.50--2.25

On August 24, 1999 the Common Stock was quoted at 1.125 bid and 1.50 asked.

Item 10 Recent Sales of Unregistered Securities

Since April 1, 1996, the Company has issued shares of Common Stock, warrants to purchase Common Stock and debentures convertible into Common Stock in the following transactions. None of these securities was registered under the Securities Act of 1933 on the basis of the exemptions stated below.

1. In June 1996 the Company issued in a private placement to 19 purchasers a total of \$600,000 in debentures; the purchasers also acquired for no additional consideration Class A warrants to purchase 600,000 shares of Common Stock for an exercise price of \$6.50 per share. As part of the transaction, 500,000 warrants were issued to Charles M. O'Rourke, an attorney for the Company, for his efforts in introducing the Company to R. T. G. Richards & Co., the brokerage firm which acted as placement agent for the Company in securing the investors participating in the offering. Each of the investors represented himself to the Company to be an "accredited investor" (within the meaning of that term, as defined in SEC Regulation D). This issuance was made pursuant to the provisions of the Rules of Regulation D, including Rule 504, and was consequently exempt from registration.
2. The Company agreed in June 1996 to pay fees owed to Mr. O'Rourke amounting to \$43,657 for legal services performed by him in the placement and in prior transactions by issuing to him 87,118 shares of stock. At the same time, the Company agreed with OTC Corporate Transfer Service Co., its stock transfer agent, to pay it \$6,000 in fees by issuing it 12,000 shares of stock. The certificates for these shares were issued in October 1996 and were legended to reflect their status as "restricted securities" transferrable only pursuant to SEC Rule 144. Their issuance was exempt from registration under the Act by reason of the provisions of Section 4(2) of the Act.
3. During June 1997 \$481,500 of the debentures referred to in paragraph 1 were converted into 240,750 shares of Common Stock at the conversion price of \$2.00 per share, determined at the time of conversion to be the fair value of the stock issued. This issuance was exempt from registration pursuant to Section 3(a)9 of the Act.
4. During 1998 a total of \$77,500 in debentures issued by the Company in a private offering in 1993 were converted into 62,000 shares of Common Stock

in accordance with their terms. The issuance of these shares was also exempt from registration by reason of the provisions of Section 3(a)9 of the Act.

5. In a private placement conducted from June to December, 1997, the Company issued to 10 purchasers introduced to it by Redstone Securities Inc., as placement agent a total of 200,000 shares of Common Stock at a price of \$5.00 per share (172 additional shares were inadvertently issued in the offering and were subsequently cancelled). The offering and sale of these shares was exempt from registration under the Act under Rule 504 of Regulation D.

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6. As part of the foregoing placement, the placement agent was granted the right to purchase up to 100,000 Class A Warrants of the Company at a price of 10 cents per Warrant. This right was exercised in December 1998, and the Warrants were issued to 11 designees of the placement agent for \$100,000. The Warrants were legended as "restricted securities" under SEC Rule 144, and they and the underlying shares are transferrable only pursuant to the provisions of that Rule. The sale was exempt from registration under the Act by reason of Section 4(2) thereof.
7. In June 1997, the Company engaged in three transactions involving the issuance of shares to affiliates to clear debt from its balance sheet and acquire property it was then using. These included:

(i) the issuance of 70,500 shares to LEAP Associates, a partnership of which Robert Wilson, his son and other investors were partners, in exchange for 18 houses in The Timbers subdivision in which the Company also owned houses.

(ii) the issuance to Bryce Batzer and Robert Wilson of 43,125 shares and 5,625 shares, respectively, in payment for debt the Company then owed them and the acquisition from Mr. Batzer of land in one of the Company subdivisions.

(iii) the sale of 1,000 shares to two employees.

The shares issued in the above transactions were treated as "restricted securities", transferrable only pursuant to the provisions of SEC Rule 144. The transactions were exempt from registration under the Act by reason of Section 4(2) thereof.

8. From January to April 1999, the Company issued a total of \$202,500 in debentures convertible into Common Stock at a price of \$4.00 per share. The sales were part of a private placement arranged by Redstone Securities in which debentures were sold to Mr. Batzer and purchasers introduced to the Company by Redstone Securities, by Mr. Wilson, and by Mr. Batzer, each of whom signed representations that they were accredited investors. This issuance was conducted pursuant to the provisions of Regulation D, including Rule 506, and was thus exempt from registration under the Act. The debentures have been legended as "restricted securities", as that term is defined in Rule 144, and may not be transferred except in accordance with the provisions of that Rule.
9. During February 1999 the Company issued a total of 12,000 shares to Wayne Bridges, former CFO of the Company, and his employer, R.W. Allen & Co., for the performance of internal financial reporting services. In addition, in June 1998, it issued 25,000 shares to WGBN, Inc., a financial public relations firm for assistance in preparing press releases and reports to stockholders. These shares were issued as "restricted shares" under Section 4(2) of the Act and Rule 144, are legended as such and may not be sold or transferred except in compliance with Rule 144.
10. In June 1998, the Company issued to Warren Bagatelle, a stockholder of the Company who had lent money to the Company in December, 1993 and December, 1995, a total of 41,925 shares in payment of \$38,750 in accrued interest on the debt it owed him. In December 1998, it paid \$60,000 of this debt by the issuance of 30,000 additional shares to Mr. Bagatelle. The number of shares issued was based on negotiations between the parties at the time of issuance and the shares were treated as restricted securities, transferable only pursuant to SEC Rule 144. The transaction was exempt from registration under the Act by reason of Section 4(2) thereof.
11. In February 1999, the Company acquired Mobile Air Systems Inc. from its owner, Robert Steed in part for 130,000 shares valued at \$1.75, deemed by the parties to be their then fair market value. These shares were treated as restricted securities transferable only pursuant to SEC Rule 144. The transaction was exempt from registration under the Act by reason of Section 4(2) thereof.

Item 11. Description of Registrant's Securities to be Registered

Common Stock

The Company is authorized to issue 10,000,000 shares of Common Stock, \$.002 par value. At June 30, 1999, there were 2,091,539 shares of Common Stock issued and outstanding, owned by 61 stockholders of record. Based on its inquiries with the market makers for the Common Stock, the Company believes there to be at least 250 beneficial owners holding their shares in brokerage accounts. The following description of the Company's securities does not purport to be complete and is subject to and qualified in its entirety by reference to the Certificate of Incorporation and By-laws of the Company and the provisions of applicable law.

Each holder of Common Stock is entitled to all rights and privileges of holders of common stock under Delaware law, which provides that: (1) such holders are entitled to receive ratably such dividends, if any, as may be declared from time to time by the Board of Directors out of legally available funds; (2) in the

(21)

event of the liquidation, dissolution or winding up of a corporation, such holders are entitled to share ratably in all assets remaining after the payment of liabilities and (3) such holders do not have preemptive rights or other

rights to subscribe for additional shares. There are no redemption or sinking fund provisions applicable to the Common Stock. Each Common Stock holder has the right to one vote for each share he owns. As there is no cumulative voting for the election of directors or any other purpose, the persons holding a majority of the outstanding shares voted in any election of directors will be able to elect all directors. All outstanding shares of Common Stock are duly authorized, validly issued, fully paid and non-assessable. All shares of Common Stock are issued in registered form and are freely transferable, subject to applicable securities laws and to restrictive agreements between the Company and the holders of such shares.

Transfer Agent

The Transfer Agent for the Common Stock and Class A Warrants is OTC Corporate Transfer Service Company, P.O. Box 501, Hicksville, New York 11801 (516-433-6503).

Item 12. Indemnification of Directors and Officers

Section 102(b)(7) of the Delaware General Corporation Law grants corporations the right to limit or eliminate the personal liability of their directors for monetary damages for breach of their fiduciary duty except for breaches of the director's duty of loyalty to the corporation or its stockholders, for acts or omissions not in good faith or which involve intentional misconduct or knowing violation of law, for certain transactions involving unlawful payments on account of dividends or repurchase or redemption of the corporation's stock, and for transactions in which the directors derive an improper personal benefit. The Company's Certificate of Incorporation provides for the elimination of personal liability of a director to the Company and its stockholders for monetary damages for the breach of the director's fiduciary duty to the full extent allowable under Section 102(b)(7).

Section 145 of the Delaware General Corporation Law grants corporations the right to indemnify their directors, officers, employees and agents against expenses, judgment, fines and other amounts paid pursuant to settlement of any pending, completed or threatened legal action to which any of such persons becomes a party by reason of the fact that he is or was a director, officer, employee or agent of the corporation so long as the indemnity has acted in good faith and in a manner he reasonably believes to be or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, has had no reasonable cause to believe that his conduct was unlawful. The Company's Certificate of Incorporation provides for indemnification of such persons to the full extent allowable under applicable law.

(22)

Item 13. Financial Statements and Supplementary Data

See the attached financial statements listed in Item 15.

Item 14. Changes in Registrant's Certifying Accountants

The Company's consolidated financial statements were previously audited by Cherry Bekaert & Holland LLP as of and for the year ended March 31, 1997 and by Serotta Maddocks Evans & Co. as of and for the year ended March 31, 1998. The Company in March, 1998 decided, with approval by the Board of Directors, to dismiss Cherry Bekaert & Holland LLP and change to Serotta Maddocks Evans & Co.

On March 18, 1999, the Company, with the approval by the Board of Directors, decided to change audit services from Serotta Maddocks Evans & Co. to Gifford, Hillegass & Ingwersen, P.C. This decision was based on the fact that Serotta Maddocks Evans & Co. does not provide audit services to SEC reporting entities.

The reports of Cherry Bekaert & Holland LLP and Serotta Maddocks Evans & Co. over the past two fiscal years contained no adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principle.

In connection with the audits for the two most recent fiscal years and through March 18, 1999, there have been no disagreements with Cherry Bekaert & Holland LLP or Serotta Maddocks Evans & Co. on any matter of accounting principles or practices, financial statements disclosure, or auditing scope or procedure, which disagreements if not resolved to the satisfaction of Cherry Bekaert & Holland LLP and Serotta Maddocks Evans & Co. would have caused them to make reference thereto in their report on the financial statements for such years. There have been no reportable events during the two most recent fiscal years and through March 18, 1999.

(23)

Item 15. Financial Statements and Exhibits

Financial Statements

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Exhibits

- 2 Mobile Air Systems, Inc., Purchase Agreement
- 3(i) * Certificate of Incorporation of the Company, as amended
- 3(ii) * By-laws of the Company
- 4.1 Common Stock Certificate
- 4.2 Warrant Certificate
- 10.1 * Employment Agreement between the Company and E.

- Samuel Evans dated April 26, 1996
- 10.2.1* Rental Agreement between the Company and E. Samuel Evans dated February 15, 1995 covering the rental of manufactured home sales office
- 10.2.2* Rental Agreement between the Company and E. Samuel Evans dated January 1, 1997 covering the rental of a manufactured home sales office
- 10.3.1 Floorplan Contract - Transamerica
- 10.3.2 Floorplan Contract - Bombardier Capital
- 10.3.3 Floorplan Contract - Deutsche Finance
- 10.3.4 Floorplan Contract - Regions Financial Corp.
- 10.3.5 Floorplan Contract - First National Bank
- 10.3.6 Floorplan Contract - First Bank
- 10.4 Equity Incentive Plan
- 10.5 Employee 401(k) Plan
- 10.6.1 Minority Shareholder Agreement - Hardy Lanier
- 10.6.2 Minority Shareholder Agreement - Chad Aycocock
- 10.6.3 Minority Shareholder Agreement - Carol Stratton
- 11 Computation of Basic and Diluted EPS
- 16.1 * Letter re changes in certifying accountants from Cherry, Bekaert & Holland, LLP
- 16.2 * Letter re changes in certifying accountants from Serotta Maddocks Evans & Co., CPA'S
- 21 * List of subsidiaries of the Company
- 23.1 * Consent of Independent Accountants Cherry Bekaert & Holland, LLP
- 23.2 * Consent of Independent Accountants Serotta Maddocks Evans & Co., CPA'S
- 23.3 * Consent of Independent Accountants Gifford Hillegass & Ingwersen, P.C.
- 27 * Financial Data Schedule - 3/31/99
- 27.2 Financial Data Schedule - 6/30/99

* Previously Filed

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<TABLE>
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APPLE HOMES CORPORATION AND SUBSIDIARIES

Consolidated Financial Sheets
(Unaudited)

Assets	June 30, 1999	March 31, 1999
<S>	<C>	<C>
Current assets		
Cash	\$ 618,808	\$ 683,452
Accounts receivable	933,080	781,723
Rebates receivable	454,915	409,011
Other receivables	76,442	57,645
Inventories	8,504,912	8,317,210
Other current assets	87,107	18,116
Deferred taxes	101,431	107,520
Notes receivable, current portion	57,720	544,955
Total current assets	10,834,415	10,919,632
Property and equipment, net	1,332,540	1,235,876
Other assets		
Notes receivable, net of current portion	248,820	184,215
Deferred loan costs, net of accumulated amortization of \$98,468 and \$92,954	83,811	89,325
Goodwill, net of accumulated amortization of \$43,698 and \$39,747	454,237	434,341
Other assets	12,570	43,195
Total other assets	799,438	751,076
TOTAL ASSETS	\$12,966,393	\$12,906,584

Liabilities and Stockholders' Equity	June 30, 1999	March 31, 1999
Current liabilities		
Floorplan payable	\$ 8,185,969	\$ 7,993,154
Accounts payable	764,742	746,969
Sales tax payable	167,623	170,749
Accrued salaries and commissions	82,819	90,926
Other accrued liabilities	180,372	195,640
Customer deposits	105,976	132,037
Income tax payable		18,826
Due to minority stockholders	30,980	40,407
Notes payable, current portion	84,497	87,933
	-----	-----
Total current liabilities	9,602,978	9,476,641
	-----	-----
Long term liabilities		
Notes payable	988,330	1,054,316
	-----	-----
Minority interest in net assets of consolidated corporation	92,379	84,517
	-----	-----
Stockholders' equity		
Common stock, \$.002 par value; authorized 10,000,000 shares; 2,091,539 issued and outstanding	4,183	4,183
Additional paid-in capital	2,727,809	2,727,809
Retained deficit	(449,286)	(440,882)
	-----	-----
Total stockholders' equity	2,282,706	2,291,110
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 12,966,393	\$ 12,906,584
	=====	=====

See accompanying notes

APPLE HOMES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Operations
(Unaudited)

	Quarter ended June 30, 1999	1998
Sales	\$ 9,140,675	\$ 8,142,694
Cost of Sales	7,539,428	6,397,994
	-----	-----
Gross Profit	1,601,247	1,744,700
	-----	-----
Operating expenses		
Compensation	807,694	718,532
Occupancy and vehicle	49,445	142,581
Advertising	173,311	156,862

Insurance	89,610	54,035
Taxes and licenses	94,933	59,575
Professional fees	48,155	34,242
Guarantee Fees	42,844	36,007
Depreciation and amortization	31,008	29,773
Utilities	72,737	66,546
Office and lot	176,644	156,749
Travel, training and entertainment	17,663	67,730
Rent and maintenance	115,064	93,531
	-----	-----
Total operating expenses	1,719,188	1,616,163
	-----	-----
Operating income (loss)	(117,941)	128,537
Other income (expense)		
Finance participation	153,917	41,322
Rental income	19,997	22,363
Interest income	17,850	22,987
Commissions	104,689	32,000
Other income (expense)	7,781	(83,267)
Interest expense	(177,535)	(30,244)
	-----	-----
Total other income (expense)	126,699	5,161
	-----	-----
Income (loss) before income tax provision and minority interest	8,758	133,698
Income tax (provision) benefit	(6,413)	4,488
Minority interest in net (income) loss of consolidated subsidiaries	(10,749)	11,041
	-----	-----
NET INCOME (LOSS)	\$ (8,404)	\$ 149,227
	=====	=====
Per share data:		
Weighted average number of shares outstanding	2,091,539	1,811,942
Net income (loss) per share	(0.004)	0.07

See accompanying notes.

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APPLE HOMES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows
(Unaudited)

	For the Quarter Ended June 30,	
	1999	1998
	----	----
<S>	<C>	<C>
Cash flows from operating activities:		
Net income (loss)	\$ (8,404)	\$ 149,227
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Bad debt expense	14,374	24,040
Deferred income taxes	6,089	17,715
Depreciation and amortization	31,088	29,773
Issuance of common stock for professional services	0	74,000
Issuance of common stock in lieu of payment of interest expense	0	38,750
Minority interest in net income of consolidated subsidiary	10,749	(11,041)
Change in assets and liabilities, net of effects from		

purchase of subsidiary		
Accounts receivable	(151,357)	(282,451)
Other receivables	(64,701)	(17,832)
Inventories	(103,062)	(1,083,549)
Other current assets	(68,991)	87,131
Notes receivable	323,616	(120,494)
Other assets	30,625	(11,799)
Floorplan payable	192,815	1,378,979
Accounts payable	17,773	133,797
Accrued expenses	(26,501)	(219,301)
Customer deposits	(26,061)	76,456
Other liabilities	(18,834)	(30,136)
	-----	-----
Net cash provided by operating activities	159,218	233,265
	-----	-----
Cash flows from investing activities:		
Additions to property and equipment	(30,373)	(76,682)
Purchase minority ownership from shareholder	(28,646)	0
	-----	-----
Net cash (used in) investing activities	(59,019)	(76,682)
	-----	-----

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	For the Quarter Ended June 30,	
	1999	1998
	----	----
Cash flows from financing activities:		
Principal payments on notes payable	\$ (157,328)	\$ (38,101)
Due to/from minority stockholders, net	(7,515)	(54,225)
	-----	-----
Net cash (used) by financing activities	(164,843)	(92,356)
	-----	-----
Net increase (decrease) in cash	(64,644)	64,227
Cash, beginning of quarter	683,452	922,176
	-----	-----
Cash, end of quarter	\$ 618,808	\$ 986,403
	=====	=====
Supplemental disclosure of cash flow information:		
Cash paid during the quarter for interest	\$ 175,634	\$ 40,999
	=====	=====
Cash paid during the quarter for income taxes	\$ 19,150	\$ 0
	=====	=====
Non cash investing and financing activities:		
Financed property and equipment purchases	\$ 87,906	
Repossessed mobile home units converted to inventory	84,640	\$ 70,000
Note payable and interest converted to common stock	0	39,750
Issuance of stock for professional services	0	74,000

See accompanying notes

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</TABLE>

APPLE HOMES CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - BASIS OF PRESENTATION

The unaudited financial information included in this report includes all adjustments which are, in the opinion of management, necessary to reflect a fair statement of the results for the interim periods presented. The operations for

the three months ended June 30, 1999 are not necessarily indicative of the results of the full fiscal year. While certain information and footnote disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles has been condensed or omitted pursuant to the Securities and Exchange Commission rules and regulations governing Form 10-Q, the Company believes that the disclosures herein are adequate to make the information presented not misleading. The condensed financial statements included in this report should be read in conjunction with the audited financial statements and notes thereto included in the Registrant's March 31, 1999 yearend report included in the Form 10 filed with the SEC on July 16, 1999.

NOTE B - PURCHASE OF MINORITY INTEREST

In May, the Company purchased the minority ownership in one of its entities, Tim Phillips Homes, Inc. The purchase price of \$28,646 reduced the minority ownership of the consolidated company and resulted in goodwill being recorded on the books of \$23,847. The Company now has three entities with minority ownership still included in the consolidated corporation, and anticipates the buyout of another minority owner in the near future.

NOTE C - NOTES RECEIVABLE

Notes receivable result from Company financial sales of manufactured homes. The notes have remaining terms of one to thirty years and interest rates range from 8% to 15%. In May, 1999, the Company sold notes receivable with a face value of \$596,717 to a financing company for \$481,605. The discount of \$115,112 was written off against the allowance for doubtful accounts of \$148,277. Remaining notes receivable at June 30, 1999 are net of an allowance for doubtful accounts of \$29,791.

Of the thirty-two notes, which were sold by the Company, nineteen notes have recourse for twelve months, and thirteen notes were sold without recourse. The conditions of the recourse allow the Company the option to make any payments on the owners' behalf to avoid defaults in the loan and give the Company the right to collect directly from the owners for any such payments made. No reserve has been recorded for this recourse, as management believes the Company will be able to collect on any outstanding payments.

NOTE D - SELECTED QUARTERLY FINANCIAL DATA

	Quarter Ended June 30,	
	1999	1998
	----	----
	(in thousands except per share data)	
Net sales	9,141	8,143
Gross profit	1,601	1,745
Net income (Loss)	(8)	149
Earnings per share	(.004)	.007
	=====	=====
Weighted average		
shares outstanding	2,091,539	1,811,942

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
 Apple Homes Corporation and Subsidiaries
 Evans, Georgia

We have audited the accompanying consolidated balance sheet of Apple Homes Corporation and Subsidiaries at March 31, 1999, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the year then ended. 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 audit. The consolidated financial statements of Apple Homes Corporation as of March 31, 1998 were audited by other auditors whose report dated June 15, 1998 (except for Notes 13 and 16, dated June 23, 1999) expressed an unqualified opinion on those statements. The consolidated financial statements of Apple Homes Corporation as of March 31, 1997 were audited by other auditors, whose report dated January 26, 1998 (except for Note 20, dated June 23, 1999) expressed an unqualified opinion on those statements. As discussed in Note M to these consolidated financial statements, the consolidated financial statements for March 31, 1998 and 1997 have been adjusted to reflect correction of errors related to these years.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain

reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Apple Homes Corporation and Subsidiaries as of March 31, 1999, and the results of their operations and their cash flows for the year then ended in conformity with generally accepted accounting principles.

/s/ Gifford, Hillegass & Ingwersen, P.C.

GIFFORD, HILLEGASS & INGWERSEN, P.C.

Atlanta, GA
June 23, 1999

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<TABLE>
<CAPTION>

APPLE HOMES CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

	Assets	
	March 31,	
	1999	1998
<S>	<C>	<C>
Current assets		
Cash and cash equivalents	\$ 683,452	\$ 922,176
Accounts receivable	781,723	240,445
Rebates receivable	409,011	--
Other receivable	57,645	165,766
Inventories (Notes C and F)	8,317,210	5,251,617
Other current assets	18,116	95,087
Deferred taxes (Note J)	107,520	74,531
Notes receivable, current portion (Note E)	544,955	42,883
	-----	-----
Total current assets	10,919,632	6,792,505
	-----	-----
Property and equipment, net (Notes D and H)	1,235,876	402,160
	-----	-----
Other assets		
Notes receivable, net of current portion (Note E)	184,215	679,761
Deferred taxes (Note J)	--	78,102
Deferred loan costs, net of accumulated amortization of \$92,954 and \$74,954	89,325	87,050
Goodwill, net of accumulated amortization of \$39,747 and \$29,979 (Note P)	434,341	292,175
Other assets	43,195	--
	-----	-----
Total other assets	751,076	1,137,088
	-----	-----
TOTAL ASSETS	\$12,906,584	\$ 8,331,753
	=====	=====

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Liabilities and Stockholders' Equity

March 31,

	1999	1998
Current liabilities		
Floorplan payable (Note F)	\$ 7,993,154	\$ 4,641,509
Accounts payable	746,969	421,493
Sales tax payable	170,749	207,009
Accrued salaries and commissions	90,926	230,799
Other accrued liabilities	195,640	309,490
Customer deposits	132,037	96,704
Income tax payable	18,826	--
Due to minority stockholders	40,407	128,440
Notes payable, current portion (Notes G and H)	87,933	116,249
Total current liabilities	9,476,641	6,151,693
Long term liabilities		
Notes payable (Notes G and H)	1,054,316	491,508
Minority interest in net assets of consolidated corporation	84,517	79,496
Commitments and contingencies (Note O)		
Stockholders' equity		
Common stock, \$.002 par value; authorized 10,000,000 shares; 2,091,539 and 1,790,614 issued and outstanding	4,183	3,581
Additional paid-in capital	2,727,809	2,150,661
Retained deficit	(440,882)	(545,186)
Total stockholders' equity	2,291,110	1,609,056
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 12,906,584	\$ 8,331,753

The accompanying notes are an integral part of these financial statements.

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APPLE HOMES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Operations

	1999	Year ended March 31, 1998	1997
Net Sales	\$ 33,776,250	\$ 25,615,535	\$ 15,549,376
Cost of Sales	27,849,088	20,543,498	12,327,352
Gross Profit	5,927,162	5,072,037	3,222,024
Operating expenses			

Compensation	2,948,697	2,354,711	1,416,052
Occupancy and vehicle	269,482	357,735	239,413
Advertising	639,072	352,610	194,151
Insurance	223,001	196,223	101,373
Taxes and licenses	301,447	296,081	140,489
Professional fees	125,805	219,417	147,383
Depreciation and amortization	97,562	70,059	37,980
Guarantee Fee	147,560	159,019	--
Utilities	284,010	215,740	106,672
Office and lot	617,044	220,523	155,494
Travel, training and entertainment	121,668	92,337	61,959
Rent and maintenance	399,010	112,811	7,422
Miscellaneous	--	389,809	497,098
	-----	-----	-----
Total operating expenses	6,174,358	5,037,075	3,105,486
	-----	-----	-----
Operating income (loss)	(247,196)	34,962	116,538
Other income (expense)			
Finance participation	429,814	136,460	--
Rental income	92,200	--	--
Interest income	88,140	27,137	49,457
Commissions	231,183	107,666	36,851
Other income (expense)	17,528	380,082	(5,332)
Interest expense	(424,637)	(613,560)	(599,322)
	-----	-----	-----
Total other income (expense)	434,228	37,785	(518,346)
	-----	-----	-----
Income (loss) before income tax provision and minority interest	187,032	72,747	(401,808)
Income tax (provision) benefit	(72,739)	116,114	33,333
Minority interest in net income of consolidated subsidiaries	(9,989)	(240,392)	(71,051)
	-----	-----	-----
NET INCOME (LOSS)	\$ 104,304	\$ (51,531)	\$ (439,526)
	=====	=====	=====
Per share data: (Note I)			
Weighted average number of shares outstanding	1,925,012	1,491,423	1,109,669
Net income (loss) per share	\$ 0.05	\$ (0.03)	\$ (0.40)

=====
The accompanying notes are an integral part of these financial statements.

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APPLE HOMES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' Equity

Years Ended March 31, 1999, 1998, and 1997

	Number of Shares	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Total
<S>	<C>	<C>	<C>	<C>	<C>
Balance, March 31, 1996	1,067,849	\$ 2,136	\$ 775,289	\$ (54,129)	\$ 723,296
Issuance of common stock	99,118	198	49,459	--	49,657
Net loss	--	--	--	(439,526)	(439,526)
	-----	-----	-----	-----	-----

Balance, March 31, 1997, as restated (a)	1,166,967	2,334	824,748	(493,655)	333,427
Issuance of common stock:					
Stock offering / services, as restated (a)	268,672	537	597,697	--	598,234
Debt disposition	266,475	533	527,374	--	527,907
Residential land and manufactured homes	88,500	177	129,859	--	130,036
Contributed Capital			70,983		70,983
Net loss, as restated (a)	--	--	--	(51,531)	(51,531)
Balance, March 31, 1998, as restated (a)	1,790,614	3,581	2,150,661	(545,186)	1,609,056
Issuance of common stock:					
Professional services	37,000	74	73,926	--	74,000
Debt disposition	133,925	268	175,982	--	176,250
Purchase of subsidiary	130,000	260	227,240	--	227,500
Sale of warrants	--	--	100,000	--	100,000
Net income	--	--	--	104,304	104,304
Balance, March 31, 1999	2,091,539	\$ 4,183	\$ 2,727,809	\$ (440,882)	\$ 2,291,110

(a) Reference Note M for explanation of restated balances and prior period adjustments.

The accompanying notes are an integral part of these financial statements.

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</TABLE>

<TABLE>
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APPLE HOMES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	For the Year Ended March 31,		
	1999	1998	1997
Cash flows from operating activities:			
<S> Net income (loss)	<C> \$ 104,304	<C> \$ (51,531)	<C> \$ (439,526)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities			
Bad debt expense	51,101	21,324	--
Bad debt recovery	--	(76,602)	--
Deferred income taxes	45,113	(116,114)	(29,933)
Depreciation and amortization	97,562	61,044	37,980
Issuance of common stock for professional services	74,000	--	49,657
Issuance of common stock in lieu of payment of interest expense	38,750	--	--
Gain on sale of assets	--	(190,137)	(2,500)
Minority interest in net income of consolidated subsidiary	9,989	240,392	71,051
Changes in assets and liabilities, net of effects from purchase of subsidiary:			
Accounts receivable	(505,536)	(195,431)	73,726
Other receivables	(289,790)	98,686	(180,080)
Inventories	(2,767,830)	(830,859)	(2,215,125)
Other current assets	76,971	(86,250)	(1,988)
Notes receivable	(337,627)	(393,507)	(127,748)
Other assets	(15,356)	14,435	57,995
Floorplan payable	3,351,645	747,384	2,168,133

Accounts payable	310,524	(78,766)	359,826
Accrued expenses	(317,992)	458,980	182,533
Customer deposits	35,333	(9,968)	75,223
Other liabilities	18,826	(2,009)	27,009
	-----	-----	-----

Net cash provided by (used in) operating activities	(20,013)	(388,929)	106,233
	-----	-----	-----

Cash flows from investing activities:			
Additions to property and equipment	(257,783)	(144,986)	(161,803)
Excess of cash acquired over cash paid for purchased subsidiary	44,805	--	--
Proceeds from the sale of developed residential land and manufactured homes	--	292,000	2,500
Advances to related entities	--	132,999	(64,099)
	-----	-----	-----
Net cash provided by (used in) investing activities	(212,978)	280,013	(223,402)
	-----	-----	-----

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</TABLE>

<TABLE>
<CAPTION>

For the Year Ended March 31,

	1999	1998	1997
	-----	-----	-----
Cash flows from financing activities:			
<S>	<C>	<C>	<C>
Principal payments on notes payable	\$ (181,346)	\$ (359,984)	\$ (68,461)
Proceeds from issuance of notes payable	188,889	--	907,555
Payments made for loan cost	(20,275)	--	--
Additions to deferred underwriting cost	--	(49,459)	(200,926)
Proceeds from issuance of common stock and warrants	100,000	1,002,860	0
Distributions paid to minority stockholders	--	(185,393)	(111,499)
Due to/from minority stockholders, net	(93,001)	128,440	--
Repayments on advances from officers	--	(19,000)	(34,082)
Capital Contributions	--	70,983	--
	-----	-----	-----
Net cash provided (used) by financing activities	(5,733)	588,447	492,587
	-----	-----	-----
Net increase (decrease) in cash	(238,724)	479,531	375,418
Cash, beginning of year	922,176	442,645	67,227
	-----	-----	-----
Cash, end of year	\$ 683,452	\$ 922,176	\$ 442,645
	=====	=====	=====

Supplemental disclosure of cash flow information:

Cash paid during the year for interest	\$ 533,881	\$ 602,000	\$ 503,982
	=====	=====	=====
Cash paid during the year for income taxes	\$ 8,770	\$ --	\$ --
	=====	=====	=====

Non cash investing and financing activities:

Financed property and equipment purchases	\$ 644,449	\$ 35,036	\$ --
Purchased subsidiary through			
Issuance of common stock	227,500	--	--
Seller financing	20,000	--	--
Repossessed mobile home units converted to inventory	280,000	--	--
Converted developed residential land to:			
Inventory	--	449,314	--
Property and equipment	--	132,477	--
Note payable and interest converted to common stock	98,750	46,407	--

Debentures converted to common stock	77,500	481,500	--
Issuance of stock for professional services	74,000	0	49,657
Issuance of stock for services in connection with offering	--	150,000	--
Developed residential land received in exchange for:			
Accounts receivable	--	51,134	--
Notes receivable	--	210,591	--
Common stock	--	130,036	54,700
Transfer of deferred underwriting cost against related capital contributio	--	404,611	--

=====

The accompanying notes are an integral part of these financial statements.

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</TABLE>

APPLE HOMES CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - NATURE OF BUSINESS

The principal operations of Apple Homes Corporation and its subsidiaries (the "Company") consist of the sale and installation of manufactured homes, primarily in the southeastern United States. The subsidiaries of Apple Homes Corporation consist of the following:

Name	Location	Percent Ownership
Augusta Housing Center, Inc.	Augusta, Georgia	100%
Big Daddy's Mobile Homes, Inc.	Augusta, Georgia	80%
Evans-Lanier, Inc.	Thomson, Georgia	80%
Apple Homes, Inc.	Waynesboro, Georgia	100%
J. C. Homes, Inc.	Augusta, Georgia	80%
Tim Phillips Homes, Inc.	Thomson, Georgia	80%
Mobile Air Systems, Inc.	Augusta, Georgia	100%

All subsidiaries conduct business in the name of Apple Homes. The Company extends customary trade terms to some of its customers, all of whom are located in the southeastern United States.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned and majority owned subsidiaries. All material intercompany accounts and transactions are eliminated in consolidation.

Management Estimates

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

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturity dates of three months or less to be cash equivalents.

Accounts Receivable

The Company uses the allowance method to provide for recognition of bad debt. As of March 31, 1999 and 1998, there was no allowance considered necessary against accounts receivable.

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APPLE HOMES CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Inventories

Inventories are stated at the lower of cost or market and are determined using the specific identification method. As referenced in Note C, inventories are inclusive of land held for resale. Land and land improvements are recorded at cost and are allocated to lots as land is subdivided.

Property and Equipment

Property and equipment are stated at cost. Maintenance and repairs are charged to expense as incurred, and renewals and betterments are capitalized. Provisions for depreciation are charged to income over the estimated useful lives of the assets using accelerated methods of depreciation.

Deferred Loan Costs

Deferred loan costs related to the private placements of subordinated debentures described in Note G are being amortized over the expected life of the related debt using a method that approximates the interest method.

Goodwill

Goodwill represents the excess of acquisition costs over the fair market value of the net assets of acquired subsidiaries. Goodwill is being amortized on a straight-line basis over a period of thirty years. In accordance with APB 17, "Intangible Assets," the Company continues to evaluate the amortization period to determine whether events or circumstances warrant revised amortization periods. The Company also evaluates goodwill in reference to SFAS 121, "Accounting for the Impairment of Long-Lived Assets".

Customer Deposits

Customer deposits represent amounts received from customers in connection with the sale of manufactured homes for which the closing of the sale transaction has not been finalized.

Revenue Recognitions

The Company recognizes revenue on the sale of a manufactured home once the customer is approved for credit and all closing documents have been executed and any waiting period expired.

Rebates Receivable

The Company is eligible to participate in various volume incentive plans with manufacturers. Once the Company meets the requirement of the incentive plan and qualifies for the rebate, the receivable is recognized.

Advertising Costs

The Company expenses advertising costs as they are incurred.

Income Taxes

Income taxes are allocated among Apple Homes Corporation and its subsidiaries based upon their respective separate taxable income or loss. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate primarily to allowance for doubtful receivables (deductible for financial statement purposes but not for income tax purposes), inventory capitalization for income tax reporting, and the value of net operating losses for tax purposes carried forward from prior years. The deferred tax assets represent the future tax return consequences of these differences, which will be deductible when the assets are recovered or settled.

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APPLE HOMES CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Common Stock

As of March 31, 1999 the Company had 10,000,000 shares of common stock authorized of which 2,091,539 is issued and outstanding. Each share of common stock is entitled to one vote. There are no restrictions or preferred provisions regarding dividends. Reference Note N regarding stock warrants currently outstanding.

Fair Value of Financial Instruments

The carrying amounts of cash, receivables, and payables approximate fair value because of the short maturity, generally less than three months, of these instruments. The carrying value of the Company's notes receivable approximates fair value because the majority of the outstanding balance was adjusted to the sales price of the notes sold subsequent to year end as described in Note E. The carrying value of the Company's long-term debt approximates fair value because current market prices and the Company's current incremental borrowing rate are

not significantly different from the terms in the Company's debt portfolio.

Concentration of Credit Risk

The Company is subject to credit risk through trade and note receivables and uninsured cash balances. The majority of the Company's business is from retail trade of manufactured homes in the southeastern United States. Consideration was given to this concentration and the financial position of these customers when determining the allowance for doubtful accounts. Reference Note O regarding potential recourse liability. Cash is placed in well capitalized, high quality financial institutions. The Federal Insurance Corporation insures accounts at each institution up to \$100,000. At March 31, 1999 balances in excess of the \$100,000 limit amounted to approximately \$285,000.

Reclassifications

Certain 1998 and 1997 amounts have been reclassified to conform with the 1999 presentation. These reclassifications had no effect on net income or loss for the years.

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APPLE HOMES CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE C - INVENTORIES

At March 31, 1999 and 1998, inventories consisted of:

	1999	1998
	-----	-----
New Manufactured Homes	\$ 7,377,858	\$ 4,537,876
Repossessed Homes	191,513	-0-
Used Manufactured Homes	194,233	264,427
Air Conditioning Units	89,088	-0-
Land and Home Packages	464,518	449,314
	-----	-----
	\$ 8,317,210	\$ 5,251,617
	=====	=====

NOTE D - PROPERTY AND EQUIPMENT

At March 31, 1999 and 1998, property and equipment consisted of:

	1999	1998
	-----	-----
Land	\$ 325,000	\$ -0-
Buildings	416,930	200,477
Furniture and Fixtures	86,194	56,604
Vehicles	176,250	73,559
Leasehold Improvements	173,594	-0-
Machinery and Equipment	34,337	-0-
Rental Units	134,186	132,477
	-----	-----
	1,346,491	463,117
Less Accumulated Depreciation	(110,615)	(60,957)
	-----	-----
	\$ 1,235,876	\$ 402,160
	=====	=====

Property and equipment are depreciated over estimated useful lives using accelerated methods of depreciation. The range of estimated useful lives is as follows:

	Years

Buildings	15-39
Furniture and Fixtures	5-7
Vehicles	5
Leasehold Improvements	10-15
Machinery and Equipment	5-7
Rental Units	15-39

NOTE E - NOTES RECEIVABLE

Notes receivable result from Company financial sales of manufactured homes. The Company uses the allowance method to provide for recognition of bad debt related

to notes receivable. The notes have remaining terms of one to thirty years and interest rates range from 8% to 15%. Subsequent to March 31, 1999, the Company sold notes receivable with a face value of \$596,717 to a financing company for \$481,605. The discount of \$115,112 was recorded at March 31, 1999 and is part of the allowance for doubtful accounts of \$148,277 at March 31, 1999. Notes receivable at March 31, 1998 are net of an allowance for doubtful accounts of \$97,041.

Of the thirty-two notes which were sold by the Company subsequent to year end, nineteen notes have recourse for twelve months, and thirteen notes were sold without recourse. The

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APPLE HOMES CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE E - NOTES RECEIVABLE (continued)

conditions of the recourse allow the Company the option to make any payments on the owners' behalf to avoid defaults in the loan and give the Company the right to collect directly from the owners for any such payments made. No reserve has been recorded for this recourse, as management believes the Company will be able to collect on any outstanding payments.

NOTE F - FLOORPLAN PAYABLE

The Company has maintained a floorplan line of credit of \$10,275,000 during 1999 and \$7,150,000 during 1998 with several finance companies for new homes inventory. These credit lines are collateralized by the homes and are guaranteed by an officer of the Company. Interest rates range from prime to prime + 2%, depending on several factors, including the number of days a home is on a sales lot. Of the available line, \$7,993,154 was utilized on March 31, 1999 and \$4,641,509 was utilized on March 31, 1998.

For the years ended March 31, 1999 and 1998 floorplan interest expense was \$385,394 and \$404,814, respectively.

NOTE G - SUBORDINATED DEBENTURES

During the year ended March 31, 1994, the Company completed a private placement of seventeen debentures in the principal amount of \$300,000. The debentures are due in 2003, pay interest semi-annually at 10.0%, and are convertible by the holders after two years into shares of the Company's common stock at a conversion ratio of \$1.25 per share. As of March 31, 1999, \$77,500 of the original debenture amount had been converted into 62,000 shares of stock. None of the debentures were converted during the year ended March 31, 1998.

In December 1998, the Company offered convertible subordinated debentures as a private placement pursuant to Rule 504 of Regulation D of the 1933 Securities Act. The offering is not to exceed \$900,000. As of March 31, 1999, \$137,500 had been issued to investors. In April, 1999, an additional \$65,000 was issued. The debentures are due five years from their date of issue. They bear interest, payable semiannually, at a rate of 10% per annum. They are convertible into common stock of the Company at the conversion price of \$5.00 per share.

The debentures are subordinated in right of payment to holders of senior debt, including bank borrowings and floorplan financing.

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APPLE HOMES CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE H - NOTES PAYABLE

At March 31 1999, and 1998, notes payable consisted of the following:

	1999	1998
	-----	-----
Subordinated debentures (see Note G)	\$ 360,000	\$ 300,000
Note payable to Sun Trust with interest		

at 7.25%, monthly payments of \$2,115 due through December 2001; secured by an office building and personal guarantees of the Company president and a director.	228,802	-0-
Note payable to Southeastern at 9.50%, monthly payments of \$2,663 due through November 2013; secured by land.	252,393	-0-
Note payable to McDuffie Bank & Trust at 10.25%, monthly payments of \$1,830 due through September 2000; secured by land and personal guarantees of the Company president and a director.	116,247	126,335
Note payable to a stockholder at 10% interest, principal and accrued interest of \$38,749 due in September 1998; unsecured.	-0-	85,000
Other notes payable to banks bearing interest ranging from prime plus .85% to 18% fixed, monthly payments totaling \$4,566, maturing between April 1999 and November 2002; secured primarily by automobiles.	114,489	66,690
Other notes payable bearing interest rates ranging from 4.9% to 11.08%, monthly payments totaling \$708 maturing between November 2001 and February 2002; secured by various equipment.	22,111	-0-

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APPLE HOMES CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE H - NOTES PAYABLE (continued)

	1999	1998
	-----	-----
Unsecured note payable to an individual; principal and interest at 10%, due in monthly installments of \$1,062 through November 2000	\$ 20,389	\$ 29,732
Other unsecured notes payable due in full over the next year.	27,818	-0-
	-----	-----
Less current portion	1,142,249 (87,933)	607,757 (116,249)
	-----	-----
	\$1,054,316	\$ 491,508
	=====	=====

As of March 31, 1999 future maturities are as follows:

Year ending March 31, 1999

2000	\$ 87,933
2001	80,022
2002	264,745
2003	35,427
2004	254,986
2005 and thereafter	419,136

	\$1,142,249
	=====

NOTE I - EARNINGS PER SHARE

Basic earnings (loss) per share is computed by dividing net income or loss attributable to common shares by the weighted average of common shares

outstanding during the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. The accompanying financial statements do not include diluted earnings per share because conversion of the subordinated debentures described in Note G and exercise of the stock warrants described in Note N are antidilutive for the years presented.

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APPLE HOMES CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE J - INCOME TAXES

For the years ended March 31, 1999, 1998, and 1997 the income tax (provision) benefit consisted of:

	1999	1998	1997
Current:			
Federal	\$ -0-	\$ -0-	\$ -0-
State	(27,596)	-0-	-0-
	(27,596)	-0-	-0-
Deferred:			
Federal	(38,372)	98,697	28,333
State	(6,771)	17,417	5,000
	(45,143)	116,114	33,333
	\$ (72,739)	\$ 116,114	\$ 33,333

The reconciliation of reported income tax (expense) benefit to the amount of income tax (expense) benefit that would result from applying federal statutory tax rates to pretax income is as follows:

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APPLE HOMES CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE J - INCOME TAXES (continued)

<TABLE>
<CAPTION>

	Year ended March 31,					
	1999		1998		1997	
	Balance	%	Balance	%	Balance	%
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Statutory federal income tax	\$ (63,891)	(34.0)	\$ (24,734)	(34.0)	\$ 136,615	34.0
State income tax, net of federal tax benefit	(27,596)	(14.8)	-0-	-0-	-0-	-0-
Non deductible expenses	(36,252)	(19.4)	(2,815)	(3.9)	-0-	-0-
Valuation allowance change	55,000	29.3	143,663	197.5	(103,282)	(25.7)
	\$ (72,739)	(38.9)	\$ 116,114	159.6	\$ 33,333	8.3

The components of deferred tax assets were as follows:

	March 31,		
	1999	1998	1997
Net operating loss carryforward	\$ 35,495	\$ 150,063	\$ 198,663
Allowance for doubtful accounts	59,311	38,816	36,519
Inventory capitalization	12,714	18,754	-0-

	107,520	207,633	235,182
Less valuation allowance	-0-	(55,000)	(198,663)
	\$ 107,520	\$ 152,633	\$ 36,519

</TABLE>

SFAS No. 109 requires a valuation allowance to be recorded when it is more likely than not that some or all of the deferred tax assets will not be realized. At March 31, 1999, due to improved profitability of the Company, management determined that it was more likely than not that future taxable income would be sufficient to enable the Company to realize all of its deferred tax assets. Accordingly, no valuation allowance has been recorded at March 31, 1999. As of March 31, 1999, the remaining net operating loss carryforward of approximately \$88,000 will expire in varying amounts through 2012.

NOTE K - RELATED PARTY TRANSACTIONS

During the years ended March 31, 1999, 1998, and 1997 rent of \$33,445, \$33,000, and \$21,444, respectively, was paid to an officer of the Company for month-to-month leasing arrangements. In addition, the Company paid floor plan guaranty fees of \$147,560 and \$159,019 during the years ended 1999 and 1998, respectively, to an officer. The guarantee fees are based on 2% annual rate on the outstanding floor plan balance each month and will continue as long as the personal guarantee is required.

During the year ended March 31, 1999, the Company employed the president's wife in a consulting capacity. She decorated and furnished manufactured homes that the Company sells to its retail customers. Related compensation amounted to approximately \$153,000, which included reimbursement of her direct expenses of approximately \$24,000.

The Company currently has four subsidiaries with minority shareholder ownership of 20% each. An agreement exists which allows bonuses to be paid at the discretion of management. There is no requirement to pay bonuses or dividends. There is also a provision which allows for and encourages the buildup of working capital.

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APPLE HOMES CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE K - RELATED PARTY TRANSACTIONS (continued)

During the year ended March 31, 1998 the Company received developed residential land from related parties, (directors in the Company), in exchange for accounts receivable of \$51,134, notes receivable of \$210,591, and the issuance of common stock of \$130,036.

NOTE L - EQUITY INCENTIVE PLAN

In a prior year, the Company approved an Equity Incentive Plan designed to attract and retain key employees. The Plan, administered by a committee appointed by the Board of Directors, provides for stock options and other stock based awards to reward employees, as the Committee deems appropriate. The Company approved the allocation of up to 1,000,000 shares of common stock to be used in the Plan. No stock has been awarded under this Plan.

NOTE M -- PRIOR PERIOD ADJUSTMENTS

The balance of retained earnings (deficit) at March 31, 1997 has been restated to correct an error in accounting. The retained earnings (deficit), as previously reported at March 31, 1997 of \$(605,154) was inclusive of distributions of \$111,499 paid to minority stockholders of partially owned subsidiaries during 1997 which should have been applied against minority interest liability and not retained earnings. The effect of the correction is to reduce the retained earnings (deficit) at March 31, 1997 from \$(605,154) to \$(493,655). This correction does not impact the previously reported net loss for the year ended March 31, 1997.

The balances of retained earnings (deficit), paid-in capital and net income as of and for the year ended March 31, 1998, as previously reported, have been restated to correct errors in accounting. These corrections are based on information discovered subsequent to the original release of the March 31, 1998 financial statements. The corrections are summarized as follows:

APPLE HOMES CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

<TABLE>
<CAPTION>

NOTE M -- PRIOR PERIOD ADJUSTMENTS (continued)

Year Ended March 31, 1998 -----	Additional Paid-in Capital -----	Retained Earnings (Deficit) -----	Net Income (Loss) -----
<S>	<C>	<C>	<C>
Balance at beginning of year, as previously reported	\$ 824,748	\$ (605,154)	
As previously reported:			
Prior period adjustment	-	93,145	
Issuance of common stock			
Stock offering/other cash	659,306	-	
-	-	-	
Debt disposition	484,467	-	
Residential land and manufactured homes	129,859	-	
Distributions paid to minority interest	-	(240,392)	
Net income	-	202,982	\$ 202,982
Balance at March 31, 1998, as previously reported	2,098,380	(549,419)	
Correction of classification of 1997 distributions to minority stockholders	-	111,499	
Correction of:			
Prior period adjustment	-	(93,145)	(93,145)
Valuation of stock issued for services, offering cost and contributions to capital	52,281	-	(52,281)
Revenue cut off, accrued expenses and minority interest	-	-	(205,036)
Income tax provision	-	-	95,949
Classification of 1998 distributions to minority stockholders	-	240,392	-
Total 1998 net income adjustments		(254,513)	(254,513)
Balances at March 31, 1998, as restated	\$ 2,150,661 =====	\$ (545,186) =====	\$ (51,531) =====

</TABLE>

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APPLE HOMES CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE M -- PRIOR PERIOD ADJUSTMENTS (continued)

The net effect of the adjustments to net income noted above was to change earnings per share of \$0.14, as previously reported, to loss per share of \$(0.03).

NOTE N - WARRANTS

At March 31, 1999, the Company had outstanding Class A Warrants to purchase 2,913,872 shares of the Company's common stock at \$6.50 per share. The warrants expire on December 31, 2001.

NOTE O - COMMITMENTS AND CONTINGENCIES

At March 31, 1999, the Company was contingently liable for outstanding mortgages placed with third party lenders on several homes that were previously sold with recourse for various limited periods of time. The original mortgages at the time of sale were approximately \$859,000. Management estimates that the range of any future possible loss if the owners default on these mortgages is between \$86,000 and \$129,000. These estimates are based on the Company's past performance and industry averages for manufactured homes that are repossessed and then resold. These losses are expensed when incurred as normal operating cost.

The Company has several operating leases that are month to month contracts. Rent expense for the years ended March 31, 1999, 1998 and 1997 totaled approximately \$366,000, \$213,000 and \$82,000 respectively.

NOTE P -- ACQUISITIONS

On January 1, 1999, the Company acquired 100% of the issued outstanding stock of Mobile Air Systems, Inc. for \$10,000 cash, \$20,000 note payable, and 130,000 shares of common stock of Apple Homes Corporation valued at \$227,500. The transaction was accounted for as a purchase, and goodwill in the amount of \$181,051 was recognized, which is being amortized over 30 years for financial reporting. The pro forma results on the operations of the Company for the past two years is insignificant.

NOTE Q - EMPLOYEE BENEFIT PLAN

The Company sponsors a 401(k) Profit Sharing Plan. All individuals employed on March 15, 1999 were eligible to participate in the plan immediately. Individuals employed after March 15, 1999 must complete six months of service and have attained the age of 21. Eligible employees are allowed to make elective deferrals of compensation to the plan in accordance with the 401(k) provisions. The Company may elect to make additional contributions under the profit sharing provisions of the plan. There were no Company contributions made to the plan for the year ended March 31, 1999.

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APPLE HOMES CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE R - PENDING ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, which is effective for all fiscal quarters of all fiscal years beginning after June 15, 1999. This Statement establishes accounting and reporting standards for derivative instruments and hedging activities. Management does not believe that the adoption of this statement will be material to the consolidated financial statements.

In March 1998, the American Institute of Certified Public Accountants issued Statement of Position ("SOP") 98-1, Accounting for the Cost of Computer Software Developed or Obtained for Internal Use. This SOP gives guidelines for the capitalization or expensing of certain external and internal costs incurred when developing computer software for internal use. The SOP also gives guidelines as to the amortization of the capitalized cost. The SOP is effective for financial statements for fiscal years beginning after December 15, 1998. Management does not believe that the adoption of this SOP will be material to the consolidated financial statements.

In April 1998, the American Institute of Certified Public Accountants issued Statement of Position ("SOP") 98-5, Reporting on the Costs of Start-Up Activities. This SOP provides guidance on the financial reporting of start-up costs and organizational costs. It requires costs of start-up activities and organization costs to be expensed as incurred. This SOP is effective for financial statements for fiscal years beginning after December 15, 1998. Management does not believe that the adoption of this SOP will be material to the consolidated financial statements.

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NOTE S - SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

<TABLE>
 <CAPTION>

	Quarter			
	1st	2nd	3rd	4th
(In thousands except per share data)				
Year ended March 31, 1999				
<S>	<C>	<C>	<C>	<C>
Net sales	\$ 8,143	\$ 10,490	\$ 7,307	\$ 7,836
Gross profit	1,745	1,677	1,109	1,396
Net income (loss)	149	20	(81)	16
Earnings per share	\$ 0.07	\$ 0.01	\$ (0.04)	\$ 0.01
=====				
Weighted average shares outstanding	1,811,942	1,897,756	1,913,517	2,077,506
Year ended March 31, 1998				
Net sales	\$ 5,957	\$ 6,408	\$ 5,794	\$ 7,457
Gross profit	1,196	1,163	1,037	1,676
Net income (loss)	61	(84)	(159)	130
Earnings per share	\$ 0.05	\$ (0.06)	\$ (0.10)	\$ 0.07
=====				
Weighted average shares outstanding	1,166,967	1,446,218	1,599,668	1,748,114

Earnings per share is computed independently for each of the quarters presented. Therefore, the sum of the quarterly earnings per share do not necessarily equal the total for the year.

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</TABLE>

SME

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Report of Independent Certified Public Accountants MADDOCKS

EVANS & CO., CPA'S

A Professional Corporation

The Board of Directors
 Apple Homes Corporation
 Augusta, Georgia

We have audited the accompanying consolidated balance sheet of Apple Homes Corporation and Subsidiaries (the "Company") as of March 31, 1998, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Apple Homes Corporation and Subsidiaries as of March 31, 1998, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 16 to the financial statements, certain errors in reported

amounts were discovered by management of the Company subsequent to our previously issued 1998 report dated June 15, 1998. Accordingly, the 1998 financial statements have been restated to correct these errors.

/s/ Serotta Maddocks Evans & Co.

SEROTTA MADDOCKS EVANS & CO., CPA'S

Augusta, Georgia
June 15, 1998, except for Notes 13
and 16, as to which the date is June 23, 1999

701 Greene Street, Suite 200 / Augusta, GA 30901-2322
Telephone (706) 722-5337 Telefax (706) 724-FAXX (3299)

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APPLE HOMES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
MARCH 31, 1998

ASSETS

CURRENT ASSETS

Cash	\$ 922,176
Accounts receivable	240,445
Other receivables	165,766
Inventories	5,251,617
Other current assets	95,087
Deferred taxes	74,531
Notes receivable, current portion	42,883

Total Current Assets -----
6,792,505

PROPERTY AND EQUIPMENT, NET

402,160

OTHER ASSETS

Notes receivable, net of allowance for bad debt of \$97,041	679,761
Deferred taxes	78,102
Deferred loan acquisition costs, net of accumulated amortization of \$74,954	87,050
Goodwill, net of accumulated amortization of \$29,979	292,175

Total Other Assets -----
1,137,088

\$ 8,331,753
=====

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Floorplan payable	\$ 4,641,509
Accounts payable	421,493
Sales tax payable	207,009
Accrued salaries and commissions	230,799
Other accrued liabilities	309,490
Customer deposits	96,704
Due to minority stockholders	128,440
Notes payable, current portion	116,249

Total Current Liabilities -----
6,151,693

LONG-TERM LIABILITIES

Notes payable	491,508
---------------	---------

MINORITY INTEREST IN NET ASSETS
OF CONSOLIDATED SUBSIDIARY

79,496

STOCKHOLDERS' EQUITY

Common stock, \$.002 par value; authorized 10,000,000 shares; 1,790,614 issued and outstanding	3,581
Additional paid-in capital	2,150,661
Retained deficit	(545,186)

Total Stockholders' Equity -----
1,609,056

\$ 8,331,753

=====

See notes to consolidated financial statements

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APPLE HOMES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 1998

NET SALES	\$ 25,615,535
COST OF SALES	20,543,498

Gross Profit	5,072,037

OPERATING EXPENSES	
Compensation	2,354,711
Occupancy and vehicle	357,735
Advertising	352,610
Insurance	196,223
Taxes and licenses	296,081
Professional fees	219,417
Depreciation and amortization	70,059
Utilities	215,740
Office and lot	220,523
Travel and entertainment	92,337
Guaranty fees	159,019
Rent and maintenance	112,811
Other	389,809

Total Operating Expenses	5,037,075

Operating Income	34,962

OTHER INCOME (EXPENSE)	
Finance participation and other	516,542
Interest income	27,137
Commissions	107,666
Interest expense	(613,560)

Total Other Income (Expense)	37,785

Income Before Income Tax Provision and Minority Interest	72,747

INCOME TAX BENEFIT	116,114

MINORITY INTEREST IN NET INCOME OF CONSOLIDATED SUBSIDIARY	(240,392)

Net Loss	\$ (51,531)
	=====
Per share data:	
Weighted average number of shares outstanding	1,491,423
Net loss per share	\$ (0.03)

See notes to consolidated financial statements

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<TABLE>
<CAPTION>

APPLE HOMES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES
IN STOCKHOLDERS' EQUITY
YEAR ENDED MARCH 31, 1998

	Common Stock -----	Paid-in Capital -----	Retained Earnings (Deficit) -----	Total -----
<S>	<C>	<C>	<C>	<C>
Balance, March 31, 1997	\$ 2,334	\$ 824,748	\$ (493,655)	\$ 333,427

Issuance of common stock:				
Stock offering/other cash	537	597,697	--	598,234
Debt disposition	533	527,374	--	527,907
Residential land and manufactured homes	177	129,859	--	130,036
Contribution of capital		70,893		70,893
Net loss	--	--	(51,531)	(51,531)
	-----	-----	-----	-----
Balance, March 31, 1998	\$ 3,581	\$2,150,661	\$ (545,186)	\$1,609,056
	=====	=====	=====	=====

</TABLE>

See notes to consolidated financial statements

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APPLE HOMES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 1998

CASH FLOWS FROM OPERATING ACTIVITIES:

Net loss	\$ (51,531)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities	
Bad debt expense	21,324
Bad debt recovery	(76,602)
Deferred income taxes	(116,114)
Depreciation and amortization	61,044
Gain on sale of developed residential land and manufactured homes	(190,137)
Minority interest in net income of consolidated subsidiary	240,392
Cash provided by (used in):	
Accounts receivables	(195,431)
Rebates receivables	98,686
Inventories	(830,859)
Notes receivable	(393,507)
Other assets	(71,815)
Floorplan payable	747,384
Accounts payable	(78,766)
Accrued expenses	458,980
Customer deposits	(9,968)
Other liabilities	(2,009)

Net cash used in operating activities	(388,929)

CASH FLOWS FROM INVESTING ACTIVITIES:

Additions to property and equipment	(144,986)
Proceeds from the sale of developed residential land and manufactured homes	292,000
Advances to related entities	132,999

Net cash provided by investing activities	280,013

CASH FLOWS FROM FINANCING ACTIVITIES:

Principal payments on notes payable	(359,984)
Proceeds from issuance of common stock	1,022,860
Additions to deferred underwriting cost	(49,459)
Capital contribution	70,983
Distributions paid to minority stockholders	(185,393)
Due to minority stockholders	128,440
Repayments on advances from officers	(19,000)

Net cash provided by financing activities	588,447

Net increase in cash and cash equivalents 479,531

Cash and cash equivalents, beginning of year	442,645
	=====
Cash and cash equivalents, end of year	\$ 922,176
	=====

See notes to consolidated financial statements

SME

APPLE HOMES CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS

The principal operations of Apple Homes Corporation and its subsidiaries (the "Company") consist of the sale and installation of manufactured homes primarily in the southeastern United States. The subsidiaries of Apple Homes Corporation consist of the following:

Name	Location	Percent Ownership
Augusta Housing Center, Inc.	Augusta, Georgia	100%
Big Daddy's Mobile Homes, Inc.	Augusta, Georgia	80
Evans-Lanier, Inc.	Thomson, Georgia	80
Apple Homes, Inc.	Waynesboro, Georgia	80
J. C. Homes, Inc.	Augusta, Georgia	80
Tim Phillips Housing, Inc.	Thompson, Georgia	80
New Century Homes, Inc.	Augusta, Georgia	80

All subsidiaries conduct business in the name of Apple Homes. The Company extends customary trade terms to some of its customers, all of whom are located in the southeastern United States.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned and majority owned subsidiaries. All material intercompany accounts and transactions are eliminated in consolidation.

Management Estimates

The preparation of the consolidated 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Receivables

The Company uses the allowance method to provide for recognition of bad debt.

SME

APPLE HOMES CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory

Inventory is stated at the lower of cost or market and is determined using the specific identification method.

Property and Equipment

Property and equipment are stated at cost. Maintenance and repairs are charged to expense as incurred, and renewals and betterments are capitalized. Provisions for depreciation are charged to income over the estimated useful lives of the

assets using methods applicable for income tax purposes, which do not differ significantly from generally accepted accounting principles.

Advertising Costs

The Company expenses advertising costs as they are incurred.

Income Taxes

Income taxes are accounted for using the asset and liability approach for financial accounting and reporting purposes. Under that method, deferred tax assets and liabilities are recognized for temporary differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Net Income Per Share

Net income per share is computed by dividing net income by the weighted average number of shares outstanding during the year. The weighted average number of shares used in the calculation of net income per share was computed based on the actual time such shares were outstanding during the year. The Company's convertible debentures (see Note 8) meet the criteria for classification as common stock equivalents. Therefore, they were included in the calculation of weighted average number of shares. The Company's Class A warrants do not meet the criteria for classification as common stock equivalents. Therefore, they were excluded from the calculation of weighted average number of shares.

NOTE 3 - INVENTORY

At March 31, 1998, inventory consists of:

New manufactured homes	\$ 4,537,876
Used manufactured homes	264,427
Land and mobile home packages	449,314

	\$ 5,251,617
	=====

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SME

APPLE HOMES CORPORATION AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - PROPERTY AND EQUIPMENT

At March 31, 1998, property and equipment consists of:

Buildings and improvements	\$ 200,477
Rental mobile home units	132,477
Furniture and fixtures	56,604
Vehicles	73,559

	463,117
Less accumulated depreciation	(60,957)

	\$ 402,160
	=====

NOTE 5 - DEFERRED LOAN ACQUISITION COSTS

The Company incurred costs related to the private placement of its debentures and the acquisition of bridge loans, principally during 1994. These costs have been deferred and are being amortized over the expected life of the related debt using a method that approximates the interest method.

NOTE 6 - GOODWILL

Goodwill is being amortized over a period of thirty years using the straight-line method.

NOTE 7 - FLOORPLAN PAYABLE

The Company maintains a \$7.15 million floorplan line of credit with several finance companies for new homes inventory. These credit lines are collateralized by the homes and personal guarantee from an officer of the Company. Interest rates range from prime to prime + 4%, depending on several factors, including the number of days a home is on a lot. The finance companies also offer incentive packages back to the Company based on the volume of homes financed and the turnover of inventory financed. Of the available line, approximately \$4.6 million was utilized on March 31, 1998.

For the year ended March 31, 1998, floor plan interest expense and incentives received were \$404,814 and \$136,460, respectively.

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SME

APPLE HOMES CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - SUBORDINATED DEBENTURES

During 1994, the Company completed a private placement of 17 debentures in the principal amount of \$300,000. The debentures are due 2003, pay interest semi-annually at 10.0%, and are convertible by the holders after two years into shares of the Company's common stock at a conversion ratio of \$1.25 per share.

NOTE 9 - NOTES PAYABLE

At March 31, 1998, notes payable consists of the following:

Note payable to First Union with interest at prime plus 1.50%, payments of \$640.86 are due monthly through April 2000; secured by an automobile.	\$ 20,634
Note payable to First Union with interest at prime plus 1.50%, payments of \$471.63 are due monthly through April 1999; secured by an automobile.	6,133
Note payable to an individual; principal and interest at 10%, due in monthly installments of \$1,062 through November 2000; unsecured.	29,732
Note payable to McDuffie Bank & Trust at 10% interest, payments of \$515.14 are due monthly through February 2002; secured by a manufactured home.	19,803
Note payable to Regions Bank at 10% interest, payments of \$552.56 are due monthly through December 2001; secured by a vehicle.	20,120
Note payable to McDuffie Bank & Trust at 10.25% interest, payments of \$1,830 are due monthly through September 2000; secured by land and personal guarantees of the Company president and a minority shareholder.	126,335
Debentures (See Note 8)	300,000
Note payable to a stockholder at 10% interest, principal and accrued interest of \$38,749 due in September 1998; unsecured.	85,000

	607,757
Less current portion	(116,249)

APPLE HOMES CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 - NOTES PAYABLE (continued)

Maturities are as follows:

Year ending March 31,	

1999	\$ 116,249
2000	28,877
2001	153,392
2002	9,239
2003	--
2004 and thereafter	300,000

	\$ 607,757
	=====

NOTE 10 - INCOME TAXES

At March 31, 1998, the income tax benefit consists of:

Current:	
Federal	\$ --
State	--
Deferred:	
Federal	(98,697)
State	(17,417)

Total	\$ (116,114)
	=====

The reconciliation of reported net income tax benefit to the amount of income tax expense that would result from applying federal statutory tax rates to pretax income is as follows:

	Amount	Percent
	-----	-----
Statutory federal income tax expense	\$ 24,734	34.0
Valuation allowance change	(143,663)	(197.5)
Other	2,815	3.9
	-----	-----
	\$ (116,114)	(159.6)
	=====	=====

At March 31, 1998, the components of deferred tax assets were as follows:

Net operating loss carryforward	\$150,063
Allowance for uncollectible accounts	38,816
Inventory capitalization	18,754

	207,633
Less valuation allowance	(55,000)

	\$152,633
	=====

SFAS No. 109 requires a valuation allowance to be recorded when it is more likely than not that some or all of the deferred tax assets will not be realized. At March 31, 1998, management has determined that a reserve is necessary until future taxable income is sufficient to enable the Company to realize all of its deferred tax assets. At March 31, 1998, the remaining net operating loss carryforward of approximately \$370,000 will expire in varying amounts through 2012.

APPLE HOMES CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 - RELATED PARTY TRANSACTIONS

During the year ended March 31, 1998, rent of approximately \$33,000 was paid to an officer of the Company for month-to-month leasing arrangements. In addition, floorplan guaranty fees of \$159,019 were paid to an officer of the Company.

NOTE 12 - SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

During the year ended March 31, 1998, cash paid for interest was approximately \$602,000.

During the year ending March 31, 1998, the following noncash transactions occurred:

	Amount	Related Party Transaction
Received developed residential land in exchange for write-off of accounts receivable	\$ 51,134	Yes
Received developed residential land in exchange for write-off of notes receivable	210,591	Yes
Received developed residential land in exchange for issuance of common stock	130,036	Yes
Write-off of a note payable in exchange for issuance of common stock	46,407	Yes
Write-off prepaid expense to related cash addition to paid-in capital	404,611	No
Assets purchased through financing arrangements	35,036	No
Received underwriting services in exchange for issuance of common stock	150,000	No
Converted developed residential land to inventory	449,314	No
Converted developed residential land to property and equipment	132,477	No
Debentures converted to common stock	481,500	No

NOTE 13 - EQUITY INCENTIVE PLAN

In a prior year, the Company approved an Equity Incentive Plan designed to attract and retain key employees. The Plan, administered by a committee appointed by the Board of Directors, provides for stock options and other stock based awards to reward employees as the Committee deems appropriate. The Company approved the allocation of up to 1,000,000 shares of common stock to be used in the Plan. No stock has been awarded under this Plan.

NOTE 14 - CONCENTRATION OF CREDIT RISK

The Company maintains its cash balances at several financial institutions. Accounts at each institution are insured up to \$100,000 by the Federal Insurance Corporation. At March 31, 1998, the Company's uninsured cash balances totaled approximately \$525,000.

APPLE HOMES CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15 - WARRANTS

At March 31, 1998, the Company had outstanding Class A warrants to purchase 1,913,872 shares of the Company's common stock at \$6.50 per share. The warrants expire on December 31, 2001.

NOTE 16 - RESTATEMENTS

Certain reclassifications and errors of reported amounts were discovered by management of the Company subsequent to our previously issued 1998 report dated June 15, 1998. Therefore, the financial statements have been restated as follows:

<TABLE>
<CAPTION>

	March 31, 1998, as previously reported	Restatement	March 31, 1998, as restated
<S>	<C>	<C>	<C>
Assets	\$ 8,148,089	\$ 183,664	\$ 8,331,753
Liabilities	6,228,863	414,338	6,643,201
Minority interest in net assets of consolidated corporations	366,684	(287,188)	79,496
Stockholders' Equity	1,552,542	56,514	1,609,056
Sales	25,522,390	93,145	25,615,535
Other operating expenses	4,685,190	351,885	5,037,075
Interest expense	521,838	91,722	613,560
Income tax benefit	20,165	95,949	116,114

</TABLE>

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Report of Independent Certified Public Accountants

The Board of Directors
Mayfair Homes Corporation
Augusta, Georgia

We have audited the accompanying consolidated balance sheets of Mayfair Homes Corporation and Subsidiaries (the "Company") as of March 31, 1997 and 1996, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 financial position of Mayfair Homes Corporation and Subsidiaries as of March 31, 1997 and 1996, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

As discussed in Note 20 to the financial statements, certain errors in reported amounts were discovered by management of the Company subsequent to our previously issued 1997 and 1996 report dated January 26, 1998. Accordingly, the 1997 financial statements have been restated to correct these errors.

/s/ Cherry, Bekaert & Holland, LLP

Cherry, Bekaert & Holland, LLP

Augusta, Georgia
January 26, 1998, except for Note 20,
as to which the date is June 23, 1999

MAYFAIR HOMES CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

March 31, 1997 and 1996

ASSETS

	1997	1996
	-----	-----
Current assets		
Cash	\$ 442,645	\$ 67,227
Trade receivables, net	19,546	93,272
Other receivables	245,497	65,417
Inventory	3,971,444	1,790,894
Advances to related entities	132,999	68,900
Current portion of notes receivable	191,852	38,467
Prepaid and other current assets	8,837	6,849
Deferred income taxes	29,109	3,186
	-----	-----
Total current assets	5,041,929	2,134,212
	-----	-----
Property and equipment		
Building and improvements	172,859	74,792
Vehicles	51,803	4,923
Furniture and equipment	48,517	31,661
	-----	-----
	273,179	111,376
Less accumulated depreciation	33,202	23,360
	-----	-----
Net property and equipment	239,977	88,016
	-----	-----
Developed residential land	207,118	172,543
	-----	-----
Other assets		
Notes receivable, net	369,200	394,837
Finance participation receivable, net	18,955	23,055
Deferred loan acquisition costs	105,049	126,050
Deferred underwriting costs	355,152	154,226
Goodwill	269,694	277,332
Deferred income taxes	7,410	3,400
Other	14,435	68,330
	-----	-----
Total other assets	1,139,895	1,047,230
	-----	-----
Total assets	\$6,628,919	\$3,442,001
	=====	=====

See notes to consolidated financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY

	1997	1996
	-----	-----
Current liabilities		
Floor plan payable	\$ 3,894,125	\$ 1,725,992
Accounts payable	500,259	140,433
Accrued expenses	263,318	80,785

Customer deposits	106,672	31,449
Advances from officers	19,000	53,082
Current portion of notes payable	52,085	113,561
Short-term notes payable	323,204	25,000
Other liabilities	27,009	--
	-----	-----
Total current liabilities	5,185,672	2,170,302
	-----	-----
Long-term liabilities		
Subordinated debentures	300,000	300,000
Notes payable	785,323	228,485
	-----	-----
Total long-term liabilities	1,085,323	528,485
	-----	-----
Minority interest in net assets of consolidated subsidiary	24,497	19,918
	-----	-----
Stockholders' equity		
Common stock, \$.002 par value; authorized 5,000,000 shares; issued and outstanding: 1997 - 1,166,967; 1996 1,067,849 shares	2,334	2,136
Additional paid-in capital	824,748	775,289
Retained deficit	(493,655)	(54,129)
	-----	-----
Total stockholders' equity	333,427	723,296
	-----	-----
Total liabilities and stockholders' equity	\$ 6,628,919	\$ 3,442,001
	=====	=====

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MAYFAIR HOMES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended March 31, 1997 and 1996

	1997	1996
	-----	-----
Net Sales	\$ 15,549,376	\$ 8,442,228
Less cost of sales	12,327,352	7,028,488
	-----	-----
Gross profit	3,222,024	1,413,740
	-----	-----
Operating expenses		
Compensation	1,416,052	600,807
Occupancy and vehicle	239,413	133,931
Advertising	194,151	101,667
Insurance	101,373	60,779
Taxes and licenses	140,489	47,458
Professional fees	147,383	42,510
Depreciation and amortization	37,980	35,982
Other	828,645	211,310
	-----	-----
Total operating expenses	3,105,486	1,234,444
	-----	-----
Operating income	116,538	179,296
Other income (expense)		
Commissions	36,851	30,004
Rental and other	(5,332)	6,316
Interest income	49,457	12,343
Interest expense	(599,322)	(323,062)
	-----	-----

Other expense, net	(518,346)	(274,399)
	-----	-----
Loss before income taxes and minority interest	(401,808)	(95,103)
Income tax benefit	33,333	6,586
Minority interest in net income of consolidated subsidiary	(71,051)	(4,917)
	-----	-----
Net loss	\$ (439,526)	\$ (93,434)
	=====	=====
Per share data:		
Weighted average number of shares outstanding	1,109,669	946,264
Net loss per share	\$ (.40)	\$ (.10)
	=====	=====

See notes to consolidated financial statements.

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<TABLE>
<CAPTION>

MAYFAIR HOMES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Years ended March 31, 1997 and 1996

	Common Stock -----	Paid-in Capital -----	Retained Earnings (Deficit) -----	Total -----
<S>	<C>	<C>	<C>	<C>
Balance, March 31, 1994	\$ 1,193	\$ 315,425	\$ (67,194)	\$ 249,424
Issuance of common stock	510	212,490	--	213,000
Net income	--	--	106,499	106,499
	-----	-----	-----	-----
Balance, March 31, 1995	1,703	527,915	39,305	568,923
Issuance of common stock	433	247,374	--	247,807
Net loss	--	--	(93,434)	(93,434)
	-----	-----	-----	-----
Balance, March 31, 1996	2,136	775,289	(54,129)	723,296
Issuance of common stock	198	49,459	49,657	49,657
Net loss	--	--	(439,526)	(439,526)
	-----	-----	-----	-----
Balance, March 31, 1997	\$ 2,334	\$ 824,748	\$ (493,655)	\$ 333,427
	=====	=====	=====	=====

</TABLE>

See notes to consolidated financial statements.

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<TABLE>
<CAPTION>

MAYFAIR HOMES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended March 31, 1997 and 1996

1997

1996

<u><S></u>	<u><C></u>	<u><C></u>
Cash flows from operating activities		
Net loss	\$ (439,526)	\$ (93,434)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Minority interest in net income of consolidated subsidiary	71,051	4,918
Depreciation and amortization	37,980	35,982
Deferred income taxes	(29,933)	(6,586)
(Gain) loss on disposition of assets	(2,500)	6,055
Professional services contributed	49,657	--
Cash provided by (used in):		
Trade receivables, net	73,726	(56,201)
Other receivables	(180,080)	(4,755)
Inventory	(2,180,550)	541,679
Notes receivable, net	(127,748)	(25,699)
Prepaid and other current assets	(1,988)	15,557
Developed residential land	(34,575)	--
Other assets, net	57,995	15,321
Floor plan payable	2,168,133	(634,273)
Accounts payable	359,826	31,407
Accrued expenses	182,533	12,139
Customer deposits	75,223	8,085
Other liabilities	27,009	--
	-----	-----
Net cash provided by (used in) operating activities	106,233	(149,805)
	-----	-----
Cash flows from investing activities		
Additions to property and equipment	(161,803)	(24,673)
Advances to related entities	(64,099)	(64,176)
Proceeds from disposition of property and equipment	2,500	30,346
Investment in sales locations opened subsequent to March 31, 1997	--	(25,000)
	-----	-----
Net cash used in investing activities	(223,402)	(83,503)
	-----	-----
Cash flows from financing activities		
Proceeds from issuance of common stock	--	108,000
Proceeds from issuance of common stock of subsidiaries	0	15,000
Proceeds from issuance of notes payable	907,555	101,723
Principal payments on notes payable	(68,461)	(73,102)
Distributions paid to minority stockholders	(111,499)	--
Additions to deferred underwriting costs	(200,926)	(46,477)
Proceeds from advances from officers	--	49,515
Repayments on advances from officers	(34,082)	(4,983)
	-----	-----
Net cash provided by financing activities	492,587	149,676
	-----	-----
Net increase (decrease) in cash	375,418	(83,632)
Cash at beginning of year	67,227	150,859
	-----	-----
Cash at end of year	\$ 442,645	\$ 67,227
	=====	=====

See notes to consolidated financial statements.

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</TABLE>

MAYFAIR HOMES CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 1997 and 1996

Note 1 - The Company and Basis of Presentation

The principal operations of Mayfair Homes Corporation and its subsidiaries (the "Company") consist of the sale and installation of manufactured homes and the development of residential property for resale primarily in the southeastern United States. The Company began operations in October 1990. The wholly owned subsidiaries of Mayfair Homes Corporation consist of Augusta Housing Center, Inc. and Big Daddy's Mobile Homes, Inc. During 1996, Mayfair Homes Corporation completed the purchase of an 80% interest in Evans-Lanier, Inc., a sales location in Thomson, Georgia. During 1997, the Company began operations with an 80% interest in four new subsidiaries, Apple Homes, Inc. (Augusta, Georgia), J. C. Homes, Inc. (Augusta, Georgia), Deneaux Housing, Inc. (Waynesboro, Georgia),

and Apple Homes of Tennessee, Inc. (Johnson City, Tennessee). All subsidiaries conduct business in the name of Apple Homes. The Company extends customary trade terms to some of its customers, all of whom are located in the southeastern United States.

Note 2 - Summary of Significant Accounting Policies

Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned and majority owned subsidiaries. All material intercompany accounts and transactions are eliminated in consolidation. For 1996, the accounts of Evans-Lanier, Inc. are included for the period from its date of incorporation, February 1, 1995, through its year end, December 31, 1995. The effect on the consolidated financial statements of using a calendar year for Evans-Lanier is not considered material.

During 1997, Evans-Lanier, Inc. changed its fiscal year end from December 31 to March 31 to coincide with the Company's fiscal year end. For 1997, the accounts of Evans-Lanier, Inc. are included for its fiscal year ended March 31, 1997. Operations of Evans-Lanier, Inc. for the three month period ended March 31, 1996, presented in summary form below, are immaterial and unaudited.

Evans-Lanier, Inc.
Selected Financial Data
For the Three Month Period Ended March 31, 1996

Sales	\$691,892
Cost of sales	568,364

Gross profit	123,528
Operating expenses	71,105

Operating income	52,423
Other expense, net	13,179

Net income	\$ 39,244
	=====

Management Estimates

The preparation of the consolidated 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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MAYFAIR HOMES CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

March 31, 1997 and 1996

Note 2 - Summary of Significant Accounting Policies (Continued)

Fair Value of Financial Instruments

Financial instruments held by the Company at March 31, 1997 include cash, accounts and notes receivable, related party advances, floor plan, accounts and notes payable and customer deposits. Management believes that, based on current interest rates and terms for comparable financial instruments, the estimated fair value of the Company's financial instruments approximated their carrying values at March 31, 1997.

Receivables

The Company uses the allowance method to provide for recognition of bad debt. The Company's allowance for doubtful accounts was \$76,602 and \$9,371 at March 31, 1997 and 1996, respectively.

Inventory

Inventory is stated at the lower of cost or market and is determined using the specific identification method.

Property and Equipment

Property and equipment are stated at cost. Maintenance and repairs are charged to expense as incurred, and renewals and betterments are capitalized. Gains and

losses on disposals are credited or charged to operations.

Depreciation and Amortization

Provisions for depreciation are charged to income over the estimated useful lives of the assets using methods applicable for income tax purposes. The estimated useful lives of depreciable and amortizable assets are as follows:

	Years

Building and improvements	15
Vehicles	3 - 5
Furniture and equipment	3 - 7
Goodwill	40
Deferred loan acquisition costs	9
Other intangible assets	5

Depreciation expense for the years ended March 31, 1997 and 1996 was \$21,330 and \$9,007, respectively.

Income Taxes

Income taxes are accounted for using the asset and liability approach for financial accounting and reporting purposes. Under that method, deferred tax assets and liabilities are recognized for temporary differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Net Loss Per Share

Net loss per share is computed by dividing net loss by the weighted average number of shares outstanding during the year. The weighted average number of shares used in the calculation of net loss per share was computed based on the actual time such shares were outstanding during the year. The Company's convertible debentures (see Note 10) do not meet the criteria for classification as common stock equivalents. Therefore, they were excluded from the calculation of weighted average number of shares.

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MAYFAIR HOMES CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

March 31, 1997 and 1996

Note 2 - Summary of Significant Accounting Policies (Continued)

Future Impact of Recently Issued Accounting Standards

The Financial Accounting Standards Board (FASB) has issued two accounting standards which the Company will adopt during its fiscal year ending March 31, 1998.

Statement of Financial Accounting Standards (SFAS) 128, "Earnings per Share" is effective for fiscal years ending after December 15, 1997. The Statement requires the presentation of basic earnings per share, which is calculated using the weighted average number of outstanding common shares, and diluted earnings per share, which incorporates the potential dilution from all potentially dilutive securities outstanding.

SFAS 129, "Disclosure of Information about Capital Structure" is also effective for fiscal years ending after December 15, 1997. This Statement, which applies to all entities, requires the disclosure of information related to an entity's securities, liquidation preference of preferred stock, and redeemable stock.

Management has determined that the impact on the Company's consolidated financial statements of adopting the standards discussed above would not be material.

Reclassifications

Certain 1996 amounts have been reclassified to conform with the 1997 presentation. These reclassifications had no effect on net loss.

Note 3 - Notes Receivable

Notes receivable consists of the following:

	1997	1996
	-----	-----

Receivable from individuals; secured by real

estate; due in monthly installments of principal and interest at rates ranging from 8.25% to 8.5% with terms of 360 months	\$104,674	\$ --
Receivable from minority shareholders; due in quarterly payments based on minority interests' share of net profits	56,830	--
Receivable from an individual; secured by real estate; due in monthly installments of principal and interest at 11.0% through December 19, 2006	--	50,000
Receivable from individuals; secured by mobile homes; due in monthly installments of principal and interest at rates ranging from 6.36% to 26.61 with terms from 12 to 240 months	264,808	174,665

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MAYFAIR HOMES CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

March 31, 1997 and 1996

Note 3 - Notes Receivable (Continued)

	1997	1996
	-----	-----
Receivable from a company owned by a Director; secured by developed residential lots. Payments are in the form of lot releases upon sales of lots	\$210,592	\$218,010
	-----	-----
Total	636,904	442,675
Less current portion	191,852	38,467
	-----	-----
Long-term notes receivable	445,052	404,208
Less allowance for doubtful accounts	(75,852)	(9,371)
	-----	-----
Net long-term notes receivable	\$369,200	\$394,837
	=====	=====

Note 4 - Developed Residential Land

Developed residential land primarily consists of approximately 7 acres located within Mayfair Acres subdivision in Richmond County, Georgia.

Note 5 - Finance Participation Receivable

The Company sold, in prior years, a portion of its mobile homes under a recourse financing plan. In doing so, it participated in finance charges which are held in reserve by the financing agent. Payment of this reserve is contingent on the customers paying their obligations. The March 31, 1997 and 1996 receivable of \$18,955 and \$23,055, respectively, is presented net of an allowance for doubtful accounts of \$19,500 and \$15,990 at March 31, 1997 and 1996, respectively.

Note 6 - Deferred Loan Acquisition Costs

The Company incurred costs related to the private placement of its debentures and the acquisition of bridge loans principally during 1994. These costs have been deferred and are being amortized over the expected life of the related debt using a method that approximates the interest method.

Note 7 - Deferred Underwriting Costs

The Company incurred certain administrative costs related to its efforts to raise capital, which culminated in a Rule 504 offering of common stock completed subsequent to year-end - See Note 19. These costs will be deducted from the proceeds of the related offering.

Note 8 - Goodwill

Goodwill relates to the purchase of Augusta Housing Center, Inc. and Big Daddy's Mobile Homes, Inc., the Company's wholly owned subsidiaries, and Evans-Lanier,

Inc., a majority owned subsidiary, and is being amortized over a period of forty years using the straight-line method.

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MAYFAIR HOMES CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

March 31, 1997 and 1996

Note 8 - Goodwill (Continued)

At March 31, 1997 and 1996, goodwill and related amortization is as follows:

	1997	1996
	-----	-----
Goodwill:		
Augusta Housing Center, Inc.	\$104,632	\$104,632
Big Daddy's Mobile Homes, Inc.	138,405	138,405
Evans-Lanier, Inc.	50,000	50,000
	-----	-----
	293,037	293,037
	-----	-----
Accumulated amortization:		
Augusta Housing Center, Inc.	10,463	7,847
Big Daddy's Mobile Homes, Inc.	10,380	6,920
Evans-Lanier, Inc.	2,500	938
	-----	-----
	23,343	15,705
	-----	-----
	\$269,694	\$277,332
	=====	=====

Note 9 - Other Assets

Other assets consists of the following: 1997
1996 Option to purchase 10 houses and lots in
The Timbers subdivision, acquired through
issuance of 136,000 shares of the Company's
stock. Purchase price for the 10 homes is
\$200,000, with closing to occur upon the
successful completion of the public offering.

\$ --	\$ 39,984
-------	-----------

Investment in sales locations opened
subsequent to March 31, 1996

25,000

Other miscellaneous

14,435	3,346
-----	-----

\$ 14,435	\$ 68,330
=====	=====

Note 10 - Subordinated Debentures

During 1994 the Company completed a private placement of 17 debentures in the principal amount of \$300,000. The debentures are due 2003, pay interest semi-annually at 10.0%, and are convertible by the holders after two years into shares of the Company's common stock at a conversion ratio of \$1.25 per share.

Note 11 - Notes Payable

Short-term notes payable consists of the following:

	1997	1996
	-----	-----
Promissory notes payable to individuals; principal and interest at 10% due June 30, 1997.	\$115,000	\$ --
Bridge loan from a shareholder; interest at 10%; due on demand; unsecured.	85,000	--
Payable on demand to a shareholder; interest at 10%; unsecured.	25,000	25,000
Note payable to a shareholder; principal and interest at 10% due May 14, 1997; unsecured.	25,000	--

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Notes to Consolidated Financial Statements - Continued

March 31, 1997 and 1996

Note 11 - Notes Payable (Continued)

	1997	1996
	-----	-----
Note payable to a bank; due September 24, 1997; interest at 11%; secured by real estate.	\$ 25,085	\$ --
Note payable at a bank; due September 25, 1997; interest at 9.25%; unsecured.	48,119	--
	-----	-----
Short-term notes payable	\$ 323,204	\$ 25,000
	=====	=====
Long-term liabilities consists of the following:		
	1997	1996
	-----	-----
Promissory notes payable to individuals; principal and interest at 10% due originally June 30, 1997. Amount was subsequently converted to common stock. See Note 19.	\$ 485,000	\$ --
Payable to a financial institution at rates ranging from 10.25% to 10.75%; due in monthly installments through March 1998; unsecured	3,478	10,776
Bridge loan from a shareholder; interest at 10%; \$50,000 due March 31, 1997; \$35,000 convertible into common stock at \$2 per share, due December 27, 1997; unsecured	--	85,000
Bridge loan from a bank; principal and interest at 10.25% payable monthly beginning April 1994; balloon payment extended to August 1997; secured by land	146,550	173,328
Subordinated debentures payable to individuals; interest at 10% payable semi-annually; due 2003	300,000	300,000
Mortgages to a financial institution; interest at 11%; due in monthly installments through August 1997; secured by a mobile home	117,597	8,508
Note payable to an individual; principal and interest at 10%; due in monthly installments of \$1,062 through November 2000; unsecured	39,729	47,711
Payable to a financial institution; principal and interest at prime plus 1.5% payable monthly beginning May 1997 through April 2001; secured by a vehicle	25,018	--
Payable to a financial institution; principal and interest at prime plus 1.5% payable monthly beginning May 1997 through April 1999; secured by vehicles	20,036	--
Payable to a bank; principal and interest at 9.25%; due in monthly installments through February 2001; secured by model home in Mayfair Acres subdivision	--	16,723
	-----	-----
Total	1,137,408	642,046
Less current portion	52,085	113,561
	-----	-----
Long-term notes payable and subordinated debentures	\$1,085,323	\$528,485
	=====	=====

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Notes to Consolidated Financial Statements - Continued

March 31, 1997 and 1996

Note 11 - Notes Payable (Continued)

The Company's long-term liabilities mature as follows:

Year ending March 31,	

1998	\$ 52,085
1999	52,236
2000	46,338
2001	187,016
2002	14,733
2003 and thereafter	785,000

	\$1,137,408
	=====

Note 12 - Income Taxes

Income tax expense (benefit) in 1997 and 1996 is summarized as follows:

	1997	1996
	-----	-----
Current taxes:		
Federal	\$ --	\$ --
State	--	--
	-----	-----
	--	--
	-----	-----
Deferred taxes	(33,333)	(6,586)
	-----	-----
Total income tax benefit	\$ (33,333)	\$ (6,586)
	=====	=====

The following is a reconciliation of Federal income taxes for 1997 and 1996 at the Federal statutory rate with Federal income taxes recorded by the Company:

	1997	1996
	-----	-----
Computed income taxes at the Federal statutory rate	\$ (136,615)	\$ (20,585)
Losses not available for carryback	136,615	20,585
	-----	-----
Income tax expense (benefit)	\$ --	\$ --
	=====	=====

Deferred tax assets at March 31, 1997 and 1996 consist of the following:

	1997	1996
	-----	-----
Operating loss carryforwards	\$ 198,663	\$ 46,681
Allowance for uncollectible accounts	36,519	6,586
	-----	-----
	235,182	53,267
Less valuation allowance	(198,663)	(46,681)
	-----	-----
Net deferred tax asset	\$ 36,519	\$ 6,586
	=====	=====

At March 31, 1997, the Company had net operating loss carryforwards of approximately \$522,800, which will expire in various periods through 2012.

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MAYFAIR HOMES CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

March 31, 1997 and 1996

Note 13 - Operating Leases

The Company leases office space, lot space and certain equipment under short-term operating leases. Rent expense under these leases amounted to \$239,413 and \$110,366 in 1997 and 1996, respectively.

Note 14 - Related Party Transactions

Related party advances consist of the following:

<TABLE>
<CAPTION>

	1997		1996	
	Receivables	Payables	Receivables	Payables
<S>	<C>	<C>		
Receivable from a company owned by a Director of the Company	\$ 51,134	\$ --	\$ 37,448	\$ --
Receivable from a partnership in which the Chairman of the Company owns a 50% interest	77,311	--	26,728	--
Receivable from the President of the Company	4,554	--	4,724	--
Payable to a partnership in which the Company owns a minority interest	--	--	--	8,165
Payable to the wife of the Chairman of the Company	--	9,000	--	24,917
Payable to the President of the Company	--	10,000	--	20,000
	-----	-----	-----	-----
Total related party advances	\$132,999	\$ 19,000	\$ 68,900	\$53,082
	=====	=====	=====	=====

</TABLE>

During 1995 the Chairman's wife purchased the sales office at one of the locations and leases the sales office back to the Company for \$625 per month on a month-to-month basis.

Two of the Company's sales offices are owned by the President. The Company leases the offices on a month-to-month basis for \$1,787 per month.

Note 15 - Reverse Stock Split

On March 6, 1996 the Company's Board of Directors approved a one-for-two reverse split of the Company's outstanding common stock. The effect of the reverse split was to decrease the number of outstanding common shares from 2,135,694 to 1,067,849 and to increase the par value from \$.001 to \$.002.

Note 16 - Supplemental Disclosure of Cash Flow Information

Cash paid for interest was \$503,982 and \$300,029 for the years ended March 31, 1997 and 1996, respectively.

During the year ended March 31, 1996, the Company recorded a receivable in the amount of \$4,724 related to the sale of a vehicle to the Company's President.

Asset additions through financing arrangements totaled \$22,242 during the year ended March 31, 1996. There were no such arrangements during 1997.

The Company recognized goodwill in the amount of \$50,000 in 1996 related to its purchase of an 80% interest in Evans-Lanier, Inc. (see Note 1).

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MAYFAIR HOMES CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

March 31, 1997 and 1996

Note 16 - Supplemental Disclosure of Cash Flow Information (Continued)

During the year ended March 31, 1996, the Company purchased a model home in its Mayfair Acres subdivision from a Director in exchange for 46,147 shares of stock. The home is carried in the Company's consolidated financial statements at March 31, 1996 at the purchase price of \$54,700. During 1997, the home was sold to a third party.

Note 17 - Amendment of Certificate of Incorporation

On April 26, 1996 the Company amended its Certificate of Incorporation to increase the authorized capitalization to 10,000,000 shares of common stock and to increase the par value to \$.002.

Note 18 - Equity Incentive Plan

On April 26, 1996 the Company rescinded its 1993 Stock Option Plan and approved a new Equity Incentive Plan designed to attract and retain key employees. The Plan, administered by a committee appointed by the Board of Directors, provides for stock options and other stock based awards to reward employees as the

Committee deems appropriate. The Company approved the allocation of up to 1,000,000 shares of common stock to be used in the Plan. No shares of stock were used in the 1993 Stock Option Plan.

Note 19 - Subsequent Events

Subsequent to March 31, 1997 the Company converted \$485,000 of its \$600,000 short-term promissory notes to common stock at a rate of \$2 per share. The remaining \$115,000 plus accrued interest was repaid by the Company.

Subsequent to March 31, 1996 the Company completed the sale of 200,000 Units of \$5 per Unit. Each Unit consisted of one share of common stock and one Common Stock Purchase Warrant, each to purchase one share of the Company's common stock at \$6.50 per share. The warrants are exercisable until December 31, 2001.

Note 20 - Retained earnings and minority interest

In previously issued financial statements, dividends of \$111,499 paid to minority interest shareholders during the year ended March 31, 1997 were incorrectly shown as a reduction of retained earnings. In the accompanying financial statements, retained earnings has been restated to exclude the minority interest dividends, and the dividends have been charged to the liability account "Minority interest in net assets of consolidated subsidiary."

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SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this Amendment Number 1 to the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

APPLE HOMES CORPORATION

By: /s/ E. Samuel Evans

E. Samuel Evans, President

Date: September 10, 1999

(25)

STATE OF GEORGIA

COUNTY OF RICHMOND

AGREEMENT

This agreement, made and entered into this 1st day of January, 1999, by and between Apple Homes, Inc., a Delaware Corporation, having it's principal place of business in Richmond County, Georgia, herein after referred to as "Apple", and Robert H. Steed, Jr., a resident of Richmond County, Georgia, hereinafter referred to as "Steed".

WITNESSETH: Whereas, Robert H. Steed, Jr. is the registered owner of one hundred percent (100%) of the issued and outstanding stock of Mobile Air Systems, Inc., a Georgia Corporation, and,

WHEREAS, Apple Homes Corporation agrees to buy and Steed agrees to sell 100% of said stock for the following purchase price: Thirty Thousand Dollars (\$30,000) and 130,000 shares of "Restricted" stock in Apple Homes Corporation, said lettered stock cannot be sold in the public market for a period of 12 months, said 130,000 shares being free traded on February 26, 2000.

IN WITNESS WHEREOF, the parties hereto have set their hands and affixed their seal, on this, the 1ST day of January, 1999.

/s/Robert H. Steed, Jr.

Robert H. Steed, Jr.

/s/Danny Taylor

Witness

/s/E. Samuel Evans

Apple Homes, Inc.
E. Samuel Evans, President

/s/Cynthia Holley

Witness

INCORPORATED UNDER THE LAWS OF THE
STATE OF DELAWARE

N2095

Number
CUSIP NO. 037845 10 4

Apple Homes Corporation

10,000,000 AUTHORIZED SHARES \$.002 PAR VALUE NON-ASSESSABLE

THIS CERTIFIES THAT [NAME]

IS THE RECORD HOLDER OF ***NUMBER***

Shares of APPLE HOMES CORPORATION Common Stock Transferable on the books of the Corporation in person or by duly authorized attorney upon surrender of this Certificate properly endorsed. This Certificate is not valid until countersigned by the Transfer Agent and registered by the Registrar.

Witness the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Dated: 03/26/1998

Countersigned and Registered
OTC Corporate Transfer Service Co.
Nassau County, N.Y.
By: /s/ Signature on file
Transfer Agent and Registrar -
Authorized Signature

/s/ Charles M. O'Rourk [SEAL]

Charles M. O'Rourk
Secretary

/s/ E. Samuel Evans

E. Samuel Evans
President

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common	UNIF GIFT MIN ACT - Custodian
TEN ENT - as tenants by the entireties	(Cust) (Minor)
JT TEN - as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act _____ (State)

Additional abbreviations may also be used though not in the above list.

For Value Received, _____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

(Please print or typewrite name and address, including zip code, of Assignee)

_____ Shares
of the capital stock represented by the within certificate, and do hereby
irrevocably constitute and appoint _____ Attorney
to transfer the said stock on the books of the within named Corporation with
full power of substitution in the premises.

Dated: _____

NOTICE: SIGNATURE MUST CORRESPOND TO THE NAME AS WRITTEN UPON THE FACE OF THIS
CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR
ANY CHANGE WHATSOEVER, AND MUST BE GUARANTEED BY A BANK, BROKER OR ANY
OTHER ELIGIBLE GUARANTOR INSTITUTION THAT IS AUTHORIZED TO DO SO UNDER
THE SECURITIES TRANSFER AGENTS MEDALLION PROGRAM (STAMP) UNDER RULES
PROMULGATED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION.

The securities represented by this certificate have not been registered under
the Securities Act of 1933, as amended and may not be sold, transferred,
pledged, hypothecated or otherwise disposed of in the absence of (i) an
effective registration statement for such securities under said act or (ii) an
opinion of company counsel that such registration is not required.

These securities have been issued or sold in reliance on paragraph 13 of Code
Section 10-5-9 of the Georgia Securities Act of 1973, and may not be sold or
transferred except in a transaction which is exempt under such Act or pursuant
to an effective registration under such Act.

APPLE HOMES CORPORATION

CLASS A WARRANT

WARRANT NO.
WA 2054

NUMBER OF WARRANTS
[NUMBER]

CUSIP NO. 037845 11 2 CLASS A WARRANT

THIS IS TO CERTIFY that [NAME]

IS THE OWNER OF ***[NUMBER]*** APPLE HOMES CORPORATION CLASS A WARRANTS

Each Class A Warrant initially entitles the Registered Holder to purchase, subject to the terms and conditions of the Certificate and of the Warrant Agreement between the Company and OTC Corporate Transfer Service Co., dated October 15, 1996 (the Warrant Agreement), at any time on or after the Commencement Date and prior to the Expiration Date (as those terms are defined herein), one share of Common Stock, \$.002 par value per share, of the Company at the initial exercise price (the Class A Warrant Price) of \$6.50 per share (subject to adjustment as provided in the Warrant Agreement), upon presentation to the Warrant Agent of this Certificate with the Subscription Form on the reverse side hereof properly filled out and signed by the Registered Holder, accompanied by payment of the Class A Warrant Price for each Warrant exercised.

This Certificate and the Class A Warrants represented hereby are issued pursuant to the terms and conditions of the Warrant Agreement, which is incorporated herein by reference. The Warrant Agreement sets forth, among other things, the terms and conditions under which the Class A Warrant may be called or redeemed, and warrant price and the number of shares issuable upon exercise of the Warrants represented hereby may be adjusted. A copy of the Warrant Agreement may be obtained by written request to the Company at 3633 Wheeler Road, Suite 140, Augusta, Georgia 30909 or the Warrant Agent at 9 Field Avenue, Hicksville, New York 11801 (mailing address P.O. Box 501, Hicksville, New York 11802).

The Class A Warrants may be exercised commencing on the day the Registration Statement filed by the Company under the Securities Act of 1933, as amended, covering shares of the Company's common stock to be sold in its initial public offering becomes effective or December 31, 1996, whichever is sooner (the Commencement Date). The right to exercise the Class A Warrants shall expire at 5:00 p.m. on December 31, 2001 or such later date as the Company may determine (the Expiration Date).

IN WITNESS WHEREOF, the Company has caused this Certificate to be executed by the facsimile signatures of two of its officers, thereunto duly authorized, and by the impression of its facsimile corporate seal hereon.

DATED: 07/16/1997

COUNTERSIGNED AND REGISTERED
OTC CORPORATE TRANSFER SERVICE, CO.

/s/ J. Barnett Transfer Agent
 and Registrar

Authorized Signature

/s/ Charles M. O'Rourk

[SEAL]

/s/ E. Samuel Evans

Charles M. O'Rourk
Secretary

E. Samuel Evans
President

The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended and may not be sold, transferred, pledged, hypothecated or otherwise disposed of in the absence of (i) an effective registration statement for such securities under said act or (ii) an opinion of company counsel that such registration is not required.

These securities have been issued or sold in reliance on paragraph 13 of Code Section 10-5-9 of the Georgia Securities Act of 1973, and may not be sold or transferred except in a transaction which is exempt under such Act or Pursuant to an effective registration under such Act.

APPLE HOMES CORPORATION

CLASS A WARRANT

SUBSCRIPTION FORM

The undersigned hereby irrevocably elects to exercise _____ Class A Warrants evidenced by this Certificate to purchase the shares of Common Stock issuable upon exercise thereof and herewith encloses payment for such shares in the full amount of Class A Warrant Price, and requests that a new Certificate evidencing any Class A Warrants not exercised hereby be registered in the name of, and delivered to, the Registered Holder at the address stated below.

Dated: _____

Please type or print

Name(s) of Registered Holder(s) _____

Address of registered Holder(s) _____

Signature(s) of Registered Holder(s) _____

Signature Guarantee:

The above signature(s) must correspond exactly with the name(s) written upon the face of this Certificate. If the Warrants are held of record by two or more owners, all owners must sign.

ASSIGNMENT FORM

The undersigned hereby assigns and transfers unto:

Please type or print

Name: _____

Address: _____

E.I. No.: _____

the Class A Warrants evidenced by this Certificate and hereby irrevocably constitutes and appoints _____ as his attorney to transfer said Warrants on the books of the Company, with full power of substitution in the premises.

Dated: _____

Signature(s) of Registered Holder(s) _____

Signature Guarantee:

The above signature(s) must correspond exactly with the name(s) written upon the face of this Certificate. If the Warrants are held of record by two or more owners, all owners must sign.

TRANSAMERICA
DISTRIBUTION FINANCE

Transamerica Commercial Finance Corporation
11121 Carmel Commons Blvd.
Charlotte, NC 28226

Augusta Housing Center, Inc.
Big Daddy's Mobile Homes, Inc.
Evans-Lanier, Inc.
Apple Homes, Inc.

(All of the foregoing are herein referred to collectively, as "Dealer")

PROGRAM LETTER - CHARLOTTE
(Manufactured Housing)

Reference is made to an inventory Security Agreement between Dealer and Transamerica Commercial Finance Corporation ("TCFC") as from time to time amended (the "ISA"). All terms defined in the ISA shall have the same meaning herein as in the ISA except that any reference to "Prime Rate" shall mean for any calendar month the highest of the rates set out in the definition of Prime Rate in the ISA, or 7.0% per year. THIS PROGRAM LETTER APPLIES TO APPROVALS AND ADVANCES ISSUED BY TCFC'S RECREATIONAL PRODUCTS DIVISION.

1. Credit Limit: Up to \$1,000,000.00 in Advances and Approvals at any one time. Any and all Advances and Approvals are in TCFC's sole discretion.
2. Place of Payment: Dealer shall send all payments to TCFC at Post Office Box 74666, Chicago, IL 60675-4666.
3. Financing Program: Pay as sold,
4. Principal Payments and Charges.

(a) Principal Payment. In the ISA, Dealer agreed to pay each Advance made to finance the purchase of any item of inventory upon the sale of such item.

For new Inventory: Dealer agrees to pay curtailments equal to 2% of the initial amount of each Advance for new inventory on or before the fifth billing through the fifteenth billings after the Start Date. Dealer also agrees to pay curtailments equal to 5% of the original invoice beginning with the sixteenth billing and continuing every billing until the inventory is liquidated, except that, with respect to any Advances made under a manufacturer-sponsored program, curtailments shall be paid in accordance with such manufacturer's sponsored

programs

For used Inventory: Dealer agrees to pay curtailments equal to 30% of the initial amount of each Advance on or before the end of the first and each subsequent calendar month. The Due in Full Date with respect to an Advance for used inventory of manufactured housing is 12 months after the Start Date of such Advance.

(b) Interest. Until changed as provided in the ISA and in addition to the additional interest provided for below, interest shall accrue on the unpaid balance of each Advance from its Start Date at a rate per year equal to the Prime Rate plus 0.95 % (the "Dealer Standard Rate") until paid in full except that, with respect to any Advances made under a manufacturer-sponsored program, interest shall accrue from the Start Date on the unpaid balance of such Advance until paid in full at the rate stated in such manufacturer's sponsored program for the duration of the manufacturer-sponsored program and thereafter at the Dealer Standard Rate.

(e) Additional Interest. In addition to the interest provided for above, Dealer shall pay additional interest on the unpaid balance of each Advance: (i) for new inventory, beginning on the 366th day after the Start Date (but no earlier than the expiration of any manufacturer-sponsored program with respect thereto) and through the 540th day after the Start Date at 2% per year, and beginning on the 541st day after the Start Date at 4% per year; or (ii) for used inventory, at 1% per year for the first 180 days after the Start Date and at 4% per year thereafter.

(d) Administrative and Dealer Handling Fees. In addition to interest, Dealer shall pay (i) with respect to each unit of new or used inventory for which there is an outstanding Advance at any time during a month, a monthly service charge equal to: (specify one) (XX) \$ 1 0.00 () _____% of the highest amount of Advances outstanding at any time during such month, plus (ii) with respect to each unit of used inventory financed by an Advance, a one-time charge equal to: (specify one) () \$ 0.00 or () 0.00 % of the average Advance made to finance used inventory outstanding during the billing period in which such Advance was made. Dealer agrees that such charges are a reasonable estimate for purposes of reimbursing TCFC for actual costs incurred which are incidental to servicing Dealer's account, such as costs for documentation, perfection of Liens, billing, handling, credit review, processing payments, and floor inspections. Dealer shall also pay any dealer handling fees imposed under any manufacture sponsored program. DEALER ACKNOWLEDGES THAT IT IS FAMILIAR WITH THE TERMS OF ALL RELEVANT MANUFACTURER-SPONSORED PROGRAMS.

NOTWITHSTANDING THE FOREGOING TERMS IN THIS PROGRAM LETTER, DEALER ACKNOWLEDGES AND AGREES THAT THE RATES OF INTEREST AND REPAYMENT TERMS APPLICABLE TO EACH ADVANCE MADE TO OR ON BEHALF OF DEALER BY TCFC SHALL BE GOVERNED BY THE TRANSACTION STATEMENT SENT BY TCFC TO DEALER RELATED TO THE ADVANCE, UNTIL SUCH ADVANCE IS PAID IN FULL TO TCFC.

5. Effectiveness. This Program Letter shall not become a contract unless signed by Dealer and accepted by TCFC in Illinois. Dealer waives notice of such acceptance.

Very truly yours,
TRANSAMERICA COMMERCIAL
FINANCE CORPORATION

DEALER
Agreed as of May 13, 1998:

Accepted in Illinois:
TRANSAMERICA COMMERCIAL
FINANCE CORPORATION

Augusta Housing Center, Inc.

By: /s/ Richard Strickler

By: /s/ E. Samuel Evans

Title:

Print Name: E. Samuel Evans
Title: President

Big Daddy's Mobile Homes, Inc.

By: /s/ E. Samuel Evans

Print Name: E. Samuel Evans
Title: President

Evans-Lanier, Inc.

By: /s/ Danny Taylor

Print Name: Danny Taylor
Title: President

Apple Homes, Inc.

By: /s/ E. Samuel Evans

Print Name: E. Samuel Evans

Title: President

Bombardier Capital Inc.

INVENTORY SECURITY AGREEMENT
AND POWER OF ATTORNEY

1. Parties: The parties to this Agreement are Bombardier Capital Inc. ("BCI") and the Dealer who has signed at the end of this Agreement ("Dealer").
2. Advances: At Dealer's request, BCI, at its option, will advance funds for the acquisition of Dealer's Inventory ("Inventory"), or for such other purpose satisfactory to BCI, secured, in whole part, by a security interest in the Collateral described in Paragraph 4 below. In each case, BCI will send Dealer a schedule or schedules as described in Paragraph 3 below. If Dealer does not agree with the schedule(s), it must immediately notify BCI in writing of any objections. Dealer's failure to notify BCI of its objections within seven (7) days shall constitute an acceptance of the schedule(s).
3. Payment: Dealer shall repay BCI in accordance with either or a combination of the following Plans, which shall be chosen at the sole discretion of BCI:
 - a) Pay As Sold Plan: BCI shall deliver to Dealer a schedule or schedules listing each item of Inventory on which BCI has advanced funds and the amount of the advance. Immediately upon the sale of each item of Inventory, Dealer will pay to BCI the total amount due on that item. Dealer will pay to BCI the total amount due on unsold Inventory within the period established from time to time by BCI or upon demand by BCI, whichever first occurs and will pay such curtailments as BCI may require.
 - b) Scheduled Payment Plan: BCI shall deliver to Dealer a schedule or schedules listing the repayment terms for the Inventory on which it has advanced funds and the amount of the advance. Dealer will thereafter pay to BCI the payment due, when due or upon demand by BCI, whichever comes first, as shown on the schedule(s) BCI supplies Dealer.

Under either Plan, Dealer agrees that:

- a) Dealer will pay BCI financing and service charges, insurance charges (if any), and late charges according to and upon receipt of the billing statements which BCI delivers to Dealer and within the time specified by BCI.
- b) BCI, at its discretion, may at any time and without notice to Dealer

apply or reapply any monies received from Dealer in payment of any Dealer's obligations or liabilities to BCI, in such order of application as BCI may determine.

4. Collateral:

- a) In order to secure repayment to BCI of all extensions of credit made by BCI under this Agreement, and to secure payment of all other debts or liabilities and performance of all obligations of Dealer to BCI, whether now existing or hereafter existing, Dealer agrees that BCI shall have and hereby grants to BCI a security interest in all of the rights, titles and interests (whether now existing or hereafter arising or acquired from time to time) of the Dealer in, to and under all Inventory, including but not limited to, all goods manufactured and/or sold by any manufacturer, distributor or seller, which inventory is owned by Dealer or in which Dealer has an interest, the purchase of which was financed or floorplanned by BCI for the Dealer of whatever kind or nature, wherever located, and all returns, repossessions, exchanges, substitutions, replacements, attachments, parts, accessories and accessions thereto and thereof, and all other goods used or intended to be used in conjunction therewith and all proceeds and products thereof, and documents relating thereto (the "Collateral").
- b) Dealer shall execute and deliver such financing statements and amendments thereto and all further writings as BCI shall request to accomplish the purpose of this Agreement and Dealer shall bear all the costs of recording and perfection.

5. Dealer's Duties: Dealer agrees:

- a) That upon purchase of each item of Inventory, Dealer shall deliver to BCI upon request, the Certificate of Title or Certificate of Origin issued for same, if any, and BCI shall have the right to have its lien, encumbrance or security interest noted thereon and/or retain such Certificate of Origin.
- b) To sell and deliver Inventory only in the ordinary course of business and not to use, rent or dispose of Collateral except as herein provided, nor permit any encumbrance upon the Collateral without BCI's prior written consent.
- c) To keep all Collateral in good order, repair and operating condition, and to pay all transportation and storage charges on the Collateral.
- d) To pay immediately all taxes, expenses, assessments and charges which may now or hereafter be levied or assessed against the Collateral.

- e) To hold any funds and proceeds payable to BCI, in the same form as received, IN TRUST for BCI, separate and apart from Dealer's funds and goods. BCI shall apply all amounts so received from Dealer toward the payment of and liabilities of Dealer, in such order of application as BCI may determine.
- f) To reimburse BCI for BCI's expense and cost incurred in connection with inspections of the Collateral, and its collection and administration costs.
- g) That for purposes of determining the rate of charge hereunder, any other language herein to the contrary notwithstanding, charges shall be deemed to have been accrued and accruing from the date of purchase of each item of Inventory and shall be determined on an annualized basis (without regard to any "free-flooring" period).
- h) Dealer agrees to keep all Collateral insured against risks covered by standard forms of fire, theft and extended coverage insurance and such other risks as may be required by BCI, in such amounts and under such policies issued by such insurance company or companies as are satisfactory to BCI. BCI shall be named either as a co-insured or under a loss payable clause, to the extent its interest may appear. Should Dealer fail to procure such insurance upon request, BCI may, but is not obligated to, procure the same and collect the cost thereof from Dealer.
- i) To keep all of the Collateral only at its place(s) of business referred to in Section 13 and to permit BCI to inspect the Collateral during Dealer's business hours and at other reasonable times and to inspect and make copies of Dealer's books and records.
- j) Dealer shall at all times keep full and accurate records of its business and Dealer shall upon demand, furnish BCI all such information regarding Dealer's business and financial condition as BCI may reasonably request.
- k) That BCI may hold any sums or monies belonging to the Dealer which come into the possession of BCI and may apply all or a portion of said sums or monies to any outstanding indebtedness, liabilities or obligations of the Dealer.

6. Power of Attorney: Dealer grants to BCI:

- a) A power of attorney under which BCI may a) execute on behalf of Dealer any notes, chattel paper, UCC financing statements, amendments thereto and continuations thereof (or similar statements of notice, registration, amendment or continuation under the laws of any jurisdiction), or other writing in connection with this Agreement or the Collateral as BCI may require for the purpose of protecting,

maintaining or enforcing the Collateral or the security interest granted to BCI in the Collateral and

b) adjust, make, pursue, settle and collect any insurance claim in connection with this Agreement, as attorney-in-fact for Dealer.

7. Default: The following shall constitute default under this Agreement:

a) Any breach or failure of Dealer to observe or perform any of its obligations, covenants or undertakings hereunder.

b) Misrepresentation by Dealer to BCI in connection with the business and financial condition of Dealer or relating to Collateral.

c) Death or dissolution of Dealer, or if any action or proceedings to dissolve Dealer be instituted.

d) Dealer becoming insolvent or making an assignment for the benefit of creditors, or if a Petition in Bankruptcy is filed by or against Dealer, or a complaint in equity or other proceedings for the appointment of a receiver for Dealer is filed, or if proceedings for reorganization or for composition with creditors under any law be instituted by or against Dealer, or if any or all of the goods of Dealer shall be attached.

e) BCI in good faith deems itself insecure.

8. Remedies: If Dealer defaults, BCI can, at its option and without notice, demand immediate payment of all obligations under this Agreement and any other indebtedness owed to BCI. BCI shall have all the rights and remedies of a secured party under the Uniform Commercial Code in effect in the jurisdiction where the Collateral is kept including, but not limited to, the right to enter any of Dealer's premises with or without legal process, but without force, and to take possession and remove the Collateral. At BCI's request and to the extent Dealer may lawfully do so, Dealer will assemble, prepare for removal and make available to BCI at a place to be designated by BCI which is reasonably convenient to both parties such items of Collateral as BCI may deem sufficient to cover all of Dealer's obligations to BCI. Dealer agrees that private sale of any item financed by BCI at the amount owed to BCI on that item, less a reasonable restocking charge shall be a commercially reasonable method of disposition. Five (5) days written notice of public sale date or the date after which a private sale may occur shall be a reasonable notice. BCI shall not be chargeable with responsibility for the accuracy or validity of any document or for the existence or value of any Collateral. Dealer further agrees to pay reasonable attorney's fees and legal expenses incurred by BCI in enforcing this Agreement after default by Dealer. To the extent not prohibited by law, Dealer waives all valuation and exemption laws and releases all right

of appeal after payment in full.

- 9. Time and Acknowledgement: Time is of the essence in the performance of Dealer's duties, but the failure of BCI to enforce its rights under this Agreement shall not be deemed a waiver of BCI's rights under this Agreement. Dealer will not assert against BCI any claim or defense Dealer may have against any seller of goods to Dealer. Dealer acknowledges receipt of a copy of this Agreement.
- 10. Assignment: This Agreement may be assigned by BCI but Dealer may not assign this Agreement without the prior written consent of BCI.
- 11. Modification: This Agreement may not be modified, altered or amended in any manner whatsoever, except by a further agreement in writing signed by both Dealer and BCI.
- 12. Governing Law: The validity, enforceability and interpretation of this Agreement shall be governed by the laws of the State of New York.
- 13. Dealer Business and Warehouse Addresses: (Attach a schedule if more space required.)

Location #1
 1819 Gordon Highway
 Augusta, GA 30909

Location #2
 1878 Gordon hwy
 Augusta, GA 30904

Location #3

Location #4

Effective as of the 23 day of July 1998.

DEALER: Big Daddy's Mobile Homes, Inc.

 Type or print name of Dealer

By: /s/ E. Samuel Evans

WITNESS:
 (OR ATTEST)

/s/ Brenda Ferron

Secretary
(SEAL)

Name: E. Samuel Evans

Title: President

Accepted by:
BOMBARDIER CAPITAL INC.

By:

Name:

By:

Title:

Title:

ACKNOWLEDGMENT BY DEALER IF INDIVIDUAL(S) OR PARTNERSHIP

STATE OF
COUNTY OF

On this the ____ day of _____, 19__ before me personally appeared _____ known to me to be the person(s) whose name(s) is (are) subscribed to the foregoing Inventory Security Agreement and Power of Attorney and acknowledged that he (they) voluntarily executed the same for the purposes therein contained.

In Witness Whereof I Hereunto set my hand and Official Seal.

Notary Public

ACKNOWLEDGMENT BY DEALER IF A CORPORATION

STATE OF Georgia
COUNTY OF Richmond

On this the 23 day of July____, 1998 before me personally appeared E. Samuel Evans who acknowledged himself to be the President of Big Daddy's Mobile Homes, Inc., a corporation, and that he, being authorized by the Board of Directors, voluntarily executed the foregoing Inventory Security Agreement and Power of Attorney for the purposes therein contained, by signing the name of the corporation by himself.

In Witness Whereof I Hereto set my hand and Official Seal.

/s/ Frances M. Flake

Bombardier Capital

FIRST AMENDMENT TO
INVENTORY SECURITY AGREEMENT
AND POWER TO ATTORNEY

This First Amendment to Inventory Security Agreement and Power of Attorney is made as of the 23 day of July, 1998, by and between Bombardier Capital Inc. ("BCI") and Big Daddy's Mobile Homes, Inc. ("Dealer").

WHEREAS, BCI and Dealer entered into a certain Inventory Security Agreement and Power of Attorney dated as of 07-23-98 (the "ISA") under and pursuant to which BCI provided certain financing to the Dealer for the purchase by Dealer of inventory (as that term is defined in the ISA and incorporated herein by reference);

WHEREAS, the ISA called for the Dealer to pay BCI certain sums in connection with financing provided by BCI under and pursuant to the ISA;

WHEREAS, BCI and the Dealer wish to amend the ISA for the purpose of further clarifying their existing agreement with respect to rates charged to the Dealer by BCI under and pursuant to the ISA.

NOW THEREFORE, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, BCI and the Dealer hereby agree that the ISA is amended to add the following two paragraphs after the second of the two paragraphs lettered b) in Section 3 of the ISA:

c) The specific interest rate(s) charged to Dealer are stated on individual financial program letters, which letters may be obtained by the Dealer from BCI representatives. The interest rates charged at any given time are determined by the financial programs in force for the specific products that Dealer purchases under this Agreement, and Dealer and BCI agree that the rates charged may fluctuate over time and may vary depending on factors such as the type and brand of Inventory purchased, time of year, age of the Inventory, and/or payment habits of Dealer.

d) It is the intention of BCI to conform to all applicable laws governing the rates of interest that may be charged. If the amount contracted for, charged or received by BCI exceeds the maximum amount permitted by law, it is agreed that such excess will be considered an error and canceled immediately and, if already paid, shall be refunded to the Dealer or, at BCI's option, applied to other outstanding liabilities of Dealer to BCI.

As hereby amended, the ISA is affirmed and ratified in all respects.

BCI:

DEALER: Big Daddy's Mobile Homes, Inc.

By:

By: /s/ E. Samuel Evans

Title:

Title: President

By:

Title:

Bombardier Capital Inc.

MANUFACTURED HOUSING
ADDENDUM TO INVENTORY
SECURITY AGREEMENT AND
POWER OF ATTORNEY

This Manufactured Housing Addendum (this "Addendum" is made as of the date stated below by and between Big Daddy's Mobile Homes, Inc. having its principal place of business at 1819 Gordon Highway Augusta, GA 30909 ("Debtor") and BOMBARDIER CAPITAL INC., having an office at Colchester, Vermont ("Secured Party"). The parties intend that this addendum be an addendum to that certain Inventory Security Agreement and Power of Attorney (the "ISA") either heretofore or contemporaneously herewith signed by the parties hereto in consideration for which Secured Party from time to time may grant extensions of credit to or on behalf of Debtor so that Debtor may acquire Debtor's "Inventory" as that term is defined in the ISA.

1. All capitalized terms not otherwise defined herein shall have the same meanings as ascribed to those terms in the ISA. Except as amended by this Addendum, the ISA remains unchanged and in full force and effect between the parties in accordance with its terms. The ISA and this Addendum together with any other amendments thereto constitute a singular agreement between the parties.
2. Other than as part of a delivery and set-up service to a purchaser buying Inventory in the ordinary course of Debtor's business, Debtor agrees never to affix any Inventory to any real property in such a manner as to become a "fixture" without first notifying Secured Party and obtaining Secured Party's express written permission to do so.
3. Debtor agrees to notify Secured Party in writing of the exact address (including a complete e legal description) of any real estate upon which

Debtor places any Inventory, regardless of the manner of affixation. Debtor further agrees to notify in writing (with a copy to Secured Party) any owner or encumbrancer of real estate upon which debtor places any Inventory of the existence of Secured Party's security interest in Debtor's Inventory. In the event Debtor, or any legal entity all or a majority of which is owned or controlled by Debtor, is the owner or encumbrancer of such real estate, Debtor, for him-, her-, or itself, and/or on behalf of such other entity and, in the capacity of owner or encumbrancer, hereby consents to Secured Party's security interest in such Inventory and disclaims any interest in such Inventory as fixtures.

- 4. Debtor agrees to execute and deliver to Secured Party at any time or from time to time any instrument, document, financing statement, continuation statement, assignment, manufacturer's statement or certificate of origin or of title and any certificate of title issued by any state or political subdivision evidencing that title to a particular item of Inventory is held in the name of Debtor (collectively, "Title Documents"), or any other writing which secured party may deem necessary or desirable to perfect secured Party's security interest in the Inventory, and t pay all recordation costs and taxes incident to filing or recording any such instrument, document, statement, assignment, lien on title documents, or other such writing.

- 5. Debtor, for its own convenience, hereby requests, authorizes and empowers Secured Party, or any employee, agent or representative of Secured Party's designation, for and on behalf and in the name of Debtor, and as Debtor's lawful attorney-in-fact, to execute, deliver and record any financing statements, continuation statements and the like giving notice of Inventory floorplan financing done or to be done under this Addendum and the ISA.

IN WITNESS WHEREOF, the parties have caused this Addendum to be duly signed on FEBRUARY 11, 1998.

ACCEPTED BY:
BOMBARDIER CAPITAL INC.

(Seal)
Augusta Housing Center, Inc.

By:

By: /s/ E. Samuel Evans

(Signature) (and Title if Debtor is a corporation)

Title: E. Samuel Evans - President

Attest:

Witness: /s/ Brenda Ferron

(Signature) (Secretary if Debtor
is a corporation)

(If a corporation, Debtor's corporate seal must be affixed, and its Secretary
must sign on line marked "Witness")

ACKNOWLEDGEMENT FOR INDIVIDUAL DEBTOR

STATE OF _____: CITY/COUNTY OF _____: TO WIT:

I HEREBY CERTIFY that on this _____ day of _____, 19_____,
before me, the subscriber, a Notary Public in and for the State and City/County
aforesaid, personally appeared _____ known to me
or satisfactorily proven to be the person executing the foregoing Addendum as
Debtor, who acknowledged that (s)he has executed the foregoing Addendum in
his/her individual capacity and that the same is he/her act and deed.

My Commission Expires on _____

Notary Public

ACKNOWLEDGEMENT FOR PARTNERSHIP OR CORPORATE DEBTOR

STATE OF GEORGIA: CITY/COUNTY OF RICHMOND: TO WIT:

I HEREBY CERTIFY that on this 11th day of February, 1997, before me, the
subscriber, a Notary Public in and for the State and city/County aforesaid,
personally appeared E. Samuel Evans known to me or satisfactorily proven to be
the person executing the foregoing Addendum on behalf of the Debtor, who
acknowledged that (s)he is a President of the Debtor, () a partnership (X) a
corporation, and that, as such President, (s)he is duly authorized to execute
and has executed the foregoing Addendum on behalf of the debtor for the purpose
therein set forth by signing the name of the Debtor and that the same is the at
and deed of the Debtor.

My commission Expires on June 10, 2000.

/s/Frances M. Flake

Notary Public

Exhibit 10.3.2aa

Bombardier Capital Inc.

INVENTORY SECURITY AGREEMENT
AND POWER OF ATTORNEY

1. Parties: The parties to this Agreement are Bombardier Capital Inc. ("BCI")

and the Dealer who has signed at the end of this Agreement ("Dealer").

2. **Advances:** At Dealer's request, BCI, at its option, will advance funds for the acquisition of Dealer's Inventory ("Inventory"), or for such other purpose satisfactory to BCI, secured, in whole part, by a security interest in the Collateral described in Paragraph 4 below. In each case, BCI will send Dealer a schedule or schedules as described in Paragraph 3 below. If Dealer does not agree with the schedule(s), it must immediately notify BCI in writing of any objections. Dealer's failure to notify BCI of its objections within seven (7) days shall constitute an acceptance of the schedule(s).
3. **Payment:** Dealer shall repay BCI in accordance with either or a combination of the following Plans, which shall be chosen at the sole discretion of BCI:
 - a) **Pay As Sold Plan:** BCI shall deliver to Dealer a schedule or schedules listing each item of Inventory on which BCI has advanced funds and the amount of the advance. Immediately upon the sale of each item of Inventory, Dealer will pay to BCI the total amount due on that item. Dealer will pay to BCI the total amount due on unsold Inventory within the period established from time to time by BCI or upon demand by BCI, whichever first occurs and will pay such curtailments as BCI may require.
 - b) **Scheduled Payment Plan:** BCI shall deliver to Dealer a schedule or schedules listing the repayment terms for the Inventory on which it has advanced funds and the amount of the advance. Dealer will thereafter pay to BCI the payment due, when due or upon demand by BCI, whichever comes first, as shown on the schedule(s) BCI supplies Dealer.

Under either Plan, Dealer agrees that:

- a) Dealer will pay BCI financing and service charges, insurance charges (if any), and late charges according to and upon receipt of the billing statements which BCI delivers to Dealer and within the time specified by BCI.
 - b) BCI, at its discretion, may at any time and without notice to Dealer apply or reapply any monies received from Dealer in payment of any Dealer's obligations or liabilities to BCI, in such order of application as BCI may determine.
4. **Collateral:**
 - a) In order to secure repayment to BCI of all extensions of credit made by BCI under this Agreement, and to secure payment of all other debts or liabilities and performance of all obligations of Dealer to BCI, whether now existing or hereafter existing, Dealer agrees that BCI shall have and hereby grants to BCI a security interest in all of the

rights, titles and interests (whether now existing or hereafter arising or acquired from time to time) of the Dealer in, to and under all Inventory, including but not limited to, all goods manufactured and/or sold by any manufacturer, distributor or seller, which inventory is owned by Dealer or in which Dealer has an interest, the

purchase of which was financed or floorplanned by BCI for the Dealer of whatever kind or nature, wherever located, and all returns, repossessions, exchanges, substitutions, replacements, attachments, parts, accessories and accessions thereto and thereof, and all other goods used or intended to be used in conjunction therewith and all proceeds and products thereof, and documents relating thereto (the "Collateral").

- b) Dealer shall execute and deliver such financing statements and amendments thereto and all further writings as BCI shall request to accomplish the purpose of this Agreement and Dealer shall bear all the costs of recording and perfection.

5. Dealer's Duties: Dealer agrees:

- a) That upon purchase of each item of Inventory, Dealer shall deliver to BCI upon request, the Certificate of Title or Certificate of Origin issued for same, if any, and BCI shall have the right to have its lien, encumbrance or security interest noted thereon and/or retain such Certificate of Origin.
- b) To sell and deliver Inventory only in the ordinary course of business and not to use, rent or dispose of Collateral except as herein provided, nor permit any encumbrance upon the Collateral without BCI's prior written consent.
- c) To keep all Collateral in good order, repair and operating condition, and to pay all transportation and storage charges on the Collateral.
- d) To pay immediately all taxes, expenses, assessments and charges which may now or hereafter be levied or assessed against the Collateral.
- e) To hold any funds and proceeds payable to BCI, in the same form as received, IN TRUST for BCI, separate and apart from Dealer's funds and goods. BCI shall apply all amounts so received from Dealer toward the payment of and liabilities of Dealer, in such order of application as BCI may determine.
- f) To reimburse BCI for BCI's expense and cost incurred in connection with inspections of the Collateral, and its collection and administration costs.

- g) That for purposes of determining the rate of charge hereunder, any other language herein to the contrary notwithstanding, charges shall be deemed to have been accrued and accruing from the date of purchase of each item of Inventory and shall be determined on an annualized basis (without regard to any 'free-flooring' period).
- h) Dealer agrees to keep all Collateral insured against risks covered by standard forms of fire, theft and extended coverage insurance and such other risks as may be required by BCI, in such amounts and under such policies issued by such insurance company or companies as are satisfactory to BCI. BCI shall be named either as a co-insured or under a loss payable clause, to the extent its interest may appear. Should Dealer fail to procure such insurance upon request, BCI may, but is not obligated to, procure the same and collect the cost thereof from Dealer.
- i) To keep all of the Collateral only at its place(s) of business referred to in Section 13 and to permit BCI to inspect the Collateral during Dealer's business hours and at other reasonable times and to inspect and make copies of Dealer's books and records.
- j) Dealer shall at all times keep full and accurate records of its business and Dealer shall upon demand, furnish BCI all such information regarding Dealer's business and financial condition as BCI may reasonably request.
- k) That BCI may hold any sums or monies belonging to the Dealer which come into the possession of BCI and may apply all or a portion of said sums or monies to any outstanding indebtedness, liabilities or obligations of the Dealer.

6. Power of Attorney: Dealer grants to BCI:

- a) A power of attorney under which BCI may a) execute on behalf of Dealer any notes, chattel paper, UCC financing statements, amendments thereto and continuations thereof (or similar statements of notice, registration, amendment or continuation under the laws of any jurisdiction), or other writing in connection with this Agreement or the Collateral as BCI may require for the purpose of protecting, maintaining or enforcing the Collateral or the security interest granted to BCI in the Collateral and
- b) adjust, make, pursue, settle and collect any insurance claim in connection with this Agreement, as attorney-in-fact for Dealer.

7. Default: The following shall constitute default under this Agreement:

- a) Any breach or failure of Dealer to observe or perform any of its

obligations, covenants or undertakings hereunder.

- b) Misrepresentation by Dealer to BCI in connection with the business and financial condition of Dealer or relating to Collateral.
- c) Death or dissolution of Dealer, or if any action or proceedings to dissolve Dealer be instituted.
- d) Dealer becoming insolvent or making an assignment for the benefit of creditors, or if a Petition in Bankruptcy is filed by or against Dealer, or a complaint in equity or other proceedings for the appointment of a receiver for Dealer is filed, or if proceedings for reorganization or for composition with creditors under any law be instituted by or against Dealer, or if any or all of the goods of Dealer shall be attached.
- e) BCI in good faith deems itself insecure.

8. Remedies: If Dealer defaults, BCI can, at its option and without notice, demand immediate payment of all obligations under this Agreement and any other indebtedness owed to BCI. BCI shall have all the rights and remedies of a secured party under the Uniform Commercial Code in effect in the jurisdiction where the Collateral is kept including, but not limited to, the right to enter any of Dealer's premises with or without legal process, but without force, and to take possession and remove the Collateral. At BCI's request and to the extent Dealer may lawfully do so, Dealer will assemble, prepare for removal and make available to BCI at a place to be designated by BCI which is reasonably convenient to both parties such items of Collateral as BCI may deem sufficient to cover all of Dealer's obligations to BCI. Dealer agrees that private sale of any item financed by BCI at the amount owed to BCI on that item, less a reasonable restocking charge shall be a commercially reasonable method of disposition. Five (5) days written notice of public sale date or the date after which a private sale may occur shall be a reasonable notice. BCI shall not be chargeable with responsibility for the accuracy or validity of any document or for the existence or value of any Collateral. Dealer further agrees to pay reasonable attorney's fees and legal expenses incurred by BCI in enforcing this Agreement after default by Dealer. To the extent not prohibited by law, Dealer waives all valuation and exemption laws and releases all right of appeal after payment in full.

9. Time and Acknowledgement: Time is of the essence in the performance of Dealer's duties, but the failure of BCI to enforce its rights under this Agreement shall not be deemed a waiver of BCI's rights under this Agreement. Dealer will not assert against BCI any claim or defense Dealer may have against any seller of goods to Dealer. Dealer acknowledges receipt of a copy of this Agreement.

10. Assignment: This Agreement may be assigned by BCI but Dealer may not assign this Agreement without the prior written consent of BCI.
11. Modification: This Agreement may not be modified, altered or amended in any manner whatsoever, except by a further agreement in writing signed by both Dealer and BCI.
12. Governing Law: The validity, enforceability and interpretation of this Agreement shall be governed by the laws of the State of New York.
13. Dealer Business and Warehouse Addresses: (Attach a schedule if more space required.)

Location #1
1919 Gordon Highway
Augusta, GA 30909

Location #2

Location #3

Location #4

Effective as of the 6 day of February 19 98

WITNESS:
(OR ATTEST)

/s/ Brenda Ferron (SEAL)

Secretary

Accepted by:
BOMBARDIER CAPITAL INC.

By /s/ S. Harris

DEALER: Augusta Housing Center, Inc.

Type or print name of Dealer

By: /s/ E. Samuel Evans

Name: E. Samuel Evans

Title: President

By:

Name:

Title:

Title: Credit Manager

ACKNOWLEDGMENT BY DEALER IF INDIVIDUAL(S) OR PARTNERSHIP

STATE OF
COUNTY OF

On this the ____ day of _____, 19__ before me personally appeared _____ known to me to be the person(s) whose name(s) is (are) subscribed to the foregoing Inventory Security Agreement and Power of Attorney and acknowledged that he (they) voluntarily executed the same for the purposes therein contained.

In Witness Whereof I Hereunto set my hand and Official Seal.

Notary Public

ACKNOWLEDGMENT BY DEALER IF A CORPORATION

STATE OF GEORGIA
COUNTY OF RICHMOND

On this the 4 day of January, 1995 before me personally appeared E. Samuel Evans who acknowledged himself to be the President of Augusta Housing Center, a corporation, and that he, being authorized by the Board of Directors, voluntarily executed the foregoing Inventory Security Agreement and Power of Attorney for the purposes therein contained, by signing the name of the corporation by himself.

In Witness Whereof I Hereto set my hand and Official Seal.

/s/Sadie G. Peek

Notary Public

Bombardier Capital

FIRST AMENDMENT TO
INVENTORY SECURITY AGREEMENT
AND POWER TO ATTORNEY

This First Amendment to Inventory Security Agreement and Power of Attorney is made as of the 4 day of January, 1995, by and between Bombardier Capital Inc. ("BCI") and Augusta Housing Center, Inc. ("Dealer").

WHEREAS, BCI and Dealer entered into a certain Inventory Security Agreement and Power of Attorney dated as of 1-4-95 (the "ISA") under and pursuant to which BCI provided certain financing to the Dealer for the purchase by Dealer of inventory (as that term is defined in the ISA and incorporated herein by reference);

WHEREAS, the ISA called for the Dealer to pay BCI certain sums in connection with financing provided by BCI under and pursuant to the ISA;

WHEREAS, BCI and the Dealer wish to amend the ISA for the purpose of further clarifying their existing agreement with respect to rates charged to the Dealer by BCI under and pursuant to the ISA.

NOW THEREFORE, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, BCI and the Dealer hereby agree that the ISA is amended to add the following two paragraphs after the second of the two paragraphs lettered b) in Section 3 of the ISA:

c) The specific interest rate(s) charged to Dealer are stated on individual financial program letters, which letters may be obtained by the Dealer from BCI representatives. The interest rates charged at any given time are determined by the financial programs in force for the specific products that Dealer purchases under this Agreement, and Dealer and BCI agree that the rates charged may fluctuate over time and may vary depending on factors such as the type and brand of Inventory purchased, time of year, age of the Inventory, and/or payment habits of Dealer.

d) It is the intention of BCI to conform to all applicable laws governing the rates of interest that may be charged. If the amount contracted for, charged or received by BCI exceeds the maximum amount permitted by law, it is agreed that such excess will be considered an error and canceled immediately and, if already paid, shall be refunded to the Dealer or, at BCI's option, applied to other outstanding liabilities of Dealer to BCI.

As hereby amended, the ISA is affirmed and ratified in all respects.

BCI: DEALER: Apple Homes Corporation

By: By: /s/ E. Samuel Evans

Title:Credit Mgr. Title: President

By:

Bombardier Capital Inc.

INVENTORY SECURITY AGREEMENT
AND POWER OF ATTORNEY

1. Parties: The parties to this Agreement are Bombardier Capital Inc. ("BCI") and the Dealer who has signed at the end of this Agreement ("Dealer").
2. Advances: At Dealer's request, BCI, at its option, will advance funds for the acquisition of Dealer's Inventory ("Inventory"), or for such other purpose satisfactory to BCI, secured, in whole part, by a security interest in the Collateral described in Paragraph 4 below. In each case, BCI will send Dealer a schedule or schedules as described in Paragraph 3 below. If Dealer does not agree with the schedule(s), it must immediately notify BCI in writing of any objections. Dealer's failure to notify BCI of its objections within seven (7) days shall constitute an acceptance of the schedule(s).
3. Payment: Dealer shall repay BCI in accordance with either or a combination of the following Plans, which shall be chosen at the sole discretion of BCI:
 - a) Pay As Sold Plan: BCI shall deliver to Dealer a schedule or schedules listing each item of Inventory on which BCI has advanced funds and the amount of the advance. Immediately upon the sale of each item of Inventory, Dealer will pay to BCI the total amount due on that item. Dealer will pay to BCI the total amount due on unsold Inventory within the period established from time to time by BCI or upon demand by BCI, whichever first occurs and will pay such curtailments as BCI may require.
 - b) Scheduled Payment Plan: BCI shall deliver to Dealer a schedule or schedules listing the repayment terms for the Inventory on which it has advanced funds and the amount of the advance. Dealer will thereafter pay to BCI the payment due, when due or upon demand by BCI, whichever comes first, as shown on the schedule(s) BCI supplies Dealer.

Under either Plan, Dealer agrees that:

- a) Dealer will pay BCI financing and service charges, insurance charges (if any), and late charges according to and upon receipt of the billing statements which BCI delivers to Dealer and within the time specified by BCI.

- b) BCI, at its discretion, may at any time and without notice to Dealer apply or reapply any monies received from Dealer in payment of any Dealer's obligations or liabilities to BCI, in such order of application as BCI may determine.

4. Collateral:

- a) In order to secure repayment to BCI of all extensions of credit made by BCI under this Agreement, and to secure payment of all other debts or liabilities and performance of all obligations of Dealer to BCI, whether now existing or hereafter existing, Dealer agrees that BCI shall have and hereby grants to BCI a security interest in all of the rights, titles and interests (whether now existing or hereafter arising or acquired from time to time) of the Dealer in, to and under all Inventory, including but not limited to, all goods manufactured and/or sold by any manufacturer, distributor or seller, which

inventory is owned by Dealer or in which Dealer has an interest, the purchase of which was financed or floorplanned by BCI for the Dealer of whatever kind or nature, wherever located, and all returns, repossessions, exchanges, substitutions, replacements, attachments, parts, accessories and accessions thereto and thereof, and all other goods used or intended to be used in conjunction therewith and all proceeds and products thereof, and documents relating thereto (the "Collateral").

- b) Dealer shall execute and deliver such financing statements and amendments thereto and all further writings as BCI shall request to accomplish the purpose of this Agreement and Dealer shall bear all the costs of recording and perfection.

5. Dealer's Duties: Dealer agrees:

- a) That upon purchase of each item of Inventory, Dealer shall deliver to BCI upon request, the Certificate of Title or Certificate of Origin issued for same, if any, and BCI shall have the right to have its lien, encumbrance or security interest noted thereon and/or retain such Certificate of Origin.
- b) To sell and deliver Inventory only in the ordinary course of business and not to use, rent or dispose of Collateral except as herein provided, nor permit any encumbrance upon the Collateral without BCI's prior written consent.
- c) To keep all Collateral in good order, repair and operating condition, and to pay all transportation and storage charges on the Collateral.
- d) To pay immediately all taxes, expenses, assessments and charges which

may now or hereafter be levied or assessed against the Collateral.

- e) To hold any funds and proceeds payable to BCI, in the same form as received, IN TRUST for BCI, separate and apart from Dealer's funds and goods. BCI shall apply all amounts so received from Dealer toward the payment of and liabilities of Dealer, in such order of application as BCI may determine.
- f) To reimburse BCI for BCI's expense and cost incurred in connection with inspections of the Collateral, and its collection and administration costs.
- g) That for purposes of determining the rate of charge hereunder, any other language herein to the contrary notwithstanding, charges shall be deemed to have been accrued and accruing from the date of purchase of each item of Inventory and shall be determined on an annualized basis (without regard to any "free-flooring" period).
- h) Dealer agrees to keep all Collateral insured against risks covered by standard forms of fire, theft and extended coverage insurance and such other risks as may be required by BCI, in such amounts and under such policies issued by such insurance company or companies as are satisfactory to BCI. BCI shall be named either as a co-insured or under a loss payable clause, to the extent its interest may appear. Should Dealer fail to procure such insurance upon request, BCI may, but is not obligated to, procure the same and collect the cost thereof from Dealer.
- i) To keep all of the Collateral only at its place(s) of business referred to in Section 13 and to permit BCI to inspect the Collateral during Dealer's business hours and at other reasonable times and to inspect and make copies of Dealer's books and records.
- j) Dealer shall at all times keep full and accurate records of its business and Dealer shall upon demand, furnish BCI all such information regarding Dealer's business and financial condition as BCI may reasonably request.
- k) That BCI may hold any sums or monies belonging to the Dealer which come into the possession of BCI and may apply all or a portion of said sums or monies to any outstanding indebtedness, liabilities or obligations of the Dealer.

6. Power of Attorney: Dealer grants to BCI:

- a) A power of attorney under which BCI may a) execute on behalf of Dealer any notes, chattel paper, UCC financing statements, amendments thereto and continuations thereof (or similar statements of notice,

registration, amendment or continuation under the laws of any jurisdiction), or other writing in connection with this Agreement or the Collateral as BCI may require for the purpose of protecting, maintaining or enforcing the Collateral or the security interest granted to BCI in the Collateral and

b) adjust, make, pursue, settle and collect any insurance claim in connection with this Agreement, as attorney-in-fact for Dealer.

7. Default: The following shall constitute default under this Agreement:

a) Any breach or failure of Dealer to observe or perform any of its obligations, covenants or undertakings hereunder.

b) Misrepresentation by Dealer to BCI in connection with the business and financial condition of Dealer or relating to Collateral.

c) Death or dissolution of Dealer, or if any action or proceedings to dissolve Dealer be instituted.

d) Dealer becoming insolvent or making an assignment for the benefit of creditors, or if a Petition in Bankruptcy is filed by or against Dealer, or a complaint in equity or other proceedings for the appointment of a receiver for Dealer is filed, or if proceedings for reorganization or for composition with creditors under any law be instituted by or against Dealer, or if any or all of the goods of Dealer shall be attached.

e) BCI in good faith deems itself insecure.

8. Remedies: If Dealer defaults, BCI can, at its option and without notice, demand immediate payment of all obligations under this Agreement and any other indebtedness owed to BCI. BCI shall have all the rights and remedies of a secured party under the Uniform Commercial Code in effect in the jurisdiction where the Collateral is kept including, but not limited to, the right to enter any of Dealer's premises with or without legal process, but without force, and to take possession and remove the Collateral. At BCI's request and to the extent Dealer may lawfully do so, Dealer will assemble, prepare for removal and make available to BCI at a place to be designated by BCI which is reasonably convenient to both parties such items of Collateral as BCI may deem sufficient to cover all of Dealer's obligations to BCI. Dealer agrees that private sale of any item financed by BCI at the amount owed to BCI on that item, less a reasonable restocking charge shall be a commercially reasonable method of disposition. Five (5) days written notice of public sale date or the date after which a private sale may occur shall be a reasonable notice. BCI shall not be chargeable with responsibility for the accuracy or validity of any document or for the existence or value of any Collateral. Dealer further agrees to pay reasonable attorney's fees and legal expenses incurred by BCI in enforcing this Agreement after default by Dealer. To the extent not prohibited by law, Dealer waives all valuation and exemption laws and releases all right

of appeal after payment in full.

- 9. Time and Acknowledgement: Time is of the essence in the performance of Dealer's duties, but the failure of BCI to enforce its rights under this Agreement shall not be deemed a waiver of BCI's rights under this Agreement. Dealer will not assert against BCI any claim or defense Dealer may have against any seller of goods to Dealer. Dealer acknowledges receipt of a copy of this Agreement.
- 10. Assignment: This Agreement may be assigned by BCI but Dealer may not assign this Agreement without the prior written consent of BCI.
- 11. Modification: This Agreement may not be modified, altered or amended in any manner whatsoever, except by a further agreement in writing signed by both Dealer and BCI.
- 12. Governing Law: The validity, enforceability and interpretation of this Agreement shall be governed by the laws of the State of New York.
- 13. Dealer Business and Warehouse Addresses: (Attach a schedule if more space required.)

Location #1
 128 Hadden Pond Road
 Waynesboro, GA 30830

Location #2

Location #3

Location #4

Effective as of the 23 day of JULY 1998

DEALER: Apple Homes. Inc.

 Type or print name of Dealer

By: /s/ E. Samuel Evans

WITNESS:
 (OR ATTEST)

/s/ Brenda Ferron (SEAL)
 ----- -----

Secretary

Name: E. Samuel Evans

Title: President

Accepted by:
BOMBARDIER CAPITAL INC.

By:

Name:

By /s/ S. Harris

Title:

Title: Credit Manager

ACKNOWLEDGMENT BY DEALER IF INDIVIDUAL(S) OR PARTNERSHIP

STATE OF
COUNTY OF

On this the ____ day of _____, 19__ before me personally appeared _____ known to me to be the person(s) whose name(s) is (are) subscribed to the foregoing Inventory Security Agreement and Power of Attorney and acknowledged that he (they) voluntarily executed the same for the purposes therein contained.

In Witness Whereof I Hereunto set my hand and Official Seal.

Notary Public

ACKNOWLEDGMENT BY DEALER IF A CORPORATION

STATE OF GEORGIA
COUNTY OF BULLOCH

On this the 6 day of February, 1998 before me personally appeared E. Samuel Evans who acknowledged himself to be the President of Apple Homes Corporation, a corporation, and that he, being authorized by the Board of Directors, voluntarily executed the foregoing Inventory Security Agreement and Power of Attorney for the purposes therein contained, by signing the name of the corporation by himself.

In Witness Whereof I Hereto set my hand and Official Seal.

/s/Frances M. Flake

Notary Public

This First Amendment to Inventory Security Agreement and Power of Attorney is made as of the 6 day of February, 1998, by and between Bombardier Capital Inc. ("BCI") and Apple Homes Corporation ("Dealer").

WHEREAS, BCI and Dealer entered into a certain Inventory Security Agreement and Power of Attorney dated as of 2-6-98 (the "ISA") under and pursuant to which BCI provided certain financing to the Dealer for the purchase by Dealer of inventory (as that term is defined in the ISA and incorporated herein by reference);

WHEREAS, the ISA called for the Dealer to pay BCI certain sums in connection with financing provided by BCI under and pursuant to the ISA;

WHEREAS, BCI and the Dealer wish to amend the ISA for the purpose of further clarifying their existing agreement with respect to rates charged to the Dealer by BCI under and pursuant to the ISA.

NOW THEREFORE, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, BCI and the Dealer hereby agree that the ISA is amended to add the following two paragraphs after the second of the two paragraphs lettered b) in Section 3 of the ISA:

c) The specific interest rate(s) charged to Dealer are stated on individual financial program letters, which letters may be obtained by the Dealer from BCI representatives. The interest rates charged at any given time are determined by the financial programs in force for the specific products that Dealer purchases under this Agreement, and Dealer and BCI agree that the rates charged may fluctuate over time and may vary depending on factors such as the type and brand of Inventory purchased, time of year, age of the Inventory, and/or payment habits of Dealer.

d) It is the intention of BCI to conform to all applicable laws governing the rates of interest that may be charged. If the amount contracted for, charged or received by BCI exceeds the maximum amount permitted by law, it is agreed that such excess will be considered an error and canceled immediately and, if already paid, shall be refunded to the Dealer or, at BCI's option, applied to other outstanding liabilities of Dealer to BCI.

As hereby amended, the ISA is affirmed and ratified in all respects.

BCI:

DEALER: Apple Homes Corporation

By:

By: /s/ E. Samuel Evans

Title:Credit Mgr.

Title: President

By:

Bombardier Capital Inc.

MANUFACTURED HOUSING
ADDENDUM TO INVENTORY
SECURITY AGREEMENT AND
POWER OF ATTORNEY

This Manufactured Housing Addendum (this "Addendum" is made as of the date stated below by and between Apple Homes, Inc. having its principal place of business at 128 Hadden Pond Rd Waynesboro, GA 30830 ("Debtor") and BOMBARDIER CAPITAL INC., having an office at Colchester, Vermont ("Secured Party"). The parties intend that this addendum be an addendum to that certain Inventory Security Agreement and Power of Attorney (the "ISA") either heretofore or contemporaneously herewith signed by the parties hereto in consideration for which Secured Party from time to time may grant extensions of credit to or on behalf of Debtor so that Debtor may acquire Debtor's "Inventory" as that term is defined in the ISA.

1. All capitalized terms not otherwise defined herein shall have the same meanings as ascribed to those terms in the ISA. Except as amended by this Addendum, the ISA remains unchanged and in full force and effect between the parties in accordance with its terms. The ISA and this Addendum together with any other amendments thereto constitute a singular agreement between the parties.
2. Other than as part of a delivery and set-up service to a purchaser buying Inventory in the ordinary course of Debtor's business, Debtor agrees never to affix any Inventory to any real property in such a manner as to become a "fixture" without first notifying Secured Party and obtaining Secured Party's express written permission to do so.
3. Debtor agrees to notify Secured Party in writing of the exact address (including a complete legal description) of any real estate upon which Debtor places any Inventory, regardless of the manner of affixation. Debtor further agrees to notify in writing (with a copy to Secured Party) any owner or encumbrances of real estate upon which debtor places any Inventory of the existence of Secured Party's security interest in Debtor's Inventory. In the event Debtor, or any legal entity all or a majority of which is owned or controlled by Debtor, is the owner or encumbrancer of such real estate, Debtor, for him-, her-, or itself, and/or on behalf of such other entity and, in the capacity of owner or encumbrancer, hereby consents to Secured Party's security interest in such Inventory and disclaims any interest in such Inventory as fixtures.

4. Debtor agrees to execute and deliver to Secured Party at any time or from time to time any instrument, document, financing statement, continuation statement, assignment, manufacturer's statement or certificate of origin or of title and any certificate of title issued by any state or political subdivision evidencing that title to a particular item of Inventory is held in the name of Debtor (collectively, "Title Documents"), or any other writing which secured party may deem necessary or desirable to perfect secured Party's security interest in the Inventory, and to pay all recordation costs and taxes incident to filing or of recording any such instrument, document, statement, assignment, lien on title documents, or other such writing.

5. Debtor, for its own convenience, hereby requests, authorizes and empowers Secured Party, or any employee, agent or representative of Secured Party's designation, for and on behalf and in the name of Debtor, and as Debtor's lawful attorney-in-fact, to execute, deliver and record any financing statements, continuation statements and the like giving notice of Inventory floorplan financing done or to be done under this Addendum and the ISA.

IN WITNESS WHEREOF, the parties have caused this Addendum to be duly signed on JULY 23, 1998.

ACCEPTED BY:
BOMBARDIER CAPITAL INC.

(Seal)
Apple Homes Homes, Inc.

By:

By: /s/ E. Samuel Evans

(Signature) (and Title if Debtor is a corporation)

Title: E. Samuel Evans - President

Attest:

Witness: /s/ Brenda Ferron

(Signature) (Secretary if Debtor is a corporation)

(If a corporation, Debtor's corporate seal must be affixed, and its Secretary must sign on line marked "Witness")

ACKNOWLEDGEMENT FOR INDIVIDUAL DEBTOR

STATE OF _____ : CITY/COUNTY OF _____ :TO WIT:

I HEREBY CERTIFY that on this _____ day of _____, 19_____, before me, the subscriber, a Notary Public in and for the State and City/County aforesaid, personally appeared _____ known to me or satisfactorily proven to be the person executing the foregoing Addendum as Debtor, who acknowledged that (s)he has executed the foregoing Addendum in his/her individual capacity and that the same is he/her act and deed.

My Commission Expires on _____
Notary Public

ACKNOWLEDGEMENT FOR PARTNERSHIP OR CORPORATE DEBTOR

STATE OF GEORGIA: CITY/COUNTY OF RICHMOND: TO WIT:

I HEREBY CERTIFY that on this 23rd day of July, 1998, before me, the subscriber, a Notary Public in and for the State and city/County aforesaid, personally appeared E. Samuel Evans known to me or satisfactorily proven to be the person executing the foregoing Addendum on behalf of the Debtor, who acknowledged that (s)he is a President of the Debtor, () a partnership (X) a corporation, and that , as such President, (s)he is duly authorized to execute and has executed the foregoing Addendum on behalf of the debtor for the purpose therein set forth by signing the name of the Debtor and that the same is the act and deed of the Debtor.

My commission Expires on June 10, 2000. /s/Frances M. Flake

Notary Public

Exhibit 10.3.2cc

Bombardier Capital Inc. INVENTORY SECURITY AGREEMENT
AND POWER OF ATTORNEY

- 1. Parties: The parties to this Agreement are Bombardier Capital Inc. ("BCI") and the Dealer who has signed at the end of this Agreement ("Dealer").
- 2. Advances: At Dealer's request, BCI, at its option, will advance funds for the acquisition of Dealer's Inventory ("Inventory"), or for such other purpose satisfactory to BCI, secured, in whole part, by a security interest in the Collateral described in Paragraph 4 below. In each case, BCI will send Dealer a schedule or schedules as described in Paragraph 3 below. If Dealer does not agree with the schedule(s), it must immediately notify BCI in writing of any objections. Dealer's failure to notify BCI of its

objections within seven (7) days shall constitute an acceptance of the schedule(s).

3. Payment: Dealer shall repay BCI in accordance with either or a combination of the following Plans, which shall be chosen at the sole discretion of BCI:
- a) Pay As Sold Plan: BCI shall deliver to Dealer a schedule or schedules listing each item of Inventory on which BCI has advanced funds and the amount of the advance. Immediately upon the sale of each item of Inventory, Dealer will pay to BCI the total amount due on that item. Dealer will pay to BCI the total amount due on unsold Inventory within the period established from time to time by BCI or upon demand by BCI, whichever first occurs and will pay such curtailments as BCI may require.
 - b) Scheduled Payment Plan: BCI shall deliver to Dealer a schedule or schedules listing the repayment terms for the Inventory on which it has advanced funds and the amount of the advance. Dealer will thereafter pay to BCI the payment due, when due or upon demand by BCI, whichever comes first, as shown on the schedule(s) BCI supplies Dealer.

Under either Plan, Dealer agrees that:

- a) Dealer will pay BCI financing and service charges, insurance charges (if any), and late charges according to and upon receipt of the billing statements which BCI delivers to Dealer and within the time specified by BCI.
- b) BCI, at its discretion, may at any time and without notice to Dealer apply or reapply any monies received from Dealer in payment of any Dealer's obligations or liabilities to BCI, in such order of application as BCI may determine.

4. Collateral:

- a) In order to secure repayment to BCI of all extensions of credit made by BCI under this Agreement, and to secure payment of all other debts or liabilities and performance of all obligations of Dealer to BCI, whether now existing or hereafter existing, Dealer agrees that BCI shall have and hereby grants to BCI a security interest in all of the rights, titles and interests (whether now existing or hereafter arising or acquired from time to time) of the Dealer in, to and under all Inventory, including but not limited to, all goods manufactured and/or sold by any manufacturer, distributor or seller, which

inventory is owned by Dealer or in which Dealer has an interest, the

purchase of which was financed or floorplanned by BCI for the Dealer of whatever kind or nature, wherever located, and all returns, repossessions, exchanges, substitutions, replacements, attachments, parts, accessories and accessions thereto and thereof, and all other goods used or intended to be used in conjunction therewith and all proceeds and products thereof, and documents relating thereto (the "Collateral").

- b) Dealer shall execute and deliver such financing statements and amendments thereto and all further writings as BCI shall request to accomplish the purpose of this Agreement and Dealer shall bear all the costs of recording and perfection.

5. Dealer's Duties: Dealer agrees:

- a) That upon purchase of each item of Inventory, Dealer shall deliver to BCI upon request, the Certificate of Title or Certificate of Origin issued for same, if any, and BCI shall have the right to have its lien, encumbrance or security interest noted thereon and/or retain such Certificate of Origin.
- b) To sell and deliver Inventory only in the ordinary course of business and not to use, rent or dispose of Collateral except as herein provided, nor permit any encumbrance upon the Collateral without BCI's prior written consent.
- c) To keep all Collateral in good order, repair and operating condition, and to pay all transportation and storage charges on the Collateral.
- d) To pay immediately all taxes, expenses, assessments and charges which may now or hereafter be levied or assessed against the Collateral.
- e) To hold any funds and proceeds payable to BCI, in the same form as received, IN TRUST for BCI, separate and apart from Dealer's funds and goods. BCI shall apply all amounts so received from Dealer toward the payment of and liabilities of Dealer, in such order of application as BCI may determine.
- f) To reimburse BCI for BCI's expense and cost incurred in connection with inspections of the Collateral, and its collection and administration costs.
- g) That for purposes of determining the rate of charge hereunder, any other language herein to the contrary notwithstanding, charges shall be deemed to have been accrued and accruing from the date of purchase of each item of Inventory and shall be determined on an annualized basis (without regard to any 'free-flooring' period).
- h) Dealer agrees to keep all Collateral insured against risks covered by standard forms of fire, theft and extended coverage insurance and such other risks as may be required by BCI, in such amounts and under such

policies issued by such insurance company or companies as are satisfactory to BCI. BCI shall be named either as a co-insured or under a loss payable clause, to the extent its interest may appear. Should Dealer fail to procure such insurance upon request, BCI may, but is not obligated to, procure the same and collect the cost thereof from Dealer.

- i) To keep all of the Collateral only at its place(s) of business referred to in Section 13 and to permit BCI to inspect the Collateral during Dealer's business hours and at other reasonable times and to inspect and make copies of Dealer's books and records.
- j) Dealer shall at all times keep full and accurate records of its business and Dealer shall upon demand, furnish BCI all such information regarding Dealer's business and financial condition as BCI may reasonably request.
- k) That BCI may hold any sums or monies belonging to the Dealer which come into the possession of BCI and may apply all or a portion of said sums or monies to any outstanding indebtedness, liabilities or obligations of the Dealer.

6. Power of Attorney: Dealer grants to BCI:

- a) A power of attorney under which BCI may a) execute on behalf of Dealer any notes, chattel paper, UCC financing statements, amendments thereto and continuations thereof (or similar statements of notice, registration, amendment or continuation under the laws of any jurisdiction), or other writing in connection with this Agreement or the Collateral as BCI may require for the purpose of protecting, maintaining or enforcing the Collateral or the security interest granted to BCI in the Collateral and
- b) adjust, make, pursue, settle and collect any insurance claim in connection with this Agreement, as attorney-in-fact for Dealer.

7. Default: The following shall constitute default under this Agreement:

- a) Any breach or failure of Dealer to observe or perform any of its obligations, covenants or undertakings hereunder.
- b) Misrepresentation by Dealer to BCI in connection with the business and financial condition of Dealer or relating to Collateral.
- c) Death or dissolution of Dealer, or if any action or proceedings to dissolve Dealer be instituted.
- d) Dealer becoming insolvent or making an assignment for the benefit of

creditors, or if a Petition in Bankruptcy is filed by or against Dealer, or a complaint in equity or other proceedings for the appointment of a receiver for Dealer is filed, or if proceedings for reorganization or for composition with creditors under any law be instituted by or against Dealer, or if any or all of the goods of Dealer shall be attached

e) BCI in good faith deems itself insecure.

8. Remedies: If Dealer defaults, BCI can, at its option and without notice, demand immediate payment of all obligations under this Agreement and any other indebtedness owed to BCI. BCI shall have all the rights and remedies of a secured party under the Uniform Commercial Code in effect in the jurisdiction where the Collateral is kept including, but not limited to, the right to enter any of Dealer's premises with or without legal process, but without force, and to take possession and remove the Collateral. At BCI's request and to the extent Dealer may lawfully do so, Dealer will assemble, prepare for removal and make available to BCI at a place to be designated by BCI which is reasonably convenient to both parties such items of Collateral as BCI may deem sufficient to cover all of Dealer's obligations to BCI. Dealer agrees that private sale of any item financed by BCI at the amount owed to BCI on that item, less a reasonable restocking charge shall be a commercially reasonable method of disposition. Five (5) days written notice of public sale date or the date after which a private sale may occur shall be a reasonable notice. BCI shall not be chargeable with responsibility for the accuracy or validity of any document or for the existence or value of any Collateral. Dealer further agrees to pay reasonable attorney's fees and legal expenses incurred by BCI in enforcing this Agreement after default by Dealer. To the extent not prohibited by law, Dealer waives all valuation and exemption laws and releases all right of appeal after payment in full.

9. Time and Acknowledgement: Time is of the essence in the performance of Dealer's duties, but the failure of BCI to enforce its rights under this Agreement shall not be deemed a waiver of BCI's rights under this Agreement. Dealer will not assert against BCI any claim or defense Dealer

may have against any seller of goods to Dealer. Dealer acknowledges receipt of a copy of this Agreement.

10. Assignment: This Agreement may be assigned by BCI but Dealer may not assign this Agreement without the prior written consent of BCI.

11. Modification: This Agreement may not be modified, altered or amended in any manner whatsoever, except by a further agreement in writing signed by both Dealer and BCI.

12. Governing Law: The validity, enforceability and interpretation of this Agreement shall be governed by the laws of the State of New York.
13. Dealer Business and Warehouse Addresses: (Attach a schedule if more space required.)

Location #1
108 Jimps Road
Statesboro, GA

Location #2

Location #3

Location #4

Effective as of the 6 day of February 1998

WITNESS:
(OR ATTEST)

/s/ Brenda Ferron (SEAL)

Secretary

Accepted by:
BOMBARDIER CAPITAL INC.

By /s/ S. Harris

Title: Credit Manager

DEALER: Apple Homes Corp.

Type or print name of Dealer

By: /s/ E. Samuel Evans

Name: E. Samuel Evans

Title: President

By:

Name:

Title:

ACKNOWLEDGMENT BY DEALER IF INDIVIDUAL(S) OR PARTNERSHIP

STATE OF
COUNTY OF

On this the ____ day of _____, 19__ before me personally appeared _____ known to me to be the person(s) whose name(s) is (are) subscribed to the foregoing Inventory Security Agreement and Power of Attorney and acknowledged that he (they) voluntarily executed the same for the purposes therein contained.

In Witness Whereof I Hereunto set my hand and Official Seal.

Notary Public

ACKNOWLEDGMENT BY DEALER IF A CORPORATION

STATE OF GEORGIA
COUNTY OF BULLOCH

On this the 6 day of February, 1998 before me personally appeared E. Samuel Evans who acknowledged himself to be the President of Apple Homes Corporation, a corporation, and that he, being authorized by the Board of Directors, voluntarily executed the foregoing Inventory Security Agreement and Power of Attorney for the purposes therein contained, by signing the name of the corporation by himself.

In Witness Whereof I Hereto set my hand and Official Seal.

/s/Frances M. Flake

Notary Public

Bombardier Capital

FIRST AMENDMENT TO
INVENTORY SECURITY AGREEMENT
AND POWER TO ATTORNEY

This First Amendment to Inventory Security Agreement and Power of Attorney is made as of the 6 day of February, 1998, by and between Bombardier Capital Inc. ("BCI") and Apple Homes Corporation ("Dealer").

WHEREAS, BCI and Dealer entered into a certain Inventory Security Agreement and Power of Attorney dated as of 2-6-98 (the "ISA") under and pursuant to which BCI provided certain financing to the Dealer for the purchase by Dealer of inventory (as that term is defined in the ISA and incorporated herein by reference);

WHEREAS, the ISA called for the Dealer to pay BCI certain sums in connection with financing provided by BCI under and pursuant to the ISA;

WHEREAS, BCI and the Dealer wish to amend the ISA for the purpose of further clarifying their existing agreement with respect to rates charged to the Dealer by BCI under and pursuant to the ISA.

NOW THEREFORE, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, BCI and the Dealer hereby agree that the ISA is amended to add the following two paragraphs after the second of the two paragraphs lettered b) in Section 3 of the ISA:

c) The specific interest rate(s) charged to Dealer are stated on individual financial program letters, which letters may be obtained by the Dealer from BCI representatives. The interest rates charged at any given time are determined by the financial programs in force for the specific products that Dealer purchases under this Agreement, and Dealer and BCI agree that the rates charged may fluctuate over time and may vary depending on factors such as the type and brand of Inventory purchased, time of year, age of the Inventory, and/or payment habits of Dealer.

d) It is the intention of BCI to conform to all applicable laws governing the rates of interest that may be charged. If the amount contracted for, charged or received by BCI exceeds the maximum amount permitted by law, it is agreed that such excess will be considered an error and canceled immediately and, if already paid, shall be refunded to the Dealer or, at BCI's option, applied to other outstanding liabilities of Dealer to BCI.

As hereby amended, the ISA is affirmed and ratified in all respects.

BCI:

DEALER: Apple Homes Corporation

By:

By: /s/ E. Samuel Evans

Title:Credit Mgr.

Title: President

By:

Title:

Bombardier Capital Inc.

MANUFACTURED HOUSING
ADDENDUM TO INVENTORY
SECURITY AGREEMENT AND

This Manufactured Housing Addendum (this "Addendum" is made as of the date stated below by and between Apple Homes Corp. having its principal place of business at 108 Jimps Rd., Statesboro, GA ("Debtor") and BOMBARDIER CAPITAL INC., having an office at Colchester, Vermont ("Secured Party"). The parties intend that this addendum be an addendum to that certain Inventory Security Agreement and Power of Attorney (the "ISA") either heretofore or contemporaneously herewith signed by the parties hereto in consideration for which Secured Party from time to time may grant extensions of credit to or on behalf of Debtor so that Debtor may acquire Debtor's "Inventory" as that term is defined in the ISA.

1. All capitalized terms not otherwise defined herein shall have the same meanings as ascribed to those terms in the ISA. Except as amended by this Addendum, the ISA remains unchanged and in full force and effect between the parties in accordance with its terms. The ISA and this Addendum together with any other amendments thereto constitute a singular agreement between the parties.
2. Other than as part of a delivery and set-up service to a purchaser buying Inventory in the ordinary course of Debtor's business, Debtor agrees never to affix any Inventory to any real property in such a manner as to become a "fixture" without first notifying Secured Party and obtaining Secured Party's express written permission to do so.
3. Debtor agrees to notify Secured Party in writing of the exact address (including a complete legal description) of any real estate upon which Debtor places any Inventory, regardless of the manner of affixation. Debtor further agrees to notify in writing (with a copy to Secured Party) any owner or encumbrances of real estate upon which Debtor places any Inventory of the existence of Secured Party's security interest in Debtor's Inventory. In the event Debtor, or any legal entity all or a majority of which is owned or controlled by Debtor, is the owner or encumbrancer of such real estate, Debtor, for him-, her-, or itself, and/or on behalf of such other entity and, in the capacity of owner or encumbrancer, hereby consents to Secured Party's security interest in such Inventory and disclaims any interest in such Inventory as fixtures.
4. Debtor agrees to execute and deliver to Secured Party at any time or from time to time any instrument, document, financing statement, continuation statement, assignment, manufacturer's statement or certificate of origin or of title and any certificate of title issued by any state or political subdivision evidencing that title to a particular item of Inventory is held in the name of Debtor (collectively, "Title Documents"), or any other writing which Secured Party may deem necessary or desirable to perfect Secured Party's security interest in the Inventory, and to pay all recordation costs and taxes incident to filing or of recording any such instrument, document, statement, assignment, lien on title documents, or other such writing.

5. Debtor, for its own convenience, hereby requests, authorizes and empowers Secured Party, or any employee, agent or representative of Secured Party's designation, for and on behalf and in the name of Debtor, and as Debtor's lawful attorney-in-fact, to execute, deliver and record any financing statements, continuation statements and the like giving notice of Inventory floorplan financing done or to be done under this Addendum and the ISA.

IN WITNESS WHEREOF, the parties have caused this Addendum to be duly signed on JULY 23, 1998.

BOMBARDIER CAPITAL INC. ACCEPTED BY: (Seal) Evans-Lanier, Inc.

By: _____ By: /s/ E. Samuel Evans _____ (Signature) (and Title if Debtor is a corporation) Title: E. Samuel Evans - President

Attest: _____ Witness: /s/ Brenda Ferron _____ (Signature) (Secretary if Debtor is a corporation)

(If a corporation, Debtor's corporate seal must be affixed, and its Secretary must sign on line marked "Witness")

ACKNOWLEDGEMENT FOR INDIVIDUAL DEBTOR

STATE OF _____ : CITY/COUNTY OF _____ :TO WIT:

I HEREBY CERTIFY that on this _____ day of _____, 19_____, before me, the subscriber, a Notary Public in and for the State and City/County aforesaid, personally appeared _____ known to me or satisfactorily proven to be the person executing the foregoing Addendum as Debtor, who acknowledged that (s)he has executed the foregoing Addendum in his/her individual capacity and that the same is he/her act and deed.

My Commission Expires on _____ Notary Public

ACKNOWLEDGEMENT FOR PARTNERSHIP OR CORPORATE DEBTOR

STATE OF GEORGIA: CITY/COUNTY OF BULLOCK: TO WIT:

I HEREBY CERTIFY that on this 23rd day of July, 1998, before me, the subscriber, a Notary Public in and for the State and city/County aforesaid, personally appeared E. Samuel Evans known to me or satisfactorily proven to be the person executing the foregoing Addendum on behalf of the Debtor, who acknowledged that (s)he is a President of the Debtor, () a partnership (X) a corporation, and that , as such President, (s)he is duly authorized to execute and has executed the foregoing Addendum on behalf of the debtor for the purpose therein set forth by signing the name of the Debtor and that the same is the act and deed of the Debtor.

My commission Expires on June 10, 2000.

/s/Frances M. Flake

Notary Public

Exhibit 10.3.2dd

Bombardier Capital Inc.

INVENTORY SECURITY AGREEMENT
AND POWER OF ATTORNEY

1. Parties: The parties to this Agreement are Bombardier Capital Inc. ("BCI") and the Dealer who has signed at the end of this Agreement ("Dealer").
2. Advances: At Dealer's request, BCI, at its option, will advance funds for the acquisition of Dealer's Inventory ("Inventory"), or for such other purpose satisfactory to BCI, secured, in whole part, by a security interest in the Collateral described in Paragraph 4 below. In each case, BCI will send Dealer a schedule or schedules as described in Paragraph 3 below. If Dealer does not agree with the schedule(s), it must immediately notify BCI in writing of any objections. Dealer's failure to notify BCI of its objections within seven (7) days shall constitute an acceptance of the schedule(s).
3. Payment: Dealer shall repay BCI in accordance with either or a combination of the following Plans, which shall be chosen at the sole discretion of BCI:
 - a) Pay As Sold Plan: BCI shall deliver to Dealer a schedule or schedules listing each item of Inventory on which BCI has advanced funds and the amount of the advance. Immediately upon the sale of each item of Inventory, Dealer will pay to BCI the total amount due on that item. Dealer will pay to BCI the total amount due on unsold Inventory within the period established from time to time by BCI or upon demand by BCI, whichever first occurs and will pay such curtailments as BCI may

require.

- b) Scheduled Payment Plan: BCI shall deliver to Dealer a schedule or schedules listing the repayment terms for the Inventory on which it has advanced funds and the amount of the advance. Dealer will thereafter pay to BCI the payment due, when due or upon demand by BCI, whichever comes first, as shown on the schedule(s) BCI supplies Dealer.

Under either Plan, Dealer agrees that:

- a) Dealer will pay BCI financing and service charges, insurance charges (if any), and late charges according to and upon receipt of the billing statements which BCI delivers to Dealer and within the time specified by BCI.
- b) BCI, at its discretion, may at any time and without notice to Dealer apply or reapply any monies received from Dealer in payment of any Dealer's obligations or liabilities to BCI, in such order of application as BCI may determine.

4. Collateral:

- a) In order to secure repayment to BCI of all extensions of credit made by BCI under this Agreement, and to secure payment of all other debts or liabilities and performance of all obligations of Dealer to BCI, whether now existing or hereafter existing, Dealer agrees that BCI shall have and hereby grants to BCI a security interest in all of the rights, titles and interests (whether now existing or hereafter arising or acquired from time to time) of the Dealer in, to and under all Inventory, including but not limited to, all goods manufactured and/or sold by any manufacturer, distributor or seller, which

inventory is owned by Dealer or in which Dealer has an interest, the purchase of which was financed or floorplanned by BCI for the Dealer of whatever kind or nature, wherever located, and all returns, repossessions, exchanges, substitutions, replacements, attachments, parts, accessories and accessions thereto and thereof, and all other goods used or intended to be used in conjunction therewith and all proceeds and products thereof, and documents relating thereto (the "Collateral").

- b) Dealer shall execute and deliver such financing statements and amendments thereto and all further writings as BCI shall request to accomplish the purpose of this Agreement and Dealer shall bear all the costs of recording and perfection.

5. Dealer's Duties: Dealer agrees:

- a) That upon purchase of each item of Inventory, Dealer shall deliver to BCI upon request, the Certificate of Title or Certificate of Origin issued for same, if any, and BCI shall have the right to have its lien, encumbrance or security interest noted thereon and/or retain such Certificate of Origin.
- b) To sell and deliver Inventory only in the ordinary course of business and not to use, rent or dispose of Collateral except as herein provided, nor permit any encumbrance upon the Collateral without BCI's prior written consent.
- c) To keep all Collateral in good order, repair and operating condition, and to pay all transportation and storage charges on the Collateral.
- d) To pay immediately all taxes, expenses, assessments and charges which may now or hereafter be levied or assessed against the Collateral.
- e) To hold any funds and proceeds payable to BCI, in the same form as received, IN TRUST for BCI, separate and apart from Dealer's funds and goods. BCI shall apply all amounts so received from Dealer toward the payment of and liabilities of Dealer, in such order of application as BCI may determine.
- f) To reimburse BCI for BCI's expense and cost incurred in connection with inspections of the Collateral, and its collection and administration costs.
- g) That for purposes of determining the rate of charge hereunder, any other language herein to the contrary notwithstanding, charges shall be deemed to have been accrued and accruing from the date of purchase of each item of Inventory and shall be determined on an annualized basis (without regard to any 'free-flooring' period).
- h) Dealer agrees to keep all Collateral insured against risks covered by standard forms of fire, theft and extended coverage insurance and such other risks as may be required by BCI, in such amounts and under such policies issued by such insurance company or companies as are satisfactory to BCI. BCI shall be named either as a co-insured or under a loss payable clause, to the extent its interest may appear. Should Dealer fail to procure such insurance upon request, BCI may, but is not obligated to, procure the same and collect the cost thereof from Dealer.
- i) To keep all of the Collateral only at its place(s) of business referred to in Section 13 and to permit BCI to inspect the Collateral during Dealer's business hours and at other reasonable times and to inspect and make copies of Dealer's books and records.
- j) Dealer shall at all times keep full and accurate records of its business and Dealer shall upon demand, furnish BCI all such

information regarding Dealer's business and financial condition as BCI may reasonably request.

- k) That BCI may hold any sums or monies belonging to the Dealer which come into the possession of BCI and may apply all or a portion of said sums or monies to any outstanding indebtedness, liabilities or obligations of the Dealer.

6. Power of Attorney: Dealer grants to BCI:

- a) A power of attorney under which BCI may a) execute on behalf of Dealer any notes, chattel paper, UCC financing statements, amendments thereto and continuations thereof (or similar statements of notice, registration, amendment or continuation under the laws of any jurisdiction), or other writing in connection with this Agreement or the Collateral as BCI may require for the purpose of protecting, maintaining or enforcing the Collateral or the security interest granted to BCI in the Collateral and
- b) adjust, make, pursue, settle and collect any insurance claim in connection with this Agreement, as attorney-in-fact for Dealer.

7. Default: The following shall constitute default under this Agreement:

- a) Any breach or failure of Dealer to observe or perform any of its obligations, covenants or undertakings hereunder.
- b) Misrepresentation by Dealer to BCI in connection with the business and financial condition of Dealer or relating to Collateral.
- c) Death or dissolution of Dealer, or if any action or proceedings to dissolve Dealer be instituted.
- d) Dealer becoming insolvent or making an assignment for the benefit of creditors, or if a Petition in Bankruptcy is filed by or against Dealer, or a complaint in equity or other proceedings for the appointment of a receiver for Dealer is filed, or if proceedings for reorganization or for composition with creditors under any law be instituted by or against Dealer, or if any or all of the goods of Dealer shall be attached.
- e) BCI in good faith deems itself insecure.

8. Remedies: If Dealer defaults, BCI can, at its option and without notice, demand immediate payment of all obligations under this Agreement and any other indebtedness owed to BCI. BCI shall have all the rights and remedies of a secured party under the Uniform Commercial Code in effect in the jurisdiction where the Collateral is kept including, but not limited to,

the right to enter any of Dealer's premises with or without legal process, but without force, and to take possession and remove the Collateral. At BCI's request and to the extent Dealer may lawfully do so, Dealer will assemble, prepare for removal and make available to BCI at a place to be designated by BCI which is reasonably convenient to both parties such items of Collateral as BCI may deem sufficient to cover all of Dealer's obligations to BCI. Dealer agrees that private sale of any item financed by BCI at the amount owed to BCI on that item, less a reasonable restocking charge shall be a commercially reasonable method of disposition. Five (5) days written notice of public sale date or the date after which a private sale may occur shall be a reasonable notice. BCI shall not be chargeable with responsibility for the accuracy or validity of any document or for the existence or value of any Collateral. Dealer further agrees to pay reasonable attorney's fees and legal expenses incurred by BCI in enforcing this Agreement after default by Dealer. To the extent not prohibited by law, Dealer waives all valuation and exemption laws and releases all right of appeal after payment in full.

9. Time and Acknowledgement: Time is of the essence in the performance of Dealer's duties, but the failure of BCI to enforce its rights under this Agreement shall not be deemed a waiver of BCI's rights under this Agreement. Dealer will not assert against BCI any claim or defense Dealer may have against any seller of goods to Dealer. Dealer acknowledges receipt of a copy of this Agreement.

10. Assignment: This Agreement may be assigned by BCI but Dealer may not assign this Agreement without the prior written consent of BCI.

11. Modification: This Agreement may not be modified, altered or amended in any manner whatsoever, except by a further agreement in writing signed by both Dealer and BCI.

12. Governing Law: The validity, enforceability and interpretation of this Agreement shall be governed by the laws of the State of New York.

13. Dealer Business and Warehouse Addresses: (Attach a schedule if more space required.)

Location #1
452 East Hill Street
Thomson, GA 30824

Location #2
17536 US Highway 1
Wrens, GA 30833

Location #3

Location #4

Effective as of the 6 day of February 1998

WITNESS:
(OR ATTEST)

/s/ Brenda Ferron (SEAL)

Secretary

Accepted by:
BOMBARDIER CAPITAL INC.

By /s/ S. Harris

Title: Credit Manager

DEALER: Evans-Lanier, Inc..

Type or print name of Dealer

By: /s/ E. Samuel Evans

Name: E. Samuel Evans

Title: President

By:

Name:

Title:

ACKNOWLEDGMENT BY DEALER IF INDIVIDUAL(S) OR PARTNERSHIP

STATE OF
COUNTY OF

On this the ____ day of _____, 19__ before me personally appeared _____ known to me to be the person(s) whose name(s) is (are) subscribed to the foregoing Inventory Security Agreement and Power of Attorney and acknowledged that he (they) voluntarily executed the same for the purposes therein contained.

In Witness Whereof I Hereunto set my hand and Official Seal.

Notary Public

ACKNOWLEDGMENT BY DEALER IF A CORPORATION

STATE OF GEORGIA
COUNTY OF McDuffie

On this the 7 day of August, 1996 before me personally appeared E. Samuel Evans who acknowledged himself to be the President of Evans-Lanier, Inc., a corporation, and that he, being authorized by the Board of Directors, voluntarily executed the foregoing Inventory Security Agreement and Power of Attorney for the purposes therein contained, by signing the name of the corporation by himself.

In Witness Whereof I Hereto set my hand and Official Seal.

/s/Frances M. Flake

Notary Public

Bombardier Capital

FIRST AMENDMENT TO
INVENTORY SECURITY AGREEMENT
AND POWER TO ATTORNEY

This First Amendment to Inventory Security Agreement and Power of Attorney is made as of the 7 day of August, 1996, by and between Bombardier Capital Inc. ("BCI") and Evans-Lanier, Inc. ("Dealer").

WHEREAS, BCI and Dealer entered into a certain Inventory Security Agreement and Power of Attorney dated as of 8-7-96 (the "ISA") under and pursuant to which BCI provided certain financing to the Dealer for the purchase by Dealer of inventory (as that term is defined in the ISA and incorporated herein by reference);

WHEREAS, the ISA called for the Dealer to pay BCI certain sums in connection with financing provided by BCI under and pursuant to the ISA;

WHEREAS, BCI and the Dealer wish to amend the ISA for the purpose of further clarifying their existing agreement with respect to rates charged to the Dealer by BCI under and pursuant to the ISA.

NOW THEREFORE, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, BCI and the Dealer hereby agree that the ISA is amended to add the following two paragraphs after the second of the two paragraphs lettered b) in Section 3 of the ISA:

c) The specific interest rate(s) charged to Dealer are stated on individual financial program letters, which letters may be obtained by the Dealer from

BCI representatives. The interest rates charged at any given time are determined by the financial programs in force for the specific products that Dealer purchases under this Agreement, and Dealer and BCI agree that the rates charged may fluctuate over time and may vary depending on factors such as the type and brand of Inventory purchased, time of year, age of the Inventory, and/or payment habits of Dealer.

d) It is the intention of BCI to conform to all applicable laws governing the rates of interest that may be charged. If the amount contracted for, charged or received by BCI exceeds the maximum amount permitted by law, it is agreed that such excess will be considered an error and canceled immediately and, if already paid, shall be refunded to the Dealer or, at BCI's option, applied to other outstanding liabilities of Dealer to BCI.

As hereby amended, the ISA is affirmed and ratified in all respects.

BCI: DEALER: Evans-Lanier, Inc.

By: By: /s/ E. Samuel Evans

Title:Credit Mgr. Title: President

Bombardier Capital Inc. MANUFACTURED HOUSING
ADDENDUM TO INVENTORY
SECURITY AGREEMENT AND
POWER OF ATTORNEY

This Manufactured Housing Addendum (this "Addendum" is made as of the date stated below by and between Evan-Lanier, Inc.. having its principal place of business at 452 E Hill Street, Thomson, GA 30824 ("Debtor") and BOMBARDIER CAPITAL INC., having an office at Colchester, Vermont ("Secured Party"). The parties intend that this addendum be an addendum to that certain Inventory Security Agreement and Power of Attorney (the "ISA") either heretofore or contemporaneously herewith signed by the parties hereto in consideration for which Secured Party from time to time may grant extensions of credit to or on behalf of Debtor so that Debtor may acquire Debtor's "Inventory" as that term is defined in the ISA.

1. All capitalized terms not otherwise defined herein shall have the same meanings as ascribed to those terms in the ISA. Except as amended by this Addendum, the ISA remains unchanged and in full force and effect between the parties in accordance with its terms. The ISA and this Addendum together with any other amendments thereto constitute a singular agreement

between the parties.

2. Other than as part of a delivery and set-up service to a purchaser buying Inventory in the ordinary course of Debtor's business, Debtor agrees never to affix any Inventory to any real property in such a manner as to become a "fixture" without first notifying Secured Party and obtaining Secured Party's express written permission to do so.
3. Debtor agrees to notify Secured Party in writing of the exact address (including a complete legal description) of any real estate upon which Debtor places any Inventory, regardless of the manner of affixation. Debtor further agrees to notify in writing (with a copy to Secured Party) any owner or encumbrances of real estate upon which Debtor places any Inventory of the existence of Secured Party's security interest in Debtor's Inventory. In the event Debtor, or any legal entity all or a majority of which is owned or controlled by Debtor, is the owner or encumbrancer of such real estate, Debtor, for him-, her-, or itself, and/or on behalf of such other entity and, in the capacity of owner or encumbrancer, hereby consents to Secured Party's security interest in such Inventory and disclaims any interest in such Inventory as fixtures.
4. Debtor agrees to execute and deliver to Secured Party at any time or from time to time any instrument, document, financing statement, continuation statement, assignment, manufacturer's statement or certificate of origin or of title and any certificate of title issued by any state or political subdivision evidencing that title to a particular item of Inventory is held in the name of Debtor (collectively, "Title Documents"), or any other writing which Secured Party may deem necessary or desirable to perfect Secured Party's security interest in the Inventory, and to pay all recordation costs and taxes incident to filing or of recording any such instrument, document, statement, assignment, lien on title documents, or other such writing.
5. Debtor, for its own convenience, hereby requests, authorizes and empowers Secured Party, or any employee, agent or representative of Secured Party's designation, for and on behalf and in the name of Debtor, and as Debtor's lawful attorney-in-fact, to execute, deliver and record any financing statements, continuation statements and the like giving notice of Inventory floorplan financing done or to be done under this Addendum and the ISA.

IN WITNESS WHEREOF, the parties have caused this Addendum to be duly signed on July 23, 1998

ACCEPTED BY:
BOMBARDIER CAPITAL INC.

Evans-Lanier, Inc.

(Seal)

By: _____

By: /s/ E. Samuel Evans

(Signature) (and Title if Debtor is a corporation)

Title: E. Samuel Evans - President

Attest: _____

Witness: /s/ Brenda Ferron

(Signature) (Secretary if Debtor is a corporation)

(If a corporation, Debtor's corporate seal must be affixed, and its Secretary must sign on line marked "Witness")

ACKNOWLEDGEMENT FOR INDIVIDUAL DEBTOR

STATE OF _____: CITY/COUNTY OF _____:TO WIT:

I HEREBY CERTIFY that on this _____ day of _____, 19_____, before me, the subscriber, a Notary Public in and for the State and City/County aforesaid, personally appeared _____ known to me or satisfactorily proven to be the person executing the foregoing Addendum as Debtor, who acknowledged that (s)he has executed the foregoing Addendum in his/her individual capacity and that the same is he/her act and deed.

My Commission Expires on _____

Notary Public

Exhibit 10.3.2e

Bombardier Capital Inc.

INVENTORY SECURITY AGREEMENT
AND POWER OF ATTORNEY

1. Parties: The parties to this Agreement are Bombardier Capital Inc. ("BCI") and the Dealer who has signed at the end of this Agreement ("Dealer").
2. Advances: At Dealer's request, BCI, at its option, will advance funds for the acquisition of Dealer's Inventory ("Inventory"), or for such other purpose satisfactory to BCI, secured, in whole part, by a security interest in the Collateral described in Paragraph 4 below. In each case, BCI will send Dealer a schedule or schedules as described in Paragraph 3 below. If

Dealer does not agree with the schedule(s), it must immediately notify BCI in writing of any objections. Dealer's failure to notify BCI of its objections within seven (7) days shall constitute an acceptance of the schedule(s).

3. Payment: Dealer shall repay BCI in accordance with either or a combination of the following Plans, which shall be chosen at the sole discretion of BCI:
 - a) Pay As Sold Plan: BCI shall deliver to Dealer a schedule or schedules listing each item of Inventory on which BCI has advanced funds and the amount of the advance. Immediately upon the sale of each item of Inventory, Dealer will pay to BCI the total amount due on that item. Dealer will pay to BCI the total amount due on unsold Inventory within the period established from time to time by BCI or upon demand by BCI, whichever first occurs and will pay such curtailments as BCI may require.
 - b) Scheduled Payment Plan: BCI shall deliver to Dealer a schedule or schedules listing the repayment terms for the Inventory on which it has advanced funds and the amount of the advance. Dealer will thereafter pay to BCI the payment due, when due or upon demand by BCI, whichever comes first, as shown on the schedule(s) BCI supplies Dealer.

Under either Plan, Dealer agrees that:

- a) Dealer will pay BCI financing and service charges, insurance charges (if any), and late charges according to and upon receipt of the billing statements which BCI delivers to Dealer and within the time specified by BCI.
 - b) BCI, at its discretion, may at any time and without notice to Dealer apply or reapply any monies received from Dealer in payment of any Dealer's obligations or liabilities to BCI, in such order of application as BCI may determine.
4. Collateral:
 - a) In order to secure repayment to BCI of all extensions of credit made by BCI under this Agreement, and to secure payment of all other debts or liabilities and performance of all obligations of Dealer to BCI, whether now existing or hereafter existing, Dealer agrees that BCI shall have and hereby grants to BCI a security interest in all of the rights, titles and interests (whether now existing or hereafter arising or acquired from time to time) of the Dealer in, to and under all Inventory, including but not limited to, all goods manufactured and/or sold by any manufacturer, distributor or seller, which inventory is owned by Dealer or in which Dealer has an interest, the purchase of which was financed or floorplanned by BCI for the Dealer of whatever kind or nature, wherever located, and all returns,

repossessions, exchanges, substitutions, replacements, attachments,

parts, accessories and accessions thereto and thereof, and all other goods used or intended to be used in conjunction therewith and all proceeds and products thereof, and documents relating thereto (the "Collateral"). Dealer shall execute and deliver such financing statements and amendments thereto and all further writings as BCI shall request to accomplish the purpose of this Agreement and Dealer shall bear all the costs of recording and perfection.

5. Dealer's Duties: Dealer agrees:

- a) That upon purchase of each item of Inventory, Dealer shall deliver to BCI upon request, the Certificate of Title or Certificate of Origin issued for same, if any, and BCI shall have the right to have its lien, encumbrance or security interest noted thereon and/or retain such Certificate of Origin.
- b) To sell and deliver Inventory only in the ordinary course of business and not to use, rent or dispose of Collateral except as herein provided, nor permit any encumbrance upon the Collateral without BCI's prior written consent.
- c) To keep all Collateral in good order, repair and operating condition, and to pay all transportation and storage charges on the Collateral.
- d) To pay immediately all taxes, expenses, assessments and charges which may now or hereafter be levied or assessed against the Collateral.
- e) To hold any funds and proceeds payable to BCI, in the same form as received, IN TRUST for BCI, separate and apart from Dealer's funds and goods. BCI shall apply all amounts so received from Dealer toward the payment of and liabilities of Dealer, in such order of application as BCI may determine.
- f) To reimburse BCI for BCI's expense and cost incurred in connection with inspections of the Collateral, and its collection and administration costs.
- g) That for purposes of determining the rate of charge hereunder, any other language herein to the contrary notwithstanding, charges shall be deemed to have been accrued and accruing from the date of purchase of each item of Inventory and shall be determined on an annualized basis (without regard to any 'free-flooding' period).
- h) Dealer agrees to keep all Collateral insured against risks covered by standard forms of fire, theft and extended coverage insurance and such other risks as may be required by BCI, in such amounts and under such

policies issued by such insurance company or companies as are satisfactory to BCI. BCI shall be named either as a co-insured or under a loss payable clause, to the extent its interest may appear. Should Dealer fail to procure such insurance upon request, BCI may, but is not obligated to, procure the same and collect the cost thereof from Dealer.

- i) To keep all of the Collateral only at its place(s) of business referred to in Section 13 and to permit BCI to inspect the Collateral during Dealer's business hours and at other reasonable times and to inspect and make copies of Dealer's books and records.
- j) Dealer shall at all times keep full and accurate records of its business and Dealer shall upon demand, furnish BCI all such information regarding Dealer's business and financial condition as BCI may reasonably request.
- k) That BCI may hold any sums or monies belonging to the Dealer which come into the possession of BCI and may apply all or a portion of said sums or monies to any outstanding indebtedness, liabilities or obligations of the Dealer.

6. Power of Attorney: Dealer grants to BCI:

- a) A power of attorney under which BCI may a) execute on behalf of Dealer any notes, chattel paper, UCC financing statements, amendments thereto and continuations thereof (or similar statements of notice, registration, amendment or continuation under the laws of any jurisdiction), or other writing in connection with this Agreement or the Collateral as BCI may require for the purpose of protecting, maintaining or enforcing the Collateral or the security interest granted to BCI in the Collateral and
- b) adjust, make, pursue, settle and collect any insurance claim in connection with this Agreement, as attorney-in-fact for Dealer.

7. Default: The following shall constitute default under this Agreement:

- a) Any breach or failure of Dealer to observe or perform any of its obligations, covenants or undertakings hereunder.
- b) Misrepresentation by Dealer to BCI in connection with the business and financial condition of Dealer or relating to Collateral.
- c) Death or dissolution of Dealer, or if any action or proceedings to dissolve Dealer be instituted.
- d) Dealer becoming insolvent or making an assignment for the benefit of

creditors, or if a Petition in Bankruptcy is filed by or against Dealer, or a complaint in equity or other proceedings for the appointment of a receiver for Dealer is filed, or if proceedings for reorganization or for composition with creditors under any law be instituted by or against Dealer, or if any or all of the goods of Dealer shall be attached.

e) BCI in good faith deems itself insecure.

8. Remedies: If Dealer defaults, BCI can, at its option and without notice, demand immediate payment of all obligations under this Agreement and any other indebtedness owed to BCI. BCI shall have all the rights and remedies of a secured party under the Uniform Commercial Code in effect in the jurisdiction where the Collateral is kept including, but not limited to, the right to enter any of Dealer's premises with or without legal process, but without force, and to take possession and remove the Collateral. At BCI's request and to the extent Dealer may lawfully do so, Dealer will assemble, prepare for removal and make available to BCI at a place to be designated by BCI which is reasonably convenient to both parties such items of Collateral as BCI may deem sufficient to cover all of Dealer's obligations to BCI. Dealer agrees that private sale of any item financed by BCI at the amount owed to BCI on that item, less a reasonable restocking charge shall be a commercially reasonable method of disposition. Five (5) days written notice of public sale date or the date after which a private sale may occur shall be a reasonable notice. BCI shall not be chargeable with responsibility for the accuracy or validity of any document or for the existence or value of any Collateral. Dealer further agrees to pay reasonable attorney's fees and legal expenses incurred by BCI in enforcing this Agreement after default by Dealer. To the extent not prohibited by law, Dealer waives all valuation and exemption laws and releases all right of appeal after payment in full.
9. Time and Acknowledgement: Time is of the essence in the performance of Dealer's duties, but the failure of BCI to enforce its rights under this Agreement shall not be deemed a waiver of BCI's rights under this Agreement. Dealer will not assert against BCI any claim or defense Dealer may have against any seller of goods to Dealer. Dealer acknowledges receipt of a copy of this Agreement.
10. Assignment: This Agreement may be assigned by BCI but Dealer may not assign this Agreement without the prior written consent of BCI.
11. Modification: This Agreement may not be modified, altered or amended in any manner whatsoever, except by a further agreement in writing signed by both Dealer and BCI.
12. Governing Law: The validity, enforceability and interpretation of this

Agreement shall be governed by the laws of the State of New York.

13. Dealer Business and Warehouse Addresses: (Attach a schedule if more space required.)

Location #1
108 Jimps Road
Statesboro, GA

Location #2

Location #3

Location #4

Effective as of the 6 day of February 1998

DEALER: Augusta Housing Center, Inc.

Type or print name of Dealer

By: /s/ E. Samuel Evans

WITNESS:
(OR ATTEST)

/s/ Brenda Ferron (SEAL)

Secretary

Name: E. Samuel Evans

Title: President

Accepted by:
BOMBARDIER CAPITAL INC.

By:

Name:

By /s/ S. Harris

Title:

Title: Credit Manager

ACKNOWLEDGMENT BY DEALER IF INDIVIDUAL(S) OR PARTNERSHIP

STATE OF
COUNTY OF

On this the ____ day of _____, 19__ before me personally appeared _____ known to me to be the person(s) whose name(s) is (are) subscribed to the foregoing Inventory Security Agreement and Power of Attorney and acknowledged that he (they) voluntarily executed the same for the purposes therein contained.

In Witness Whereof I Hereunto set my hand and Official Seal.

Notary Public

ACKNOWLEDGMENT BY DEALER IF A CORPORATION

STATE OF GEORGIA
COUNTY OF BULLOCH

On this the 6 day of February, 1998 before me personally appeared E. Samuel Evans who acknowledged himself to be the President of Apple Homes Corporation, a corporation, and that he, being authorized by the Board of Directors, voluntarily executed the foregoing Inventory Security Agreement and Power of Attorney for the purposes therein contained, by signing the name of the corporation by himself.

In Witness Whereof I Hereto set my hand and Official Seal.

/s/Frances M. Flake

Notary Public

Bombardier Capital

FIRST AMENDMENT TO
INVENTORY SECURITY AGREEMENT
AND POWER TO ATTORNEY

This First Amendment to Inventory Security Agreement and Power of Attorney is made as of the 6 day of February, 1998, by and between Bombardier Capital Inc. ("BCI") and Apple Homes Corporation ("Dealer").

WHEREAS, BCI and Dealer entered into a certain Inventory Security Agreement and Power of Attorney dated as of 2-6-98 (the "ISA") under and pursuant to which BCI provided certain financing to the Dealer for the purchase by Dealer of inventory (as that term is defined in the ISA and incorporated herein by reference);

WHEREAS, the ISA called for the Dealer to pay BCI certain sums in connection with financing provided by BCI under and pursuant to the ISA;

WHEREAS, BCI and the Dealer wish to amend the ISA for the purpose of further clarifying their existing agreement with respect to rates charged to the Dealer by BCI under and pursuant to the ISA.

NOW THEREFORE, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, BCI and the Dealer hereby agree that the ISA is amended to add the following two paragraphs after the second of the two paragraphs lettered b) in Section 3 of the ISA:

c) The specific interest rate(s) charged to Dealer are stated on individual financial program letters, which letters may be obtained by the Dealer from BCI representatives. The interest rates charged at any given time are determined by the financial programs in force for the specific products that Dealer purchases under this Agreement, and Dealer and BCI agree that the rates charged may fluctuate over time and may vary depending on factors such as the type and brand of Inventory purchased, time of year, age of the Inventory, and/or payment habits of Dealer.

d) It is the intention of BCI to conform to all applicable laws governing the rates of interest that may be charged. If the amount contracted for, charged or received by BCI exceeds the maximum amount permitted by law, it is agreed that such excess will be considered an error and canceled immediately and, if already paid, shall be refunded to the Dealer or, at BCI's option, applied to other outstanding liabilities of Dealer to BCI.

As hereby amended, the ISA is affirmed and ratified in all respects.

BCI:

DEALER: Apple Homes Corporation

By:

By: /s/ E. Samuel Evans

Title: Credit Mgr.

Title: President

By:

Title:

AGREEMENT FOR WHOLESALE FINANCING

This Agreement for Wholesale Financing ("Agreement") is made as of April 10, 1998 between Deutsche Financial Services corporation ("DFS") and Apple Homes corporation a () SOLE PROPRIETORSHIP, () PARTNERSHIP, (XX) CORPORATION, () LIMITED LIABILITY COMPANY (check applicable term) ("Dealer"), having a principal place of business located at 3633 Wheeler Rd., Ste 140, Augusta, GA 30909.

1. Extension of Credit. Subject to the terms of this Agreement, DFS may extend credit to Dealer from time to time to purchase inventory from DFS approved vendors ("Vendors") and for other purposes. If DFS advances funds to Dealer following Dealer's execution of this Agreement, DFS will be deemed to have entered into this Agreement with Dealer, whether or not executed by DFS. DFS' decision to advance funds will not be binding until the funds are actually advanced. DFS may combine all of DFS' advances to Dealer or on Dealer's behalf, whether under this Agreement or any other agreement, and whether provided by one or more of DFS' branch offices together with all finance charges, fees and expenses related thereto, to make one debt owed by Dealer. DFS may, at any time and without notice to Dealer, elect not to finance any inventory sold by particular Vendors who are in default of their obligations to DFS, or with respect to which DFS reasonably feels insecure. This is an agreement regarding the extension of credit, and not the provision of goods or services.

2. Financing Terms and Statements of Transaction. Dealer and DFS agree that certain financial terms of any advance made by DFS under this Agreement, whether regarding finance charges, other fees, maturities, curtailments or other financial terms, are not set forth herein because such terms depend, in part, upon the availability of Vendor discounts, payment terms or other incentives, prevailing economic conditions, DFS' floorplanning volume with Dealer and with Dealer's Vendors, and other economic factors which may vary over time. Dealer and DFS further agree that it is therefore in their mutual best interest to set forth in this Agreement only the general terms of Dealer's financing arrangement with DFS. Upon agreeing to finance a particular item of inventory for Dealer, DFS will send Dealer a Statement of Transaction identifying such inventory and the applicable financial terms. Unless Dealer notifies DFS in writing of any objection within fifteen (15) days after a Statement of Transaction is mailed to Dealer: (a) the amount shown on such Statement of Transaction will be an account stated; (b) Dealer will have agreed to all rates, charges and other terms shown on such Statement of Transaction; (c) Dealer will have agreed that DFS is financing the items of inventory referenced in such Statement of Transaction at Dealer's request; and (d) such Statement of Transaction will be incorporated herein by reference, will be made a part hereof as if originally set forth herein, and will constitute an addendum hereto. If Dealer objects to the terms of any Statement of Transaction, Dealer agrees to pay DFS for such inventory in accordance with the most recent terms for similar inventory to which Dealer has

no objected (or, if there are no prior terms, at the lesser of 16% per annum or at the maximum lawful contract rate of interest permitted under applicable law), but Dealer acknowledges that DFS may then elect to terminate Dealer's financing program pursuant to Section 17, and cease making additional advances to Dealer. However, such termination will not accelerate the maturities of advances previously made, unless Dealer shall otherwise be in default of this Agreement.

3. Grant of Security Interest. To secure payment of all of Dealer's current and future debts to DFS, whether under this Agreement or any current or future guaranty or other agreement, Dealer grants DFS a security interest in all of Dealer's Inventory, equipment, fixtures, accounts, contract rights, chattel paper, security agreements, instruments, deposit accounts, reserves, documents, and general intangibles; and all judgments, claims, insurance policies, and payments owed or made to Dealer thereon; all whether now owned or hereafter acquired, all attachments, accessories, accessions, returns, repossessions, exchanges, substitutions and replacements, thereto and all proceeds thereof. All such assets are collectively referred to herein as the "Collateral." All of such terms for which meanings are provided in the Uniform Commercial Code of the applicable state are used herein with such meanings. All Collateral financed by DFS, and all proceeds thereof, will be held in trust by Dealer for DFS, with such proceeds being payable in accordance with Section 9.

4. Affirmative Warranties and Representations. Dealer warrants and represents to DFS that: (a) Dealer has good title to all Collateral; (b) DFS' security interest in the Collateral financed by DFS is not now and will not become subordinate to the security interest, lien, encumbrance or claim of any person; (c) Dealer will execute all documents DFS requests to perfect and maintain DFS' security interest in the Collateral; (d) Dealer will deliver to DFS immediately upon each request, and DFS may retain, each Certificate of Title or Statement of Origin issued for Collateral financed by DFS; (e) Dealer will at all times be duly organized, existing in good standing, qualified and licensed to do business in each state, county, or parish, in which the nature of its business or property so requires; (f) Dealer has the right and is duly authorized to enter into this Agreement; (g) Dealer's execution of this Agreement does not constitute a breach of any agreement to which Dealer is now or hereafter becomes bound; (h) there are and will be no actions or proceedings pending or threatened against Dealer which might result in any material adverse change in Dealer's financial or business condition or which might in any way adversely affect any of Dealer's assets; (i) Dealer will maintain the Collateral in good condition and repair; (j) Dealer has duly filed and will duly file all tax returns required by law; (k) Dealer has paid and will pay when due all taxes, levies, assessments and governmental charges of any nature; (l) Dealer will keep and maintain all of its books and records pertaining to the Collateral at its principal place of business designated in this Agreement; (m) Dealer will promptly supply DFS with such information concerning it or any guarantor as DFS hereafter may reasonably request; (n) all Collateral will be kept at Dealer's principal place of business listed above, and such other locations, if any, of which Dealer has notified DFS in writing or as listed on any current or future Exhibit "A" attached hereto which written notice(s) to DFS and Exhibit A(s) are

incorporated herein by reference; (o) Dealer will give DFS thirty (30) days prior written notice of any change in Dealer's identity, name, form of business

organization, ownership, management, principal place of business, Collateral locations or other business locations, and before moving any books and records to any other location; (p) Dealer will observe and perform all matters required by any lease, license, concession or franchise forming part of the Collateral in order to maintain all the rights of DFS thereunder; (q) Dealer will advise DFS of the commencement of material legal proceedings against Dealer or any guarantor; and (r) Dealer will comply with all applicable laws and will conduct its business in a manner which preserves and protects the Collateral and the earnings and incomes thereof.

5. Negative Covenants. Dealer will not at any time (without DFS' prior written consent): (a) other than in the ordinary course of its business, sell, lease or otherwise dispose of or transfer any of its assets; (b) rent, lease, demonstrate, consign, or use any Collateral financed by DFS; or (c) merge or consolidate with another entity.

6. Insurance. Dealer will immediately notify DFS of any loss, theft or damage to any Collateral. Dealer will keep the Collateral insured for its full insurable value under an "all risk" property insurance policy with a company acceptable to DFS, naming DFS as a lender loss-payee or mortgagee and containing standard lender's loss payable and termination provisions. Dealer will provide DFS with written evidence of such property insurance coverage and lender's loss-payee or mortgagee endorsement.

7. Financial Statement. Dealer will deliver to DFS: (a) within ninety (90) days after the end of each of Dealer's fiscal years, a reasonably detailed balance sheet as of the last day of such fiscal year and a reasonably detailed income statement covering Dealer's operations for such fiscal year, in a form satisfactory to DFS; (b) within forty-five (45) days after the end of each of Dealer's fiscal quarters, a reasonably detail balance sheet as of the last day of such quarter and an income statement, covering Dealer's operations for such quarter, in a form satisfactory to DFS; and (c) within ten (10) days after request therefor by DFS, any other report requested by DFS relating to the Collateral or the financial condition of Dealer. Dealer warrants and represents to DFS that all financial statements and information relating to Dealer or any guarantor which have been or may hereafter be delivered by Dealer or any guarantor are true and correct and have been and will be prepared in accordance with generally accepted accounting principles consistently applied and, with respect to such previously delivered statements or information, there has been no material adverse change in the financial or business condition of Dealer or any guarantor since the submission to DFS, either as of the date of delivery, or, if different, the date specified therein, and Dealer acknowledges DFS' reliance thereon.

8. Reviews. Dealer grants DFS an irrevocable license to enter Dealer's business

locations during normal business hours without notice to Dealer to: (a) account for and inspect all Collateral; (b) verify Dealer's compliance with this Agreement; and (c) examine and copy Dealer's books and records related to the Collateral.

9. Payment Terms. Dealer will immediately pay DFS the principal indebtedness owed DFS on each item of Collateral financed by DFS (as shown on the Statement of Transaction identifying such Collateral) on the earliest occurrence of any of the following events: (a) when such Collateral is lost, stolen or damaged; (b) for Collateral financed under Pay-As-Sold ("PAS") terms (as shown on the Statement of Transaction identifying such Collateral), when such Collateral is sold, transferred, rented, leased, otherwise disposed of or matured; (c) in

strict accordance with any curtailment schedule for such Collateral (as shown on the Statement of Transaction identifying such Collateral); (d) for Collateral financed under Scheduled Payment Program ("SPP") terms (as shown on the Statement of Transaction identifying such Collateral), in strict accordance with the installment payment schedule; and (e) when otherwise required under the terms of any financing program agreed to in writing by the parties. Regardless of the SPP terms pertaining to any Collateral financed by DFS, if DFS determines that the current outstanding debt which Dealer owes to DFS exceeds the aggregate wholesale invoice price of such Collateral in Dealer's possession, Dealer will immediately upon demand pay DFS the difference between such outstanding debt and the aggregate wholesale invoice price of such Collateral. If Dealer from time to time is required to make immediate payment to DFS of any past due obligation discovered during any Collateral audit, or at any other time, dealer agrees that acceptance of such payment by DFS shall not be construed to have waived or amended the terms of its financing program. The proceeds of any Collateral received by Dealer will be held by Dealer in trust for DFS' benefit, for application as provided in this Agreement. Dealer will send all payments to DFS' branch office(s) responsible for Dealer's account. DFS may apply: (i) payments or reduce finance charges first and then principal, regardless of Dealer's instructions, and (ii) principal payments to the oldest (earliest) invoice for Collateral financed by DFS, but, in any event, all principal payments will first be applied to such Collateral which is sold, lost, stolen, damaged, rented, leased, or otherwise disposed of or unaccounted for. Any third party discount, rebate, bonus or credit granted to Dealer for any Collateral will not reduce the debt Dealer owes DFS until DFS has received payment therefor in cash. Dealer will: (1) pay DFS even if any Collateral is defective or fails to conform to any warranties extended by any third party; (2) not assert against DFS any claim or defense Dealer has against any third party; and (3) indemnify and hold DFS harmless against all claims and defenses asserted by any buyer of the Collateral relating to the condition of, or any representations regarding, any of the Collateral. Dealer waives all rights of offset and counterclaims Dealer may have against DFS.

10. Calculation of Charges. Dealer will pay finance charges to DFS on the

outstanding principal debt which Dealer owes DFS for each item of Collateral financed by DFS at the rate(s) shown on the Statement of Transaction identifying such Collateral, unless Dealer objects thereto as provided in Section 2. The finance charges attributable to the rate shown on the Statement of Transaction will: (a) be computed based on a 360 day year; (b) be calculated by multiplying the Daily Charge (as defined below) by the actual number of days in the applicable billing period, and (c) accrue from the invoice date of the Collateral identified on such Statement of Transaction until DFS receives full payment in good funds of the principal debt Dealer owes DFS for each item of such Collateral in accordance with DFS' payment recognition policy and DFS applies such payment to Dealer's principal debt in accordance with the terms of this Agreement. The "Daily Charge" is the product of the Daily Rate (as defined below) multiplied by the Average Daily Balance (as defined below). The "Daily Rate" is the quotient of the annual rate shown on the Statement of Transaction divided by 360, or the monthly rate shown on the Statement of Transaction divided by 30. The "Average Daily Balance" is the quotient of (i) the sum of the outstanding principal debt owed DFS on each day of a billing period for each item of Collateral identified on a Statement of Transaction, divided by (ii) the actual number of days in such billing period. Dealer will also pay DFS \$100 for

each check returned unpaid for insufficient funds (an "NSF check") (such \$100 payment repays DFS' estimated administrative costs; it does not waive the default caused by the NSF check). The annual percentage rate of the finance charges relating to any item of Collateral financed by DFS will be calculated from the invoice date of such Collateral, regardless of an period during which any finance charge subsidy shall be paid or payable by any third party. Dealer acknowledges that DFS intends to strictly conform to the applicable usury laws governing this Agreement. Regardless of any provision contained herein or in any other document executed or delivered in connection herewith or therewith. DFS shall never be deemed to have contracted for, charged or be entitled to receive, collect or apply as interest on this Agreement (whether termed interest herein or deemed to be interest by judicial determination or operation of law), any amount in excess of the maximum amount allowed by applicable law, and, if DFS ever receives, collects or applies as interest any such excess, such amount which would be excessive interest will be applied first to the reduction of the unpaid principal balances of advances under this Agreement, and, second, any remaining excess will be paid to Dealer. In determining whether or not the interest paid or payable under any specific contingency exceeds the highest lawful rate. Dealer and DFS shall, to the maximum extent permitted under applicable law: (A) characterize any non-principal payment (other than payments which are expressly designated as interest payments hereunder) as an expense or fee rather than as interest; (B) exclude voluntary pre-payments and the effect thereof; and (C) spread the total amount of interest throughout the entire term of this Agreement so that the interest rate is uniform throughout such term.

11. Billing Statement. DFS will send Dealer a monthly billing statement identifying all charges due on Dealer's account with DFS. The charges specified on each billing statement will be: (a) due and payable in full immediately on

receipt; and (b) an account stated, unless DFS receives Dealer's written objection thereto within 15 days after it is mailed to Dealer. If DFS does not receive, by the 25th day of any given month, payment of all charges accrued to Dealer's account with DFS during the immediately preceding month, Dealer will (to the extent allowed by law) pay DFS a late fee ("Late Fee") equal to the greater of \$5 or 5% of the amount of such finance charges (payment of the late Fee does not waive the default caused by the late payment). DFS may adjust the billing statement at any time to conform to applicable law and this Agreement.

12. Default. Dealer will be in default under this Agreement if: (a) Dealer breaches any terms, warranties or representations contained herein, in any Statement of Transaction to which Dealer has not objected as provided in Section 2, or in any other agreement between DFS and Dealer; (b) any guarantor of Dealer's debts to DFS breaches any terms, warranties or representations contained in any guaranty or other agreement between the guarantor and DFS; (c) any representation, statement, report or certificate made or delivered by Dealer or any guarantor to DFS is not accurate when made; (d) Dealer fails to pay any portion of Dealer's debts to DFS when due and payable hereunder or under any other agreement between DFS and Dealer; (e) Dealer abandons any Collateral; (f) Dealer or any guarantor is or Becomes in default in the payment of any debt owed

to any third party; (g) a money judgment issues against Dealer or any guarantor; (h) an attachment, sale or seizure issues or is executed against any assets of Dealer or of any guarantor; (I) the undersigned dies while Dealer's business is operated as a sole proprietorship, any general partner dies while Dealer's business is operated as a general or limited partnership, or any member dies while Dealer's business is operated as a limited liability company, as applicable; (j) any guarantor dies; (k) Dealer or any guarantor ceases or suspends business; (m) Dealer, any guarantor or any member while Dealer's business is operated as a limited liability company, as applicable, makes a general assignment for the benefit of creditors; (n) Dealer, any guarantor or any member while Dealer's business is operated as a limited liability company, as applicable, becomes insolvent or voluntarily or involuntarily becomes subject to the Federal Bankruptcy Code, any state insolvency law or any similar law; (o) any receiver is appointed for any assets of Dealer, any guarantor or any member while Dealer's business is operated as a limited liability company, as applicable; (p) any guaranty of Dealer's debts to DFS is terminated; (q) Dealer loses any franchise, permission, license or right to sell or deal in any Collateral which DFS finances; (R) Dealer or any guarantor misrepresents Dealer's or such guarantor's financial condition or organizational structure; or (s) DFS determines in good faith that it is insecure with respect to any of the Collateral or the payment of any part of Dealer's obligation to DFS.

13. Rights of DFS upon Default. In the event of a default:

(a) DFS may at any time at DFS' election, without notice or demand to Dealer, do any one or more of the following: declare all or any part of the debt Dealer owes DFS immediately due and payable, together with all costs and expenses of DFS' collection activity, including, without limitation, all reasonable

attorneys' fees; exercise any or all rights under applicable law (including, without limitation, the right to possess, transfer and dispose of the Collateral); and/or cease extending any additional credit to Dealer (DFS' right to cease extending credit shall not be construed to limit the discretionary nature of this credit facility).

(b) Dealer will segregate and keep the Collateral in trust for DFS, and in good order and repair, and will not sell, rent, lease, consign, otherwise dispose of or use any Collateral, nor further encumber any Collateral.

(c) Upon DFS' oral or written demand, Dealer will immediately deliver the Collateral to DFS, in good order and repair, at a place specified by DFS, together with all related documents; or DFS may, in DFS' sole discretion and without notice or demand to Dealer, take immediate possession of the Collateral together with all related documents.

(d) DFS may, without notice, apply a default finance charge to Dealer's outstanding principal indebtedness equal to the default rate specified in Dealer's financing program with DFS, if any, or if there is none so specified, at the lesser of 3% per annum above the rate in effect immediately prior to the default, or the highest lawful contract rate of interest permitted under applicable law.

All of DFS' rights and remedies are cumulative. DFS' failure to exercise any of DFS' rights or remedies hereunder will not waive any of DFS' rights or remedies as to any past, current or future default.

14. Sale of Collateral. Dealer agrees that if DFS conducts a private sale of any Collateral by requesting bids from 10 or more dealers or distributors in that type of Collateral, any sale by DFS of such Collateral in bulk or in parcels within 120 days of: (a) DFS' taking possession and control of such Collateral; or (b) when DFS is otherwise authorized to sell such Collateral; whichever occurs last, to the bidder submitting the highest cash bid (therefor, is a commercially reasonable sale of such Collateral under the Uniform Commercial Code Dealer agrees that the purchase of any Collateral by a Vendor, as provided in any agreement between DFS and the Vendor, is a commercially reasonable disposition and private sale of such Collateral under the Uniform Commercial Code and no request for bids shall be required. Dealer further agrees that 7 or more days prior written notice will be commercially reasonable notice of any public or private sale (including any sale to a Vendor). Dealer irrevocably waives any requirement that DFS retain possession and not dispose of any Collateral until after an arbitration hearing, arbitration award, confirmation, trial or final judgment. If DFS disposes of any such Collateral other than as herein contemplated, the commercial reasonableness of such disposition will be determined in accordance with the laws of the state governing this Agreement.

15. Power of Attorney. Dealer grants DFS an irrevocable power of attorney to: execute or endorse on Dealer's behalf any checks, financing statements, instruments, Certificates of Title and Statements of Origin pertaining to the Collateral; supply any omitted information and correct errors in any documents

between DFS and Dealer; initiate and settle any insurance claim pertaining to the Collateral; and do anything to preserve and protect the Collateral and DFS' rights and interest therein.

16. Information. DFS may provide to any third party any credit, financial or other information on Dealer that DFS may from time to time possess. DFS may obtain from any Vendor any credit, financial or other information regarding Dealer that such Vendor may from time to time possess.

17. Termination. Either party may terminate this Agreement at any time by written notice received by the other party. If DFS terminates this Agreement, Dealer agrees that if Dealer: (a) is not in default hereunder, 30 days prior notice of termination is reasonable and sufficient (although this provision shall not be construed to mean that shorter periods may not, in particular circumstances, also be reasonable and sufficient); or (b) is in default hereunder, no prior notice of termination is required. Dealer will not be relieved from any obligation to DFS arising out of DFS' advance or commitments made before the effective termination date of this Agreement. DFS will retain all of its rights, interests and remedies hereunder until Dealer has paid all of Dealer's debts to DFS. All waivers set forth within this Agreement will survive any termination of this Agreement.

18. Binding Effect. Dealer cannot assign its interest in this Agreement without DFS' prior written consent, although DFS may assign or participate DFS' interest, in whole or in part, without Dealer's consent. This Agreement will protect and bind DFS'; and Dealer's respective heirs, representatives, successors and assigns.

19. Notices. Except as otherwise stated herein, all notices, arbitration claims, responses, requests and documents will be sufficiently given or served if mailed or delivered; (a) to Dealer at Dealer's principal place of business specified above; and (b) to DFS at 655 Maryville Centre Drive, St. Louis, Missouri 63141-5832, Attention: General Counsel, or such other address as the parties may hereafter specify in writing.

20. NO ORAL AGREEMENTS. ORAL AGREEMENTS OR COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT INCLUDING PROMISES TO EXTEND OR RENEW SUCH DEBTS ARE NOT ENFORCEABLE. TO PROTECT DEALER AND DFS FROM MISUNDERSTANDING OR DISAPPOINTMENT, ALL AGREEMENTS COVERING SUCH MATTERS ARE CONTAINED IN THIS WRITING, WHICH IS THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN THE PARTIES, EXCEPT AS SPECIFICALLY PROVIDED HEREIN OR AS THE PARTIES MAY LATER AGREE IN WRITING TO MODIFY IT. THERE ARE NO UNWRITTEN AGREEMENTS BETWEEN THE PARTIES.

21. Other Waivers. Dealer irrevocably waives notice of: DFS' acceptance of this Agreement, presentment, demand, protest, nonpayment, nonperformance, and dishonor. Dealer and DFS irrevocably waive all rights to claim any punitive

and/or exemplary damages.

22. Severability. If any provision of this Agreement or its application is invalid or unenforceable, the remainder of this Agreement will not be impaired or affected and will remain binding and enforceable.

23. Supplement. If Dealer and DFS have heretofore executed other agreements in connection with all or nay part of the Collateral, this Agreement shall supplement each and every other agreement previously executed by and between Dealer and DFS, and in that event this Agreement shall neither be deemed a novation nor a termination of such previously executed agreement nor shall execution of this Agreement be deemed a satisfaction of any obligation secured by such previously executed agreement.

24. Receipt of Agreement. Dealer acknowledges that it has received a true and complete copy of this Agreement. Dealer acknowledges that it has read and understood this Agreement. Notwithstanding anything herein to the contrary: (a) DFS may rely on any facsimile copy, electronic data transmission or electronic data storage of this Agreement, any Statement of Transaction, billing statement, invoice from a Vendor, financial statements or other reports, and (b) such facsimile copy, electronic data transmission or electronic data storage will be deemed an original, and the best evidence thereof for all purposes, including, without limitation, under this Agreement or any other agreement between DFS and Dealer, and for all evidentiary purposes before any arbitrator, court or other adjudicatory authority.

25. Miscellaneous. Time is of the essence regarding Dealer's performance of its obligations to DFS notwithstanding any course of dealing or custom on DFS' part to grant extensions of time. Dealer's liability under this Agreement is direct and unconditional and will not be affected by the release or nonperfection of any security interest granted hereunder. DFS will have the right to refrain from or postpone enforcement of this Agreement or any other agreements between DFS and Dealer without prejudice and the failure to strictly enforce these agreements will not be construed as having created a course of dealing between DFS and Dealer contrary to the specific terms of the agreements or as having modified, released or waived the same. The express terms of this Agreement will not be modified by any course of dealing, usage of trade, or custom of trade which may deviate from the terms hereof. If Dealer fails to pay any taxes, fees or other obligations which may impair DFS' interest in the Collateral, or fails to keep the Collateral insured, DFS may, but shall not be required to, pay such taxes, fees or obligation and pay the cost to insure the Collateral, and the amounts paid will be: (a) an additional debt owed by Dealer to DFS, which shall be subject to finance charges as provided herein; and (b) due and payable immediately in full. Dealer agrees to pay all of DFS' reasonable attorneys' fees and expenses incurred by DFS in enforcing DFS' rights hereunder. The Section titles used in this Agreement are for convenience only and do not define or limit the contents of any Section.

26. BINDING ARBITRATION.

26.1 Arbitrable Claims. Except as otherwise specified below, all actions, disputes, claims and controversies under common law, statutory law or in equity of any type or nature whatsoever (including, without limitation, all torts, whether regarding negligence, breach of fiduciary duty, restraint of trade, fraud, conversion, duress, interference, wrongful replevin, wrongful sequestration, fraud in the inducement, usury or any other tort, all contract actions, whether regarding express or implied terms, such as implied covenants of good faith, fair dealing, and the commercial reasonableness or lawfulness of any act), whether arising before or after the date of this Agreement, and whether directly or indirectly relating to (a) this Agreement and/or any amendments and addenda hereto, or the breach, invalidity or termination hereof; (b) any previous or subsequent agreement between DFS and Dealer; (c) any act committed by DFS or by any parent company, subsidiary or affiliated company of DFS (the "DFS Companies"), or by any employee, agent, officer or director of an DFS Company whether or not arising within the scope and course of employment or other contractual representation of the DFS Companies provided that such act arises under a relationship, transaction or dealing between DFS and Dealer; and/or (d) any other relationship, transaction or dealing between DFS and Dealer (collectively the "Disputes"), will be subject to and resolved by binding arbitration.

26.2 Administrative Body. All arbitration hereunder will be conducted by the American Arbitration Association ("AAA"). If the AAA is dissolved, disbanded or becomes subject to any state or federal bankruptcy or insolvency proceeding, the parties will remain subject to binding arbitration which will be conducted by a mutually agreeable arbitral forum. The parties agree that all arbitrator(s) selected will be attorneys with at least five (5) years secured transactions

experience. The arbitrator(s) will decide if any inconsistency exists between the rules of any applicable arbitral forum and the arbitration provisions contained herein. If such inconsistency exists, the arbitration provisions contained herein will control and supersede such rules. The site of all arbitration proceedings will be in the Division of the Federal Judicial District in which AAA maintains a regional office that is closest to Dealer.

26.3 Discovery. Discovery permitted in any arbitration proceeding commenced hereunder is limited as follows. No later than thirty (30) days after the filing of a claim for arbitration, the parties will exchange detailed statements setting forth the facts supporting the claim(s) and all defenses to be raised during the arbitration and a list of all exhibits and witnesses. No later than twenty-one (21) days prior to the arbitration hearing, the parties will exchange a final list of all exhibits and all witnesses, including any designation of any expert witness(es) together with a summary of their testimony; a copy of all documents and a detailed description of any property to be introduced at the hearing. Under no circumstances will the use of interrogatories, requests for

admission, requests for the production of documents or the taking of depositions be permitted. However, in the event of the designation of any expert witness(es), the following will occur: (a) all information and documents relied upon by the expert witness(es) will be delivered to the opposing party, (b) the opposing party will be permitted to depose the expert witness(es), (c) the opposing party will be permitted to designate rebuttal expert witness(es), and (d) the arbitration hearing will be continued to the earliest possible date that enables the foregoing limited discovery to be accomplished.

26.4 Exemplary or Punitive Damages. The Arbitrator(s) will not have the authority to award exemplary or punitive damages.

26.5 Confidentiality of Awards. All arbitration proceedings, including testimony or evidence at hearings, will be kept confidential, although any award or order rendered by the arbitrator(s) pursuant to the terms of this Agreement may be entered as a judgement or order in any state or federal court and may be confirmed within the federal judicial district which includes the residence of the party against whom such award or order was entered. This Agreement concerns transactions involving commerce among the several states. The Federal Arbitration Act, Title 9 U.S.C. Sections 1 et seq., as amended ("FAA") will govern all arbitration(s) and confirmation proceedings hereunder.

26.6 Prejudgment and Provisional Remedies. Nothing herein will be construed to prevent DFS' or Dealer's use of bankruptcy, receivership, injunction, repossession, replevin, claim and delivery, sequestration, seizure, attachment, foreclosure, dation and/or any other prejudgment or provisional action or remedy relating to any Collateral for any current or future debt owed by either party to the other. Any such action or remedy will not waive DFS' or Dealer's right to compel arbitration of any Dispute.

26.7 Attorneys' Fees. If either Dealer or DFS brings any other action for judicial relief with respect to any Dispute (other than those set forth in Section 26.6), the party bringing such action will be liable for and immediately pay all of the other party's costs and expenses (including attorneys' fees) incurred to stay or dismiss such action and remove or refer such Dispute to arbitration. If either Dealer or DFS brings or appeals an action to vacate or modify an arbitration award and such party does not prevail, such party will pay all costs and expenses, including attorneys' fees, incurred by the other party

in defending such action. Additionally, if Dealer sues DFS or institutes any arbitration claim or counterclaim against DFS in which DFS is the prevailing party, Dealer will pay all costs and expenses (including attorneys' fees) incurred by DFS in the course of defending such action or proceeding.

26.8 Limitations. Any arbitration proceeding must be instituted: (a) with respect to any Dispute for the collection of any debt owed by either party to the other, within two (2) years after the date the last payment was received by the instituting party; and (b) with respect to any other Dispute, within two (2)

years after the date the incident giving rise thereto occurred, whether or not any damage was sustained or capable of ascertainment or either party knew of such incident. Failure to institute an arbitration proceeding within such period will constitute an absolute bar and waiver to the institution of any proceeding, whether arbitration or a court proceeding, with respect to such Dispute.

26.9 Survival After Termination. The agreement to arbitrate will survive the termination of this Agreement.

27. INVALIDITY/UNENFORCEABILITY OF BINDING ARBITRATION. IF THIS AGREEMENT IS FOUND TO BE NOT SUBJECT TO ARBITRATION, ANY LEGAL PROCEEDING WITH RESPECT TO ANY DISPUTE WILL BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE WITHOUT A JURY. DEALER AND DFS WAIVE ANY RIGHT TO A TRIAL IN ANY SUCH PROCEEDING.

28. Governing Law. Dealer acknowledges and agrees that this and all other agreements between Dealer and DFS have been substantially negotiated, and will be substantially performed, in the state of Georgia. Accordingly, Dealer agrees that all Disputes will be governed by, and construed in accordance with, the laws of such state, except to the extent inconsistent with the provisions of the FAA which shall control and govern all arbitration proceedings hereunder.

IN WITNESS WHEREOF, Dealer and DFS have executed this Agreement as of the date first set forth hereinabove.

THIS CONTRACT CONTAINS BINDING ARBITRATION, JURY WAIVER AND PUNITIVE DAMAGE WAIVER PROVISIONS.

DEUTSCHE FINANCIAL SERVICES CORPORATION

APPLE HOMES CORPORATION
Dealer's Name

BY: /s/ Don Poskus

BY: /s/ E. Samuel Evans

PRINT NAME: Don Poskus

PRINT NAME: E. Samuel Evans

TITLE: Branch Operations Manager

TITLE: President

ATTEST:

/s/ Brenda Ferron

(ASSISTANT) SECRETARY

PRINT NAME: Brenda Ferron

SECRETARY'S CERTIFICATE OF RESOLUTION

I certify that I am the Secretary or Assistant Secretary of the corporation named below, and that the following completely and accurately sets forth certain resolutions of the Board of Directors of the corporation adopted at a special meeting thereof held on due notice (and with shareholder approval, if required by law), at which meeting there was present a quorum authorized to transact the business described below, and that the proceedings of the meeting were in accordance with the certificate of incorporation, charter and by-laws of the corporation, and that they have not been revoked, annulled or amended in any manner whatsoever.

Upon motion duly made and seconded, the following resolution was unanimously adopted after full discussion:

"RESOLVED, That the several officers, directors, and agents of this corporation, or any one or more of them, are hereby authorized and empowered on behalf of this corporation: to obtain financing from Deutsche Financial Services Corporation ("DFS") in such amounts and on such terms as such officers, directors or agents deem proper; to enter into financing, security, pledge and other agreements with DFS relating to the terms upon which such financing may be obtained and security and/or other credit support is to be furnished by the corporation therefor; from time to time to supplement or amend any such agreements; and from time to time to pledge, assign, mortgage, grant security interests, and otherwise transfer, to DFS as collateral security for any obligations of this corporation to DFS, whenever and however arising, any assets of this corporation, whether now owned or hereafter acquired; the Board of Directors hereby ratifying approving and confirming all that any of said officers, directors or agents have done or may do with respect to the foregoing."

IN WITNESS WHEREOF, I have executed and affixed the seal of the corporation on the date stated below.

Dated: April 10, 1998

/s/ Brenda Ferron

Brenda Ferron
(ASSISTANT) SECRETARY

APPLE HOMES CORPORATION

CORPORATE NAME

Regions Bank

Floor Plan Financing Agreement

Tax I. D. Number

Borrower's Name

Apple Homes Corp. and E. Samuel Evans

Address

3633 Wheeler Road, Suite 140, Augusta, GA 30909

Aggregate amount of line of credit	Date of Agreement	Place of Agreement
\$100,000.00	10/23/98	Thomson, GA
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Your line of credit. You've received a line of credit from us in the aggregate amount shown. Under the conditions stated below, we will advance money to you, or on your behalf, up to the amount of your line of credit. In return, you promise to perform all of your obligations under this agreement and to pay to our order the amount of all advances we have made, plus interest and other charges due under this agreement.

In this agreement, we, us, and our mean the bank named above. You and your mean the Borrower. This Agreement means the Floor Plan Financing Agreement.

Payments by you. You agree to make monthly payments to us of all accrued interest, beginning 12/1, 1998 and on the same day of each month thereafter. If your payment is due on the 29th, 30th, or 31st of a month that does not have that many days, then your payment will be due on the last day of that month. You also agree to make principal payments as described below. If we request, you agree to sign, at any time, a promissory note payable to our order for the amount outstanding under your line of credit.

Purpose of line of credit. You have obtained this line of credit in order to finance your purchase of goods for resale at retail. These goods are described below:

Allocation of line of credit. Your line of credit is allocated as follows:

	Supplier	Available Credit
[] Advances for new goods requested	_____	_____

through ACH. If checked, we will _____
make advances to the supplier or _____
suppliers shown below. _____

We may make advances to this supplier or suppliers, or any other persons whom they designate, when we receive electronic requests through the Automated Clearing House (ACH) from a supplier of goods delivered or sold to you. The amount of the advance that we make on your behalf to the supplier will be for the amount indicated on the electronic payment request. You agree that we may, at our option, make these advances even though the electronic payment requests are not accompanied or preceded by the original invoices. We are not obligated to accept and pay any electronic payment request when the amount you owe us, including interest, exceeds the available credit for the supplier as stated in this paragraph, or, if no limits are stated, the aggregate amount of your line of credit less the amount of credit available, if any, for your purchase of goods for which advances are not requested by draft but are requested directly by you.

[] Advances for new goods requested _____
by draft. If checked, we will _____
make advances to the supplier or _____
suppliers shown at the right. _____

Exhibit 10.3.4 (Page 2)

We may make advances to these supplier or suppliers, or any other person whom they designate, when we receive sight or cash drafts from a supplier for goods delivered or sold to you. We need not make any advance unless the drafts are accompanied by the original invoices for the goods. The amount of the advance that we make on your behalf to the supplier will be for the amount of the invoice. You agree that we may, at our option, make these advances even though the drafts are not accompanied by the original invoices. We are not obligated to accept and pay any draft when the amount you owe us, including interest, exceeds the available credit for the supplier as stated in this paragraph, or, if no limits are stated, the aggregate amount of your line of credit less the amount of credit available, if any, for your purchase of used goods and new goods for which advances are not requested by draft but are requested directly by you.

[X] Advances for new goods not requested by draft. If checked, we will make advances up to an aggregate amount of \$ _____ for the amount of your purchase price of new goods, when requested directly by you and accompanied by the bill of sale and other evidence of your ownership (such as a certificate of title for a vehicle), satisfactory to us, for the goods purchased. At our option, you may supply us with copies of these documents. If no figure is listed above, the credit limit under this section is the aggregate amount of your line of credit, less the amount of credit available, if any, for your purchase of used goods and new goods for

which advances are requested by draft.

[X] Advances for used goods. If checked, we will make advances for your purchase of used goods as described below under "Advances for used goods." The amount of available credit for the purchase of used goods is limited to \$_____. (If no figure is listed, the credit limit is the aggregate amount of your line of credit less the amount of credit available, if any, for your purchase of new goods.)

Interest. You agree to pay us interest on the amount of the outstanding balance that you owe us. Interest on your debt is calculated every day on the basis of 1/365th of your annual interest rate then in effect.

Your interest rate. For advances for new goods, your interest rate is equal to the Commercial Base Rate plus 1.1 percentage points. For advances for used goods, your interest rate is equal to the Commercial Base Rate plus 1.1 percentage points. Your interest rate is dependent upon the Commercial Base Rate announced by Regions Financial Corp. When the Commercial Base Rate changes, your rate will increase or decrease correspondingly. Your rate may change each day the Commercial Base Rate changes.

JURY WAIVER AND ARBITRATION. You and we irrevocably waive all right to trial by jury in any court in any action: (a) we bring to collect amounts owed us under this Agreement; (b) alleging that (I) we have breached this Agreement or any agreement modified by this Agreement, (II) we have breached any other agreement, express or implied, (III) we or any of our officers, employees, or agents have acted wrongfully, negligently, or otherwise tortuously with respect to you; or (c) between the parties. This waiver of trial by jury does not waive your or our right to bring a lawsuit that a judge, without a jury, would decide.

To the extent that any court of competent jurisdiction determines that such jury waiver is inapplicable or unenforceable with respect to any claim or dispute, such claim or dispute shall be submitted to and settled by final and binding arbitration under the Federal Arbitration Act or other applicable law pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Such proceeding shall be held before a single arbitrator who is an active attorney or retired judge. The party against which the decision is rendered shall pay the costs and reasonable attorney's fees of the prevailing party for any such proceeding.

Signatures. You agree that you sign this agreement, under seal, and you agree to all the terms of this agreement. You also acknowledge that we've given you a completed copy of this agreement.

CAUTION-IT IS IMPORTANT THAT YOU THOROUGHLY READ THE CONTRACT BEFORE YOU SIGN IT.

Borrower: Apple Homes Corporation

REGIONS BANK

By: /s/ Renee E. Wright

By: /s/ E. Samuel Evans

Its: Loan Officer

Its: President

Exhibit 10.3.4 (Page 3)

Advances for new goods not requested by draft. If your line of credit applies to the purchase of new goods for which advances are not requested by draft, we may make advances for these purchases when you directly request an advance by supplying us with the bill of sale and other evidence of your ownership (such as certificate of title for a vehicle), free and clear of all liens and encumbrances, satisfactory to us, for the goods purchased. At our option, you may supply us with copies of these documents. We will make an advance for the amount of your purchase price.

Advances for used goods. If your line of credit applies to the purchase of used goods, we will make advances for your purchase of used goods. We will make these advances under the following conditions:

1. You agree to request an advance by supplying us with the bill of sale and other evidence of your ownership (such as certificate of title for a vehicle), satisfactory to us, for the goods being purchased. At our option, you may supply us with copies of these documents.
2. We are not obligated to make advances for more than 80 percent of the trade-in value of the goods as determined by the NADA publication for the month in which such advance is requested, if the goods are vehicles, or that percentage of your purchase price, if the goods are not vehicles.
3. If the goods are used vehicles, the vehicles cannot be used as demonstrators and must fall within the following model years _____

Reduction of outstanding debt. You agree to pay us immediately the amount we have advanced on your line of credit for the purchase of goods when you have sold those goods.

New goods. If you have not sold new goods within 90 days of the date we made an advance for the purchase of those goods, you agree to make an immediate principal payment of 10 percent of the amount of the advance, due and payable by _____. You agree to make additional principal payments of 10 percent of the amount of the advance every 90 days thereafter until the goods are sold. If the goods have not been sold within _____ of the date we made an advance for the purchase of those goods, you agree to pay us immediately in full the balance you owe on that advance.

Used goods. If you have not sold used goods within 90 days of the date we

made an advance for the purchase of those goods, you agree to make an immediate principal payment of 10 percent of the amount of the advance, due and payable by _____. You agree to make additional principal payments of 10 percent of the amount of the advance every 90 days thereafter until the goods are sold. If the goods have not been sold within 360 days of the date we made an advance for the purchase of those goods, you agree to pay us immediately in full the balance that you owe on that advance.

Security for your line of credit. As security for all of your indebtedness to us under this agreement and for all of your other present or future indebtedness to us, including indirect and contingent obligations, you grant us a security interest in all present and future vehicles, whether new or used, however acquired, whether or not obtained through an advance made to you or on your behalf as provided under this agreement, together with all additions and accessions to the vehicles, including, but not limited to, the following property:

In addition, you grant us a security interest in all documents relating to those vehicles and goods; any after-acquired similar property; all proceeds of the property, including chattel paper; any returned or unearned premiums on the property; any deposit now or in the future held by us in which you have an interest; and any property, or a consumer's household goods, securing any other loans with us. Any other security agreement that you have entered with us will continue to be in effect. Any prior security interest that you have granted to us will continue to be in effect.

Exhibit 10.3.4. (Page 4)

Your obligations regarding the security. You agree to keep the property securing this line of credit free and clear of any debt, lien, security interest, encumbrance or claim, except those stated below. You represent that the only debts, liens, security interests, encumbrances or claims on the property are these:

Your Corporate Resolution. You agree, before requesting your initial advance and as a condition to our issuing such advance, to provide us with a corporate resolution duly signed by a person or persons with appropriate authority evidencing the authority of your officers or agents to request advances or otherwise transact business with us in connection with this agreement. If you are a corporation, such corporate resolution must be signed by your secretary or

assistant secretary, include duly adopted resolutions of your Board of Directors so authorizing such officers and certify that each such officer holds the office beside his or her name.

Previous agreements. If you have an existing floor plan line of credit agreement with us that has an outstanding balance, that agreement will continue in effect until you have paid all sums that you owe us under that agreement for advances, interest, and other charges. The available amount of credit that you have under this agreement will be reduced by the amount of your outstanding balance under the earlier agreement.

Documents from you. You agree to supply us with copies of any present or future agreements you have with your suppliers. You agree to deliver to us original title documents (e.g. certificates of title, manufacturer's statements of origin, bills of sale on any property in which we have a security interest) whenever we request. You agree to deliver these documents to us promptly.

Power of attorney. You grant us a power of attorney to execute in your name any documents we believe are necessary or helpful to perfect or protect our security interest or to sell or transfer any of the property in which we have a security interest. You agree that this power cannot be cancelled as long as you are indebted to us.

Other creditors. You agree to give us ten days written notice before obtaining floor plan financing from any other person. You also agree to give us copies of any agreements you have with other creditors.

Location of the security. You agree not to change the location or use of the property securing this loan without obtaining our written permission in advance.

Disposing of the security. You agree not to sell, transfer, or dispose of the property securing this line of credit except in the ordinary course of business, without our prior written permission. You also agree to let us receive, endorse, and apply any payments resulting from transfer or disposal of the property. You agree not to release any of the property securing this line of credit (including inventory) without our prior written permission.

Demonstrators. If you plan to use any of the property securing this line of credit as a demonstration model, you must first give us notice in writing of your intention to do so and provide us with a written description of the property to be so used.

Repairs and taxes. You agree to safeguard the property securing this loan and keep tangible property in good repair. You promise to pay all taxes, liens, and assessments on the property.

Property Insurance. You agree to maintain property insurance on the property securing this line of credit. If necessary, you agree to obtain insurance to protect the goods while in transit. You agree that between you and us, you bear all risk of loss as to the goods. You may apply for insurance through any insurer you choose, or our requirements may be satisfied by insurance you

already have on the property. We have the right to reject an insurer for reasonable cause.

Policy requirements. Benefits under the insurance policy will be payable to you and to us according to our interest in the property. Any policy has to provide for at least ten days written notice of cancellation to us.

Exhibit 10.3.4 (Page 5)

Regions Bank
Floor Plan Financing Agreement
Additional Loan Terms

If we buy insurance. If you don't or can't insure the property, we have the right to buy coverage insuring only our interest OR insuring both your and our interest. In either case, we may demand reimbursement from you or make an advance to pay the cost. However, we have no obligation to acquire, maintain, or replace any policy.

Proceeds of the insurance. You agree that all proceeds of credit or property insurance, including any refund of premiums, will be applied to reduce your debt to us. You also agree to let us receive, endorse, and apply any such payments.

Information about sales. At our request, you agree to tell us the name and address of any person who buys or has brought any of the goods securing this line of credit. You also agree to deliver to us all of the documents you have concerning any sale. You agree to give us this information and these documents promptly.

Your warranty on advances. You agree that you will not request an advance or cause a request to be made on your behalf unless you are in strict compliance with all of the terms of this agreement. You agree that each request by you for an advance will constitute your new promise and representation that you are in strict compliance with all terms of this agreement

Security documents and costs. You agree to sign at any time, any documents we request in order to perfect or protect our security interest. You agree to pay reasonable costs related to perfecting or protecting our security interest, including filing fees and reasonable attorney's fees. A reproduction of this signed agreement or a signed financing statement is sufficient as a financing statement. You authorize us to add any information to this agreement which would be necessary to make it an effective financing statement.

List of goods. We may, from time to time, give you a listing of the goods for which we have made an advance or a listing of the amount of the outstanding

balance on your line of credit. You agree to examine this list within three business days of when you receive it and notify us immediately in writing if you claim any of the information is wrong. If you fail to notify us, you agree that you may not question or dispute the accuracy of any information on the list.

Our rights to the security. You may not take any action that would give someone else a security interest in the property securing this line of credit unless we agree in writing. You agree that our claims to the property securing this line of credit take precedence over any other claims, except those listed above. You agree that we may at any reasonable time inspect and audit the property and inspect, audit, and photocopy any documents relating to the property.

Notice of shipment or receipt of goods. At our request, you agree to give us notice of the shipment or your receipt, or both, of any goods for which we have made an advance.

Credit information. In addition to any credit reports that we usually make in the ordinary course of business, you authorize us to give any information we have about this line of credit and you to any of your present or future suppliers and other creditors.

Notices. We will send any notices to you at the address you have given us in this agreement unless you have requested that we send notices to you at a different address. You agree that we do not have to honor any request to send notices to a different address if you do not make that request in writing. We will have a reasonable time to change our records after we receive your request and may continue to send notices to your previous address until our records are changed. Until our records are changed, you agree that any notices addressed to your prior address shall be binding upon you. You agree that we have given you notice when we have deposited in the mail, postage prepaid, the notice addressed to you. You agree that any notice to us must be in writing, mailed to the address under "Place of Agreement" above and that it is not effective until we actually receive it.

Credit limit. You agree not to request or use a request to be made for advances which would exceed your available aggregate line of credit. If your aggregate line of credit is apportioned among different suppliers or among new or used goods, you also agree not to request or cause a request to be made for advances which would exceed the amount available under the applicable separate limit on your line of credit. We do not have to make any advance that would exceed any limit on all or part of your line of credit. We may, at our discretion, allow advances exceeding your available line of credit, in the aggregate or as apportioned. We do not have to allow such an advance however, even if we have done so on previous occasions.

Exhibit 10.3.4 (Page 6)

Reduction of line of credit. We can lower the amount of your line of credit

whenever we sincerely believe that your ability to repay us all or part of the amount of your line of credit has changed or that the value of our security interest has changed. If we choose to reduce all or part of your line of credit (but not call your entire debt due immediately), we will notify you that your line of credit has been reduced. If you owe us an amount in excess of the reduced line of credit, you will not have any available line of credit for advances and must immediately pay us the amount in excess of the reduced line of credit.

Cancellation of line of credit. This agreement may be cancelled with or without cause, as to future advances, by either party giving the other party thirty days written notice. The agreement will continue in effect for all debt incurred before the effective date of cancellation.

Reevaluation of line of credit. We may reevaluate your line of credit at any time. You agree to supply us with any information we request relating to your creditworthiness or financial condition and the security for this agreement. If you fail to respond promptly or completely, we may immediately and without notice reduce or terminate your line of credit.

Commercial Base Rate. The Commercial Base rate is the rate announced by Regions Financial Corp. from time to time as its variable commercial lending index rate. Regions Financial Corp. determines the Commercial Base Rate at its discretion. We are an affiliate of Regions Financial Corp. The name of the announced variable commercial lending index rate may change. If the name does change, your interest rate will be dependent upon the variable commercial lending index rate as announced, whatever its new name.

About the Commercial Base Rate. The Commercial Base Rate is an index. We make loans at rates above, below, or equal to the Commercial Base Rate. We make no representation or agreement that your interest rate or finance charge is or will ever be above, below, or equal to any other customers' interest rate or finance charge.

Change of terms. You agree that we may change any term or condition of this agreement by giving you at least thirty days prior written notice. You expressly agree and understand that any such change shall be applicable to the balance outstanding as of the effective date of the change. You may refuse to accept such change and terminate your line of credit by notifying us in writing at least one day prior to the effective date of change.

Waiver of your rights. To the extent permitted by law, you individually and together waive:

- * All rights of exemption under the laws of this or any other state in the property securing this line of credit
- * Notice of the acceptance of the guaranty; and
- * Demand, presentment, notice or dishonor, protest, and suit.

Your compliance. You may agree that if we do not insist upon strict compliance with the terms of this agreement, we will not have waived or otherwise given up

our right to insist upon your strict compliance at a later date.

When we can call your account due. We may, to the extent permitted by law or this agreement, call your entire account immediately due and payable if you are in default. You will be in default if:

- * You do not make a payment due even if we have previously allowed you to make late payments;
- * You fail to perform one or more of your obligations to us, under this or any other agreement;
- * You or your guarantor (s), if any, misrepresented a fact in requesting this or any other loan with us;
- * You default on any obligation to any creditor;
- * You or your guarantor(s), if any, are bankrupt or insolvent, or a monetary judgment, tax lien, or garnishment is applied to one of you; or any of your property is attached;
- * There is a change in the financial affairs of anyone who is liable for this line of credit that we believe will increase our risk of not being repaid;
- * Any of the property securing this line of credit is lost, stolen, damaged, destroyed, sold, encumbered, seized, or attached;
- * We sincerely believe that you will be unable to repay us or that our security interest is unsafe;
- * You or your guarantor(s), if any, die or cease to exist; or
- * A corporation, partnership, or other entity liable for this line of credit changes its legal name without obtaining our prior written authorization, ceases doing business; is dissolved, merged, or consolidated.

Exhibit 10.3.4 (Page 7)

If we call your account due, we will have all the rights given to us under this agreement together with the rights of a secured party to declare this and all other obligations you have with us due at once.

If we call your account due, you and your guarantor(s) agree that we may immediately apply or set off any deposits or security held by us toward payment of your debt.

We may decide not to demand immediate payment or to terminate your line of credit. If we do, we still have the right to demand immediate payment or to terminate your line of credit at a later date.

Beneficiary. No third party shall have any legally enforceable right in this Agreement. Nothing contained in the Agreement shall create any contractual relationship between Regions Bank and any person or entity other than the borrower.

General Deposits. Nothing in this Agreement shall be construed to create a

written agreement between the borrower and Regions Bank which would require that monies advanced pursuant to this agreement be paid only to a particular identified or identifiable person or that any such advances be made and payable only for a specific or particular purpose. Any deposits if advanced pursuant to the terms of this Agreement shall constitute general deposits and shall not constitute special deposits or deposits in escrow or trust. The parties hereto expressly disclaim any fiduciary or trust relationship between them or any third party.

Collection costs and attorney's fees. If you are in default and we have to refer your account to an attorney who is not our salaried employee to sue or take other steps to collect or secure this debt, you and your guarantor (s) agree to pay our reasonable costs, including a reasonable attorney's fee.

Unenforceable provisions. If any section of this agreement is not enforceable, that will not affect the validity of any other section. However, if the enactment of expiration of any applicable law has the effect of rendering any provision of this agreement unenforceable according to its terms, at our option, we may choose to declare your account due at once.

Damages limited. You agree that we are not liable for incidental or consequential damages, including without limitation, lost sales or lost profits, arising from our breach of this agreement or our failure to make advances.

Governing law. You agree that this agreement will be interpreted under and governed by Alabama law.

Entire agreement. You agree that this written agreement plus any other documents that you signed when you signed this agreement contain the entire agreement between you and us. We have not made any promises or representations to you that are not stated in this agreement or those other documents.

APPLE HOMES CORP. 3633 WHEELER RD. AUGUSTA, GA 30809	FIRST NATIONAL BANK & TRUST COMPANY 316 WEST HILL STREET THOMSON, GA 30824	Line of Credit No. _____ Date January 27, 1999 Max. Credit Amt. \$100,000.00 Loan Ref. No. BL1112752901
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BORROWER'S NAME AND ADDRESS	LENDER'S NAME AND ADDRESS
"I" Includes each borrower above, joint & severally	"You" means the lender, its successors & assigns

You have extended to me a line of credit in the
AMOUNT of ONE HUNDRED THOUSAND AND NO/100 \$ 100,000.00

You will make loans to me from time to time until 09:00 a. m. on August 27, 1999**. Although the line of credit expires on that date, I will remain obligated to perform all my duties under this agreement so long as I owe you any money advanced according to the terms of this agreement, as evidenced by any note or notes I have signed promising to repay these amounts.

This line of credit is an agreement between you and me. It is not intended that any third party receive any benefit from this agreement, whether direct payment, reliance for future payment or in any other manner. This agreement is not a letter of credit.

1. AMOUNT: This line of credit is:
- OBLIGATORY: You may not refuse to make a loan to me under this line of credit unless one of the following occurs:
 - a. have borrowed the maximum amount available to me;
 - b. This line of credit has expired;
 - c. I have defaulted on the note (or notes) which show my indebtedness under this line of credit;
 - d. I have violated any term of this line of credit or any note or either agreement entered into in connection with this line of credit;
 - e.

DISCRETIONARY: You may refuse to make a loan to me under this line of credit one the aggregate outstanding advances equal or exceed _____ \$ _____.

Subject to the obligatory or discretionary limitations above, this line of credit is:

Open End (Business or Agricultural only): I may borrow up to the maximum amount of principal more than one time.

[] Closed End: I may borrow up to the maximum only one time.

2. PROMISSORY NOTE: I will repay any advances made according to this line of credit agreement as set out in the promissory note I signed January 27, 1999, or any note(s) I sign at a later time which represent advances under this agreement. The note(s) set(s) the terms relating to maturity, interest rate, repayment and advances. If indicated on the promissory note, the advances will be made as follows: PER CUSTOMER REQUEST AND LOAN OFFICER APPROVAL. _____

3. RELATED DOCUMENTS: I have signed the following documents in connection with this line of credit and note(s) entered into in accordance with this line of credit:

<input checked="" type="checkbox"/> security agreement dated January 27, 1999	<input checked="" type="checkbox"/> UCCI SIGNED 1/27/99
<input type="checkbox"/> mortgage dated _____	<input type="checkbox"/> _____
<input checked="" type="checkbox"/> guaranty dated January 27, 1999	<input type="checkbox"/> _____

Exhibit 10.3.5

4. REMEDIES: If I am in default on the note(s), you may:

- a. take any action as provided in the related documents;
 - b. without notice to me, terminate this line of credit;
- By selecting any of these remedies, you do not give up your right to later use any other remedy. By deciding not to use any remedy, should you default, you do not waive your right to later consider the event a default, if it happens again.

5. COSTS AND FEES: If you hire an attorney to enforce this agreement, I will pay your reasonable attorney's fees, where permitted by law. I will pay your court costs and costs of collection, where permitted by law.

6. COVENANTS: For as long as this line of credit is in effect or I owe you money for advances made in accordance with the line of credit, I will do the following:

- a. maintain books and records of my operations relating to the need for this line of credit;
- b. permit you or any of your representatives to inspect and/or copy these records;
- c. provide to you any documentation requested by you which support the reason for making any advance under this line of credit;
- d. permit you to make any advance payable to the seller (or seller and

me) of any items being purchased with that advance;

e.

7. NOTICES: All notices or other correspondence with me should be sent to my address stated above. The notice or correspondence shall be effective when deposited in the mail, first class, or delivered to me in person.

8. MISCELLANEOUS: This line of credit may not be changed except by a written agreement signed by you and me. The law of the state in which you are located will govern this agreement. Any term of this agreement which is contrary to applicable law will not be effective, unless the law permits you and me to agree to such a variation.

SIGNATURES: I AGREE TO THE TERMS OF THIS LINE OF CREDIT AND HAVE RECEIVED A COPY ON TODAY'S DATE.

FOR THE LENDER

/S/ Mike Carrington

MIKE CARRINGTON

Title ASSISTANT VICE PRESIDENT

APPLE HOMES CORP

By /S/ E. Samuel Evans

E. SAMUEL EVANS, PRESIDENT

ADDITIONAL TERMS OF THE NOTE

DEFINITIONS - As used on pages 1 and 2, "[X]" means the terms that apply to this loan. "I", "me", or "my" means each Borrower who signs this note and each other person or legal entity (including guarantors, endorsers, and sureties) who agrees to pay this note (together referred to as "us"). "You" or "your" means the Lender and its successors and assigns.

APPLICABLE LAW - The law in the state of Georgia will govern this agreement. Any term of this agreement which is contrary to applicable law will not be effective, unless the law permits you and me to agree to such a variation. If any provision of this agreement cannot be enforced according to its terms, this fact will not effect the enforceability of the remainder of this agreement. No modification of this agreement may be made without your express written consent. Time is of the essence in this agreement.

PAYMENTS - Each payment I make on this note will first reduce the amount I owe you for charges which are neither interest nor principal. The remainder of each payment will then reduce accrued unpaid interest and then unpaid principal. If

you and I agree to a different application of payments, we will describe our agreement on this note. I may prepay a part of, or the entire balance of this loan without penalty, unless we specify to the contrary on this note. Any partial prepayment will not excuse or reduce any later scheduled payment until this note is paid in full (unless, when I make the prepayment, you and I agree in writing to the contrary).

INTEREST - Interest accrues on the principal remaining unpaid from time to time, until paid in full. If I receive the principal in more than one advance, each advance will start to earn interest only when I receive the advance. The interest rate in effect on this note at any given time will apply to the entire principal sum outstanding at that time. Notwithstanding anything to the contrary, I do not agree to pay and you do not intend to charge any rate of interest that is higher than the maximum rate of interest you could charge under applicable law for the extension of credit that is agreed to in this note (either before or after maturity). If any notice of interest accrual is sent and is in error, we mutually agree to correct it, and if you actually collect more interest than is allowed by law and this agreement, you agree to refund it to me.

INDEX RATE - The index will serve only as a device for setting the interest rate on this note. You do not guarantee by selecting this index, or the margin, that the interest rate on this note will be the same rate you charge on any other loans or class of loans you make to me or other borrowers.

POST MATURITY RATE - For purposes of deciding when the "Post Maturity Rate" (shown on page 1) applies, the term "maturity" means the date of the last scheduled payment indicated on page 1 of this note or the date you accelerate payment on the note, whichever is earlier.

SINGLE ADVANCE LOANS - If this is a single advance loan, you and I expect that you will make only one advance of principal. However, you may add other amounts to the principal if you make any payments described in the "PAYMENTS BY LENDER" paragraph on page 2.

MULTIPLE ADVANCE LOANS - If this is a multiple advance loan, you and I expect that you will make more than one advance of principal. If this is closed end credit, repaying a part of the principal will not entitle me to additional credit.

SET-OFF - I agree that you may set off any amount due and payable under this note against any right I have to receive money from you. "Right to receive money from you" means:

- (1) any deposit account balance I have with you;
- (2) any money owed to me on an item presented to you or in your possession for collection or exchange; and,
- (3) any repurchase agreement or other nondeposit obligation.

"Any amount due and payable under this note" means the total amount of which you are entitled to demand payment under the terms of this note at the time you set-off. This total includes any balance the due date for which you properly accelerate under this note.

If my right to receive money from you is also owned by someone who has not agreed to pay this note, your right of set-off will apply to my interest in the obligation and to any other amounts I could withdraw on my sole request or endorsement. Your right of set-off does not apply to an account or other obligation where my rights are only as a representative. It also does not apply to any Individual Retirement Account or other tax-deferred retirement account.

You will not be liable for the dishonor of any check when the dishonor occurs because you set-off this debt against any of my accounts. I agree to hold you harmless from any such claims arising as a result of your exercise of your right to set-off.

DEFAULT - I will be in default if any one or more of the following occur: (1) I fail to make a payment on time or in the amount due; (2) I fail to keep the Property insured, if required; (3) I fail to pay, or keep any promise, on any debt or agreement I have with you; (4) any other creditor of mine attempts to collect any debt I owe him through court proceedings; (5) I die, am declared incompetent, make an assignment for the benefit of creditors, or become insolvent (either because my liabilities exceed my assets or I am unable to pay debts as they become due); (6) I make any written statement or provide any financial information that is untrue or inaccurate at the time it was provided; (7) I do or fail to do something which causes you to believe you will have difficulty collecting the amount I owe you; (8) any collateral securing this note is used in a manner or for a purpose which threatens confiscation by a legal authority; (9) I change my name or assume an additional name without first notifying you before making such a change; (10) I fail to plant, cultivate, and harvest crops in due season; (11) any loan proceeds are used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as further explained in 7 C.F.R Part 1940, Subpart G, Exhibit M.

REMEDIES - If I am in default on this note you have, but are not limited to, the following remedies:

- (1) You may demand immediate payment of all I owe you under this note (principal, accrued unpaid interest and other accrued unpaid charges).
- (2) You may set-off this debt against any right I have to the payment of money from you, subject to the terms of the "SET-OFF" paragraph herein.
- (3) You may demand security, additional security, or additional parties to be obligated to pay this note as a condition for not using any other remedy.
- (4) You may refuse to make advances to me or allow purchases on credit by me.

- (5) You may use any remedy you have under state or federal law.
- (6) You may make use of any remedy given to you in any agreement securing this note.

By selecting any one or more of these remedies you do not give up your right to use later any other remedy. By waiving your right to declare an event to be a default, you do not waive your right to consider later the event default if it continues or happens again.

COLLECTION COSTS AND ATTORNEY'S FEES - I agree to pay all costs of collection, replevin or any other or similar type of cost if I am in default. In addition, if you hire an attorney to collect this note, I also agree to pay any fee, not to exceed 15 percent of the principal and interest then owed, you incur with such attorney plus court costs (except here prohibited by law). To the extent permitted by the United States Bankruptcy Code, I also agree to pay the reasonable attorney's fees and costs you incur to collect this debt as awarded by any court exercising jurisdiction under the Bankruptcy Code.

WAIVER- I give up my rights to require you to do certain things. I will not require you to:

- (1) demand payment of amounts due (presentment)
- (2) obtain official certification of nonpayment (protest);
- (3) give notice that amounts due have not been paid (notice of dishonor);
or
- (4) give me notice prior to seizure of my personal property when you are seeking to foreclose a secured interest in any of my personal property used to secure a commercial transaction.

I waive any defenses I have based on suretyship or impairment of collateral.

OBLIGATIONS INDEPENDENT - I understand that I must pay this note even if someone else has also agreed to pay it (by, for example, signing this form or a separate guarantee or endorsement). You may sue me alone, or anyone else who is obligated on this note, or any number of us together, to collect this note. You may without notice release any party to this agreement without releasing any other party. If you give up any of your rights, with or without notice, it will not affect my duty to pay this note. Any extension of new credit to any of us, or renewal of this note by all or less than all of us will not release me from my duty to pay it. (Of course, you are entitled to only one payment in full.) I agree that you may at your option extend this note or the debt represented by this note, or any portion of the note or debt, from time to time without limit or notice and for any term without affecting my liability for payment of the note. I will not assign my obligation under this agreement without your prior written approval.

CREDIT INFORMATION - I agree and authorize you to obtain credit information

about me from time to time (for example, by requesting a credit report) and to report to others your credit experience with me (such as a credit reporting agency). I agree to provide you, upon request, any financial statement or information you may deem necessary. I warrant that the financial statements and information I provide to you are or will be accurate, correct and complete.

SIGNATURES AND SEALS: IN WITNESS WHEREOF, I HAVE SIGNED MY NAME AND AFFIXED MY SEAL ON THIS 27TH DAY OF January, 1999. BY DOING SO, I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGES 1 AND 2) I HAVE RECEIVED A COPY ON TODAY'S DATE.

APPLE HOMES CORP (seal) _____ (seal)

By:/s/ E. SAMUEL EVANS (seal) _____ (seal)

E. SAMUEL EVANS, PRESIDENT

_____ (seal) _____ (seal)

SIGNATURE FOR LENDER: X /s/ Mike Carrington

MIKE CARRINGTON

APPLE HOMES CORP.
3633 WHEELER RD SUITE 140
AUGUSTA, GA 30909

FIRST NATIONAL BANK & TRUST
COMPANY
316 WEST HILL STREET
THOMSON, GA 30824

Loan Number
Date
Maturity Date
Loan Amount \$75,000.00
Renewal of 404296800

BORROWER'S NAME AND ADDRESS
"I" Includes each borrower
above, joint & severally

LENDER'S NAME AND ADDRESS
"You" means the lender, its successors & assigns
TAX ID NO. 58-2157634

For value received, I promise to pay to you, or your order, at your address listed above the PRINICPAL sum of Seventy-Five thousand and 00/100 Dollars \$ 75,000.00

[] Single Advance: I will receive all of this principal sum on _____. No additional advances are contemplated under this note.

[X] Multiple Advance: The principal sum shown above is the maximum amount of principal I can borrow under this note. On 6/21/1999 I will receive the amount of \$30,011.87 and future principal advances are contemplated. Conditions: The conditions for future advances are SUBJECT TO THE GUIDELINES IN THE ATTACHED FLOOR PLAN AND SECURITY AGREEMENT EXECUTED APRIL 3, 1996. MONTHLY INTEREST PAYMENTS MUST BE CURRENT

[X] Open End Credit: You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires on 06/21/2000.

[] Open End Credit: You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

INTEREST: I agree to pay interest on the outstanding principal balance from 06/21/1999 at the rate of 9.750% per year until ANY CHANGES IN THE PRIME INTEREST RATE.

[X] Variable Rate: This rate may then change as stated below:

[X] Index Rate: The future rate will be 2.00% ABOVE the following index rate: FIRST BANK OF GEORGIA PRIME INTEREST RATE

[] No Index: The future index rate will not be subject to any internal or external index. It will be entirely in your control.

[X] Frequency and Timing: The rate on this note may change as often as DAILY. A change in the interest rate will take effect IMMEDIATELY.

[] Limitations: During the term of this loan, the applicable annual interest rate will not be more than _____ % or less than _____ %. The rate may not change more than _____ % each _____ .

Effect of Variable Rate: A change in the interest rate will have the following effect on the payments:

- The amount of each scheduled payment will change
- The amount of the final payment will change.
- _____.

ACCRUAL METHOD: Interest will be calculated on a Actual / 360 basis.

POSTMATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below:

- on the same fixed or variable rate basis in effect before maturity (as indicated above)
- at a rate equal to 16.00% ANNUM.
- LATE CHARGE: If a payment is more than ____ days after it is due, I agree to pay a late charge of _____.
- ADDITIONAL CHARGES: In addition to interest, I agree to pay the following charges which are are not included in the principal amount above: \$25.00 PER UNIT FLOORED FEE.

PAYMENTS: I agree to pay this note as follows:

- Interest: I agree to pay accrued interest MONTHLY BEGINNING JULY 15, 1999.

Exhibit 10.3.6. (Page 2)

- Principal: I agree to pay the principal AS INVENTORY IS SOLD WITH THE BALANCE TO BE PAID IN FULL ON OR BEFORE JUNE 21, 2000.
- Installments: I agree to pay this note in _____ payments. The first payment will be in the amount of \$_____ and will be due _____. A payment of \$_____ will be due _____ thereafter. The final payment of the entire unpaid balance of principal and interest will be due _____.
- If checked, and this loan is secured by a first lien on real estate, then any accrued interest not paid when due (whether due by reason of a schedule of payments or due because of lenders demand) will become part of the principal thereafter, and will bear interest at the interest rate in effect from time to time as provided for in this agreement.

ADDITIONAL TERMS:

SUBJECT TO A FLOOR PLAN AND SECURITY AGREEMENT DATED APRIL 3, 1996, DESCRIBING COLLATERAL AS BEING ALL USED MOBILE HOMES HELD FOR SALE AND ACQUIRED FROM MANUFACTURERS, DISTRIBUTORS AND SELLERS, BY WAY OR REPLACEMENT, SUBSTITUTION, ADDITION OR OTHERWISE AND ALL ADDITIONS AND ACCESSIONS THERETO AND ALL PROCEEDS OF SUCH MOBILE HOMES, INCLUDING INSURANCE PROCEEDS.

THIS NOTE IS ALSO GUARANTEED BY E. SAMUEL EVANS, INDIVIDUALLY AND HARDY A. LANIRE, INDIVIDUALLY.

[X] SECURITY: This note is separately secured by (describe separate document by type and date):

FLOOR PLAN AND SECURITY AGREEMENT DATED APRIL 3, 1996.

This section is for your internal use. Failure to list a separate document does not mean the agreement will not secure this note.)

PURPOSE: The purpose of this loan is RENEW #404296800 ORIG BUSINESS LOC (FLOOR PLAN). SIGNATURES AND SEALS: IN WITNESS WHEREOF, I HAVE SIGNED MY NAME AND AFFIXED MY SEAL ON THIS 21st DAY OF June 1999. BY DOING SO, I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGE 2). I HAVE RECEIVED A COPY ON TODAY'S DATE.

EVANS-LANIER INC DBA APPLE HMS 58-2157634

Signature for Lender

/s/ Danny Taylor (Seal)

DANNY TAYLOR, SECRETARY

/s/ Heyward Horton, Jr

HEYWARD HORTON, JR /clm

(Seal)

(Seal)

(Seal)

MAYFAIR HOMES CORPORATION

Equity Incentive Plan

Section 1. Purpose

The purpose of the Mayfair Homes Corporation Equity Incentive Plan (the "Plan") is to attract and retain key employees, to provide an incentive for them to achieve long-range performance goals and to enable them to participate in the long-term growth of the Company.

Section 2. Definitions

"Affiliate" means any business entity in which the Company owns directly or indirectly 50% or more of the total combined voting power or has a significant financial interest as determined by the Committee.

"Award" means any Option, Stock Appreciation Right, Performance Share, Restricted Stock, Stock, Stock Unit or Other Stock-Based Award awarded under the Plan.

"Board" means the Board of Directors of the Company.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor to such Code.

"Committee" means a committee of not less than two members of the Board appointed by the Board to administer the Plan. In the absence of the appointment by the Board of a Committee, the term "Committee as used herein shall mean the Board

"Common Stock" or "Stock" means the Common Stock, \$.002 par value of the Company.

"Company" means Mayfair Homes Corporation

"Designated Beneficiary" means the beneficiary designated by a Participant, in a manner determined by the Committee, to receive amounts due or exercise rights of the Participant in the event of the Participant's death. In the absence of an effective designation by a Participant, "Designated Beneficiary" shall mean the Participant's estate.

"Effective Date" means April 26, 1996.

"Fair Market Value" means, with respect to Common Stock or any other property, the fair market value of such property as determined by the Committee in good faith or in the manner established by the Committee from time to time.

"Incentive Stock Option" means an option to purchase shares of Common Stock awarded to a Participant under Section 6 that is intended to meet the requirements of Section 422 of the Code or any successor provision.

"Nonstatutory Stock Option" means an option to purchase shares of Common Stock awarded to a Participant under Section 6 that is not intended to be an Incentive Stock Option.

"Option" means an Incentive Stock Option or a Nonstatutory Stock Option

"Other Stock-Based Award" means an Award, other than an Option, Stock Appreciation Right, Performance Share, Restricted Stock or Stock Unit, having a Common Stock element and awarded to a Participant under Section I 1.

"Participant" means a person selected by the Committee to receive an Award under the Plan.

"Performance Cycle" or "Cycle" means the period of time selected by the Committee during which performance is measured for the purpose of determining the extent to which an award of Performance Shares has been earned.

"Performance Shares" mean shares of Common Stock, which may be earned by the achievement of performance goals, awarded to a Participant under Section 8.

"Reporting Person" means a person subject to Section 16 of the Securities Exchange Act of 1934, as amended, or any successor provision.

"Restricted Period" means the period of time during which an award may be forfeited to the Company pursuant to the terms and conditions of such Award.

"Restricted Stock" means shares of Common Stock subject to forfeiture awarded to a Participant under Section 9.

"Stock Appreciation Right" or "SAR" means a right to receive any excess in value of shares of Common Stock over the exercise price awarded to a Participant under Section 7.

"Stock Unit" means an award of Common Stock or units that are valued in whole or in part by referenced to, or otherwise based on, the value of Common Stock, awarded to a Participant under Section 10.

Section 3. Administration

The Plan shall be administered by the Committee. The Committee shall have authority to adopt, alter and repeal such administrative rules, guidelines and practices governing the operation of the Plan as it shall from time to time consider advisable, and to interpret the provisions of the Plan. The Committee's decisions shall be final and binding. To the extent permitted by applicable law, the Committee may delegate to one or more executive officers of the Company the power to make Awards to Participants who are not Reporting Persons and all determinations under the Plan with respect thereto, provided that the Committee shall fix the maximum amount of such Awards for the group and a maximum for any one Participant.

Section 4. Eligibility

All employees, consultants and non-employee directors of the Company or any Affiliate capable of contributing significantly to the successful performance of the Company, other than a person who has irrevocably elected not to be eligible, are eligible to be Participants in the Plan. Incentive Stock Options may be awarded only to persons eligible to receive such Options under the Code.

Section 5. Stock Available for Awards

(a) Subject to adjustment under subsection (b), Awards may be made under the Plan for up to 1,000,000 shares of Common Stock. If any Award in respect of shares of Common Stock expires or is terminated unexercised or is forfeited without the Participant having had the benefits of ownership (other than voting rights), the shares subject to such Award, to the extent of such expiration, termination or forfeiture, shall again be available for award under the Plan. Common Stock issued through the assumption or substitution of outstanding grants from an acquired company shall not reduce the shares available for Awards under the Plan. Shares issued under the Plan may consist in whole or in part of authorized but unissued shares or treasury shares.

(b) Notwithstanding any other provision of the Plan, no more than 1,000,000 shares of Common Stock shall be cumulatively available for the award of Incentive Stock Options; provided that, to the extent an Incentive Stock Option expires or is terminated unexercised or is forfeited for any reason, the shares that were subject to such option may again be awarded as Incentive Stock Options.

(e) In the event that the Committee determines that any stock dividend, extraordinary cash dividend, creation of a class of equity securities, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination exchange of shares, warrants or rights offering to purchase Common Stock at a price substantially below fair market value, or other similar

transaction affects the Common Stock such that an adjustment is required in

order to preserve the benefits or potential benefits intended to be made available under the Plan, then the Committee (subject, in the case of Incentive Stock Options, to any limitations required under the Code) shall equitably adjust any or all of (i) the number and kind of shares in respect of which Awards may be made under the Plan, (ii) the number and kind of shares subject to outstanding Awards, and (iii) the award, exercise or conversion price with respect to any of the foregoing, and if considered appropriate, the Committee may make provision for a cash payment with respect to an outstanding Award, provided that the number of shares subject to any Award shall always be a whole number.

Section 6. Stock Options

(a) Subject to the provisions of the Plan, the Committee may award Incentive Stock Options and Nonstatutory Stock Options and determine the number of shares to be covered by each Option, the option price therefor and the conditions and limitations applicable to the exercise of the Option. The terms and conditions of Incentive Stock Options shall be subject to and comply with Section 422 of the Code, or any successor provision, and any regulations thereunder, and no Incentive Stock Option may be granted hereunder more than ten years after the Effective Date.

(b) The Committee shall establish the option price at the time each Option is awarded, which price shall not be less than 100% of the Fair Market Value of the Common Stock on the date of award with respect to Incentive Stock Options. Nonstatutory Stock Options may be granted at such prices as the Committee may determine.

(c) Each Option shall be exercisable at such times and subject to such terms and conditions as the Committee may specify in the applicable Award or thereafter. The Committee may impose such conditions with respect to the exercise of Options, including conditions with respect to the exercise of Options, including conditions relating to applicable federal or state securities laws, as it considers necessary or advisable.

(d) No shares shall be delivered pursuant to any exercise of an Option until payment in full of the option price therefor is received by the Company. Such payment may be made in whole or in part in cash or, to the extent permitted by the Committee at or after the award of the Option, by delivery of a note or shares of Common Stock owned by the optionee, including Restricted Stock, valued at their Fair Market Value on the date of delivery, or such other lawful consideration as the Committee may determine. In addition to the method of payment set forth above, and in lieu of any cash payment required thereunder, the option price for the shares for which options are exercised may be paid by surrendering the option agreement in exchange for the number of shares of Common

Stock equal to the product (i) the number of shares a to which the option agreement is being exercised, multiplied by (ii) a fraction, the numerator of which is the Fair Market Value of the Common Stock less the option price and the denominator of which is the Fair Market Value.

(e) The Committee may provide that, subject to such conditions as it considers appropriate, upon the delivery of shares to the Company in payment of an Option, the Participant automatically be awarded an Option for up to the number of shares so delivered.

Section 7. Stock Appreciation Rights

(a) Subject to the provisions of the Plan, the Committee may award SARs in tandem with an Option (at or after the award of the Option), or alone and unrelated to an Option. SARs in tandem with an Option shall terminate to the extent that the related Option is exercised, and the related Option shall terminate to the extent that the tandem SARs are exercised. SARs granted in tandem with Options shall have an exercise price not less than the exercise price of the related Option. SARs granted alone and unrelated to an Option may be granted at such exercise prices as the Committee may determine.

(b) An SAR related to an Option that can only be exercised during limited periods following a change in control of the Company may entitle the Participant to receive an amount based upon the highest price paid or offered for Common Stock in any transaction relating to the change in control or paid during the thirty-day period immediately preceding the occurrence of the change in control in any transaction reported in the stock market in which the Common Stock is normally traded.

Section 8. Performance Shares

(a) Subject to the provisions of the Plan, the Committee may award Performance Shares and determine the number of such shares for each Performance Cycle and the duration of each Performance Cycle. There may be more than one Performance Cycle in existence at any one time, and the duration of Performance Cycles may differ from each other. The payment value of Performance Shares shall be equal to the Fair Market Value of the Common Stock on the date the Performance Shares are earned or, in the discretion of the Committee, on the date the Committee determines that the Performance Shares have been earned.

(b) The Committee shall establish performance goals for each Cycle, for the purpose of determining the extent to which Performance Shares awarded for such Cycle are earned, on the basis of such criteria and to accomplish such objectives as the Committee may from time to time select. During any Cycle, the Committee may adjust the performance goals for such Cycle as it deems suitable in recognition of usual or non-recurring events affecting the Company, changes

in applicable tax laws or accounting principles, or such other factors as the Committee may determine.

(c) As soon as practicable after the end of a Performance Cycle, the Committee shall determine the number of Performance Shares that have been earned on the basis of performance in relation to the established performance goals. The payment values of earned Performance Shares shall be distributed to the Participant or, if the Participant has died, to the Participant's Designated Beneficiary, as soon as practicable thereafter. The Committee shall determine, at or after the time of award, whether payment values will be settled in whole or in part in cash or other property, including Common Stock or Awards.

Section 9. Restricted Stock

(a) Subject to the provisions of the Plan, the Committee may award shares of Restricted Stock and determine the duration of the Restricted Period during which, and the conditions under which, the shares may be forfeited to the Company and the other terms and conditions of such Awards. Shares of Restricted Stock shall be issued for no cash consideration or such minimum consideration as may be required by applicable law.

(b) Shares of Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered, except as permitted by the Committee, during the Restricted Period. Shares of Restricted Stock shall be evidenced in such manner as the Committee may determine. Any certificates issued in respect of shares of Restricted Stock shall be registered in the name of the Participant and unless otherwise determined by the Committee, deposited by the Participant, together with a stock power endorsed in blank, with the Company. At the expiration of the Restricted Period, the Company shall deliver such certificates to the Participant or if the Participant has died, to the Participant's Designated Beneficiary.

Section 10. Stock Units

(a) Subject to the provisions of the Plan, the Committee may award Stock Units subject to such terms, restrictions, conditions, performance criteria, vesting requirements and payment rules as the Committee shall determine.

(b) Shares of Common Stock awarded in connection with a Stock Unit Award shall be issued for no cash consideration or such minimum consideration as may be required by applicable law.

Section 11. Other Stock-Based Awards

(a) Subject to the provisions of the Plan, the Committee may make other

awards of Common Stock and other awards that are valued in whole or in part by reference to, or are otherwise based on, Common Stock, including without limitation convertible preferred stock, convertible debentures, exchangeable securities and Common Stock awards or options. Other Stock-Based Awards may be granted either alone or in tandem with other Awards granted under the Plan and/or cash awards made outside of the Plan.

(b) The Committee may establish performance goals, which may be based on performance goals related to book value, subsidiary performance or such other criteria as the Committee may determine, Restricted Periods, Performance Cycles, conversion prices, maturities and security, if any, for any Other Stock-Based Award. Other Stock-Based Awards may be sold to Participants at the face value thereof or any discount therefrom or awarded for no consideration or such minimum consideration as may be required by applicable law.

Section 12. General Provisions Applicable to Awards

(a) Reporting Person Limitations. Notwithstanding any other provision of the Plan, to the extent required to qualify for the exemption provided by Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and any successor provision, Awards made to a Reporting Person shall not be transferable by such person other than by will or the laws of descent and distribution or pursuant to a qualified domestic relations order, as defined in the Code or Title I of the Employee Retirement Income Security Act, or the rules thereunder.

(b) Documentation. Each Award under the Plan shall be evidenced by a writing delivered to the Participant specifying the terms and conditions thereof and containing such other terms and conditions not inconsistent with the provision of the Plan as the Committee considers necessary or advisable to achieve the purposes of the Plan or comply with applicable tax and regulatory laws and accounting principles.

(c) Committee Discretion. Each type of Award may be made alone, in addition to or in relation to any other type of Award. The terms of each type of Award need not be identical, and the Committee need not treat Participants uniformly. Except as otherwise provided by the Plan or a particular Award, any determination with respect to an Award may be made by the Committee at the time of award or at any time thereafter.

(d) Settlement. The Committee shall determine whether Awards are settled in whole or in part in cash, Common Stock, other securities of the Company, Awards or other property. The Committee may permit a participant to defer all or any portion of a payment under the Plan, including the crediting of interest on deferred amounts denominated in cash and dividend equivalents on amounts denominated in Common Stock.

(e) Dividends and Cash Awards. In the discretion of the Committee, any

Award under the Plan may provide the Participant with (i) dividends or dividend equivalents payable currently or deferred with or without interest, and (ii) cash payments in lieu of or in addition to an Award.

(f) Termination of Employment. The Committee shall determine the effect on an Award of the disability, death, retirement or other termination of employment of a Participant and the extent to which, and the period during which, the Participant's legal representative, guardian or Designated Beneficiary may receive payment of an Award or exercise rights thereunder.

(g) Change in Control. In order to preserve a Participant's rights under an Award in the event of a change in control of the Company, the Committee in its discretion may, at the time an Award is made or at any time thereafter, take one or more of the following actions: (i) provide for the acceleration of any time period relating to the exercise or realization of the Award, (ii) provide for the purchase of the Award upon the Participant's request for an amount of cash or other property that could have been received upon the exercise or realization of the Award had the Award been currently exercisable or payable, (iii) adjust the terms of the Award in the manner determined by the Committee to reflect the change in control, (iv) cause the Award to be assumed, or new rights substituted therefor, by another entity, or (v) make such other provision as the Committee may consider suitable and in the best interests of the Company.

(i) Withholding. The Participant shall pay to the Company, or make provision satisfactory to the Committee for payment of, any taxes required by law to be withheld in respect of Awards under the Plan no later than the date of the event creating the tax liability. In the Committee's discretion, such tax obligations may be paid in whole or in part in shares of Common Stock, including shares retained from the Award creating the tax obligation, valued at their Fair Market Value on the date of delivery. The Company and its Affiliates may, to the extent permitted by law, deduct any such tax obligations from any payment of any kind otherwise due to the Participant.

(j) Foreign Nationals. Awards may be made to Participants who are foreign nationals or employed outside the United States on such terms and conditions different from those specified in the Plan as the Committee considers necessary or advisable to achieve the purposes of the Plan or comply with applicable laws.

(k) Amendment of Award. The Committee may amend, modify or terminate any outstanding Award, including substituting therefor another Award of the same or a different type, changing the date of exercise or converting an Incentive Stock Option to a Nonstatutory Stock Option, provided that the Participants consent to such action shall be required unless the Committee determines that the action, taking into account any related action, would not materially and adversely affect the Participant.

Section 13. Miscellaneous

(a) No Right To Employment. No person shall have any claim or right to be granted an Award, and the grant of an Award shall not be construed as giving a Participant the right to continued employment. The Company expressly reserves the right at any time to dismiss a Participant from any liability or claim under the Plan, except as expressly provided in the applicable Award.

(b) No Rights As Shareholder. Subject to the provisions of the applicable Award, no Participant or Designated Beneficiary shall have any rights as a shareholder with respect to any shares of Common Stock to be distributed under the Plan until he or she becomes the holder thereof. A Participant to whom Common Stock is awarded shall be considered the holder of the Stock at the time of the Award except as otherwise provided in the applicable Award.

(c) Effective Date. Subject to the approval of the shareholders of the Company, the Plan shall be effective on the Effective Date. Prior to such approval, Awards may be made under the Plan expressly subject to such approval.

(d) Amendment of Plan. The Board may amend, suspend or terminate the Plan or any portion thereof at any time, subject to any shareholder approval that the Board determines to be necessary or advisable.

(e) Governing Law. The provisions of the Plan shall be governed by and interpreted in accordance with the laws of New York.

Apple Homes Corp., Inc.
401(k) Profit Sharing Plan

Effective Date: 02/01/1999

This document is a description of the Plan. It is intended that the language be clear and understandable. The law governing plans is very complicated. Consequently, the language in the law and the Plan is very technical and legal. The government requires that the Plan document and this description contain much of the same language. If this description says something different from what the Plan says, the Plan must be followed. A copy of the Plan is available for inspection by contacting the Plan Administrator, whose telephone number is on the Plan Information Page.

Date Prepared: February 16, 1999

Apple Homes Corp., Inc.
401(k) Profit Sharing Plan

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Apple Homes Corp., Inc.
401(k) Profit Sharing Plan

I. PLAN INFORMATION.

Plan Name: Apple Homes Corp., Inc.
401(k) Profit Sharing Plan

Employer: Apple Homes Corp., Inc.
Address: 3633 Wheeler Road, Suite 140 Augusta, GA
30909

Employer Identification Number
of Plan Sponsor: 13-3525328

Plan Serial Number: 001

Type of Plan: 401 (k) Profit Sharing Plan

Normal Retirement Age: 65 with 5 participation years

Trustee(s): State Street Bank & Trust Company

Business Address: Two Heritage Drive
Quincy, MA 02171

Plan Administrator and
Plan Sponsor Apple Homes Corp., Inc.

Business Address: 3633 Wheeler Road, Suite 140
Augusta, GA 30909

Phone Number: (706) 650-2015

Agent for service of legal
process: Plan Administrator (see above)

Note: Service of legal process may be made
upon a Plan Trustee or the Plan
Administrator.

Ending Date of Plan's Year: December 3 1

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Apple Homes Corp., Inc.

401(k) Profit Sharing Plan

II. ELIGIBILITY REQUIREMENTS.

After you start work, and have completed the required period of service for eligibility, you will enter the Plan on the next entry date.

To be eligible to become a participant in the Plan, you must, as of these dates:

January 1, July 1

1. have completed 6 Month(s) of Service.
2. have attained age 21.
3. not be covered by a collective bargaining agreement (i.e., not in a union).
4. not be a nonresident alien and not earning any U.S. income.
5. All individuals, in a class of employees normally eligible, who are employed on February 1, 1999, will be eligible to participate in the Plan immediately. All other employees hired after February 1, 1999 will be required to meet the above eligibility requirements.

Summary Plan Description
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Apple Homes Corp., Inc.
401(k) Profit Sharing Plan

III. PLAN CONTRIBUTIONS.

Once you have satisfied the eligibility requirements, you become a Participant automatically.

Generally:

The amount of Contributions to the Plan are determined by the sum of Elective Deferral Contributions, Profit Sharing Contributions, Rollover Contributions, and additional contributions which may be made by the employer during the year.

Your social security benefits are paid by the government and are in addition to the benefits paid from the Plan. The existence of this Plan and the contributions made to it will not affect your social security benefits in any way.

Elective Deferral Contributions:

You may elect to reduce your salary and have the amount contributed to the Trust. The amount may not be more than the lesser of:

1. 15% of your pay and the amount of your Cash Bonus, or
2. \$ 1 0000 as adjusted to reflect annual federal cost of living increases, or
3. such lesser amount as determined by the discrimination tests for the Plan.

You may choose to begin Elective Deferral Contributions on 1/1, 7/1.

Your election will be effective with the 1st pay period following the period in which you make the election. Your election will remain in effect until modified or terminated by you. You can modify your election effective 1/1, 7/1. You may terminate your deferrals at any time. Contact your Plan Administrator for the deadline for making modification requests. Because it is a Cash or Deferred Arrangement, this Plan must meet special tests which assure that highly compensated employees do not make significantly more Elective Deferral Contributions to the Plan than non-highly compensated employees. If, under the test, the contributions of the highly compensated employees exceed the amount permitted, the employer must either return some of the Elective Deferral Contributions, or make additional contributions on behalf of certain participants. The additional contributions will be treated as Elective Deferral Contributions. You may not contribute more than \$10000 (as adjusted under Federal Law) to all 40 1(k) type plans to which you belong. You must apply to your Plan Administrator in writing for a refund of any Elective Deferral Contribution by 03/01.

Profit Sharing Contributions:

Summary Plan Description
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Apple Homes Corp., Inc.
40 1(k) Profit Sharing Plan

The Employer may decide to make additional contributions which will be subject to the "Vesting Schedule" shown in Section VI below. The Profit Sharing Contribution will be allocated to your account in the ratio that your compensation bears to the compensation of all participants. Forfeitures of this contribution shall be allocated with the Profit Sharing Contribution.

Additional Contributions:

The employer may make special contributions to enable the Elective Deferral Contributions to pass discrimination tests required under the Internal Revenue Code. These contributions are called Qualified Non-Elective Contributions in the Plan Document and Adoption Agreement and will be made in the manner required for the purpose of passing the tests.

Compensation:

All your contributions are based on the amount you are paid.

Your pay or earnings are the sum of your W-2 earnings and amounts deferred through a salary deferral agreement under an IRC 401(k) Plan, through a Cafeteria Plan under IRC 125, a SEP under 402(h), or through an annuity under IRC 403(b).

The amount of your compensation which will be used for plan purposes will be that to you during the Plan Year beginning each January 1 and ending each 31.

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Apple Homes Corp., Inc.
401(k) Profit Sharing Plan

IV. PLAN BENEFITS AND METHODS OF PAYMENTS.

Distributions:

You may elect to receive a distribution from the 401(k) Plan if you:

1. Separate from service,
2. Die,
3. Become disabled, or
4. Attain age 59 1/2.

Also, you may receive a distribution of your salary deferral contributions:

1. If the Plan terminates and there is no successor Plan, or
2. If the employer or most of his working assets are sold to another unrelated company, or
3. If the employer sells its interest in a subsidiary to another unrelated company, or
4. If you have a "financial hardship". (Note: Applicable to Salary Deferral Contributions, as defined below, only.)

When you are ready to begin receiving your benefit, contact the Plan Administrator. The Plan cannot compel you to take a distribution, unless your benefit is less than \$5,000.

Hardship Distributions:

You may receive a distribution of Elective Deferrals (and earnings thereon accrued as of December 31, 1988) in the event of hardship. The following is a general explanation of the rules for such a distribution.

Contact the Plan Administrator for complete details and application. This is a

taxable distribution.

Hardship is defined as an immediate and heavy financial need where you lack other available resources. You will need to receive your spouse's consent to the distribution.

The following are the only financial needs considered immediate and heavy for which you may receive a hardship distribution:

- o incurred or necessary medical expenses of the Employee, the Employee's spouse, children, or dependents;
- o the purchase (excluding mortgage payments) of a principal residence for the Employee;
- o payment of tuition for the next 12 months of post-secondary education for the Employee, the Employee's spouse, children or dependents;

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Apple Homes Corp., Inc.
401(k) Profit Sharing Plan

- o the prevention of eviction of the Employee from, or a foreclosure on the mortgage of, the Employee's principal residence.

In order to qualify for a hardship distribution, you must first obtain all other types of distributions and all nontaxable loans permitted under all plans maintained by the Employer.

Your right to make Elective Deferrals will be suspended for twelve months after the receipt of the hardship distribution.

The amount you may receive may not be in excess of the amount of an immediate and heavy financial need, or the amount of your Elective Deferrals.

The amount of Elective Deferrals you will be allowed to make for the taxable year immediately following the taxable year of the hardship distribution, may not be in excess of the applicable limit under Section 402(g) of the Code (the \$7,000 limit adjusted for cost of living) for that taxable year, less the amount of your Elective Deferrals made in the taxable year of the hardship

distribution.

The determination of the existence of financial hardship, and the amount required to be distributed to meet the need created by the hardship, shall be made in a nondiscriminatory manner by the Plan Administrator according to the written rules and regulations of the Plan.

To apply for a financial hardship distribution you must:

1. Complete an application for the Plan Administrator,
2. Provide proof to the Administrator of expenditures showing the amount of the withdrawal needed, and
3. Provide proof to the Administrator, such as bank statements, showing that there are no other financial resources available to meet the expense.

Rollover Contributions:

You may apply to the Plan Administrator asking the Plan to receive a contribution of a distribution to you from another qualified plan. If the Plan accepts this money, it is called a Rollover Contribution.

Payment of Your Distribution:

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Apple Homes Corp., Inc.
401(k) Profit Sharing Plan

Once you become eligible for a distribution and elect to receive it, the Trustee will be instructed to pay it out.

The amount of this distribution will be the vested portion of your plan money.

It cannot be specified exactly how long it will take for you to receive this distribution, for two reasons:

1. In the daily valuation system the Plan Administrator will generally know the value of your account, however, the assets will need to be liquidated in order for you to receive payment. This may take a period of time. Some types of assets may take a longer period of time to liquidate than others. Publicly traded stocks and mutual funds generally are easily liquidated.

2. After you leave, the Plan Administrator must calculate your exact years of vesting, prepare a final statement of your account, prepare an IRS form showing how it is taxable, and have a check prepared.

Of course, your employer is interested in paying benefits when due, but must do so in an orderly course of business. For this reason, it is anticipated that any distribution will take a reasonable length of time.

Amount and Form of Payment of Your Distribution:

The amount of your benefit in this Plan depends on the amount in your account and the extent to which you are vested in that amount.

The benefit forms available are: 1. Lump Sum, 2. Installment Payments.

You can defer paying taxes on all or a portion of your distribution by requesting that the Plan transfer it directly to an Individual Retirement Account or a Qualified Plan. This is called a direct rollover.

If you elect a direct rollover from this plan to your new plan or IRA, no money will be withheld for payment of federal income taxes. At the time of your distribution you will want to be sure to speak with the Plan Administrator as to how you can accomplish a direct rollover.

If you do not elect to make a direct rollover to a Qualified Defined Contribution Plan or IRA, the Employer will be required to withhold 20% of any monies you receive to pay federal income taxes.

You may still receive your money and then decide to roll it over, as long as you do so within 60 days of the date of payment. But the withholding will have already occurred at the time of distribution and you will pay taxes on this amount as well as any other amount you do not rollover. If you decide to

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Apple Homes Corp., Inc.
401(k) Profit Sharing Plan

rollover the whole distribution including the amount that was withheld, you must provide other money to replace the amount withheld. The withholding will be credited against any income tax you owe for the year, and when you file your income tax return, you may get a refund of the amount withheld.

If you are ever going to receive a distribution, be sure to review carefully the Notice of Taxation of Distribution that you will receive from your Plan Administrator.

If you keep all or a part of your distribution, then you must show the payment as income on your tax return for that year. You or your tax preparer should calculate the tax when you prepare the return.

If you have applied for and received a Hardship Distribution, the amount must be reported by you as income in the year it was received. A Hardship Distribution will always be given to you as a lump sum.

If you are under 59 1/2 when you receive a distribution, you will be liable for an early distribution tax unless you roll the amount into an Individual Retirement Account.

The Plan Administrator cannot give you legal or tax advice. You should rely on your own personal tax advisor when the time comes to decide on how you wish to take distribution and to determine the tax consequences of receiving a distribution.

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Apple Homes Corp., Inc.
401(k) Profit Sharing Plan

V. PLAN ADMINISTRATION.

Plan Operation:

Your employer makes contributions to the Plan. These contributions can never go back to the employer. The Trustee, each year, tells the Plan Administrator what the trust is worth and the Plan Administrator then must divide the funds among all of the plan participants accounts. The Plan Administrator may issue a statement of his account to each participant. The Plan Administrator must give the value of your account to you if you request it in writing.

Plan Administrator:

The plan is administered by the Plan Administrator, whose name is typed on the Plan Information page. Your employer has appointed the Plan Administrator and can change the Plan Administrator at any time. The Plan Administrator has the

sole and ultimate responsibility to interpret Plan provisions and determine Plan Benefits, and is responsible for such things as keeping plan records and reporting to government agencies.

Trustee:

Your plan is funded by a Trust. The name of the Trustee is typed on the Plan Information page. Your employer has appointed the Trustee and can change the Trustee at any time. The job of the Trustee is to safe keep the fund of money in the Plan and to invest the money.

Investment of Plan Assets:

In your Plan each Participant has an Individual Investment Account. This account will hold the Salary Deferral Contributions, additional contributions, and Profit Sharing Contributions allocable to the Participant. Rollover Contributions will also be included.

You must direct the Trustee as to how your assets are to be invested. The employer and Plan Administrator will select a series of mutual funds or pooled investment accounts for you to invest in. You may direct the investment of your account assets into any investment permitted by regulation and the policy of the Plan. Note that the Plan Administrator, the Employer, and the Trustee will not provide investment advice. You are totally responsible for any investment selection which you make.

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Apple Homes Corp., Inc.
401(k) Profit Sharing Plan

Your Employer is not responsible for the financial gains or losses to your account which result from your directions.

Plan Insurance:

You may have heard that the government provides insurance to pay pension benefits if a Plan fails. This Plan is not eligible for such insurance because contributions are made right into your own account. If the Plan terminates or your employer goes out of business, you will be entitled to receive all the benefits in your account at the time. This amount could be more or less than the total amount of contributions made to your account depending on your investment experience.

Apple Homes Corp., Inc.
401(k) Profit Sharing Plan

VI. LOSS OR DENIAL OF BENEFITS.

You should be aware that some actions by you or the employer may result in a loss or denial of benefits from your Plan.

Also, because a 401(k) Plan must pass special nondiscrimination tests, sometimes your contributions will have to be returned to you as excess contributions which the plan cannot continue to hold. If the Plan returns contributions, you will have to pay income taxes on them.

Vesting:

Your plan has a Vesting Schedule that establishes what percentage of your Profit Sharing Contribution is nonforfeitable if you leave the employer.

Forfeitures of Profit Sharing Contributions will be reallocated in the same manner as current Profit Sharing Contributions.

The vesting schedule is based on Covered Years of Service. A Covered Year of Service is any 12 month period ending on the plan year end during which you worked for the employer at least 1000 hours.

Vesting Schedule

Covered Years of Service:	Percentage of Account Vested:
Less than 1	0%
1 but less than 2	0%
2 but less than 3	20%
3 but less than 4	40%
4 but less than 5	60%
5 but less than 6	80%
6 or more	100%

If you have reached Normal Retirement Age, if you die, if you are totally and permanently disabled, or if the Plan is terminated then your balance of these funds becomes 100% vested. This means that you or your beneficiaries get the entire value of your accounts. You are always 100% vested in you Elective Deferral contributions to the Plan.

Apple Homes Corp., Inc.
401(k) Profit Sharing Plan

Break in Service:

Once you have become a participant in the Plan, you will remain a participant until a year (which ends on December 31) passes, during which you did not work 500 hours. This is called a 1 year break in service. If you return before having 5 consecutive 1 year breaks in service, then you continue to participate in the Plan as if you had never left the employer.

Other circumstances which may cause either a reduction or denial of benefits:

- A. If the employer amends the Plan to reduce future contributions, then your account will not grow at the same rate.
- B. If the employer terminates the Plan, then your account will have no further contributions.
- C. If your salary decreases, then your allocation of the contribution will be less.
- D. If the Plan investments do poorly, then your account balance will decrease.
- E. If you receive a loan from the Plan which you fail to repay, then your account balance will be offset by the loan.

Beneficiary Designation:

If you die before benefits are distributed to you, the Trustee will pay out the whole amount to the beneficiary you have set forth on the beneficiary designation form on file with the Employer.

Make sure you keep this form current.

Apple Homes Corp., Inc.
401(k) Profit Sharing Plan

VII. TERMINATION OF THE PLAN.

While the Plan is intended to be permanent, the employer reserves the right to amend or terminate the Plan. If the Plan is terminated, you will immediately become 100% vested in all your benefits in the Plan.

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Apple Homes Corp., Inc.
401(k) Profit Sharing Plan

VIII. YOUR RIGHTS UNDER ERISA.

As a participant in this plan you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all plan participants shall be entitled to examine, without charge, at the Plan Administrators office and at other specified locations all plan documents, including insurance contracts, collective bargaining agreements and copies of all documents filed by the Plan with the U.S. Department of Labor, such as detailed annual reports and Plan descriptions.

Obtain copies of all plan documents and other plan information upon written request to the Plan Administrator. The Administrator may make a reasonable charge for the copies.

Receive a summary of the Plans annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your plan, called Fiduciaries of the Plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

If your claim for a pension benefit is denied in whole or in part you must receive a written explanation of the reason for the denial. You have the right to have the Plan reviewed and reconsider your claim. Under ERISA, there are

steps you can take to enforce the above rights. For instance, if you request materials from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Administrator.

If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. If it should happen that the Plan fiduciaries misuse the Plans money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in Federal Court. The Court will decide who pays Court Cost and Legal Fees. If you are successful the Court may order the person you have sued to pay these costs and fees. If you lose, the Court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Summary Plan Description
Page 14

Apple Homes Corp., Inc.
401(k) Profit Sharing Plan

The Plan Administrator has the sole and ultimate authority to define and interpret plan language, terms and documentation.

If you have any questions about your plan, you should contact the Plan Administrator.

If you have any questions about this statement or about your rights under ERISA, you should contact the nearest area office of the U.S. Labor-Management Services Administration, Department of Labor.

Summary Plan Description
Page 15

Apple Homes Corp., Inc.
401(k) Profit Sharing Plan

SUMMARY PLAN DESCRIPTION
PARTICIPANT LOAN ADDENDUM

You may apply for a loan under the Retirement Plan. This information sheet has been prepared to give you some general information concerning these loans. You may apply for a loan by obtaining a loan application form from your Plan

Administrator.

1. The maximum loan you may borrow may not exceed the lesser of 50% of your vested interest in the Plan or \$50,000 (reduced by the excess of the highest loan balance held by you in the last 12 months, over the outstanding balance on the date of the loan) less your current loan balance. The minimum loan you may borrow will not be less than \$ 1,000.00 (minimum may not exceed \$ 1,000.00).
2. The interest rate will be the prevailing rate found by the Plan Administrator. It will be the average of the rate used for similar personal loan transactions used by several commercial banks in the general geographic area of the Plan.
3. The maximum loan term is 5 years, unless you certify that you are going to use it to purchase your primary residence. In that case, the maximum term for a home loan is 30 years. A loan to purchase a primary residence is not a mortgage, and does not permit you to take a deduction on your personal income taxes.
4. The loan will be fully amortized and secured by the vested balance of your account in the Plan.
5. Loan amounts will first be taken from money attributed to rollovers, then pro-rata from all other accounts until liquidated, until the loan amount requested has been taken.
6. All loans must be fully amortized, principal and interest, and must be paid through regular payroll deductions. Loan payments will be deposited to your plan accounts in the reverse order to that in #5 according to current fund elections.
7. When you take a loan from the plan you will be pledging your account balance to repay the entire balance of the loan if you should default.
8. You may prepay the total outstanding balance of your loan at any time. There is no prepayment penalty. Partial prepayments are not allowed.

Summary Plan Description

Page 16

Apple Homes Corp., Inc.
401(k) Profit Sharing Plan

9. Since payments are made by payroll deductions, default occurs when you no longer are receiving a paycheck from the Company, and you fail to make payments. If you are still an employee, but are on an unpaid leave of absence, you may continue to make the regular payments by personal check. Default will occur if you fail to send in your check. If you fail to make up the payments you owe, default occurs. The amount outstanding will be deemed distributed to you as income. However, the loan will continue to be held as an asset of the Plan.

10. If you terminate your employment with a remaining loan balance, or if you otherwise default on your loan, the balance will be immediately due and payable. If you do not pay off the loan, the outstanding amount will be deducted from your account balance upon its distribution to you. The amount of the loan balance would then be a taxable distribution from the Plan and may also be subject to a 10% early distribution penalty if you are not at least 59 1/2. Your employer will be required to withhold 20% of the amount of your loan in default for payment of Federal Income Taxes. This withholding will be paid from your remaining vested account balance at the time of distribution. You should consult a tax advisor if this occurs to determine its effect on your taxes. Note that if the loan is deemed to be distributed as taxable income to you, and you are not otherwise entitled to receive a distribution, the loan will remain part of your account balance.

11. Further information concerning the loans is contained in the Loan Application, the Promissory Note, and the Truth-in-Lending Disclosure Statement, if applicable, copies of which are provided by the Plan Administrator.

12. Provisions for loans are subject to change by the Plan Administrator at any time. Any future changes will not affect existing loans unless required by law.

13. Generally, interest repayments are not deductible.

Summary Plan Description

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STATE OF GEORGIA
COUNTY OF McDUFFIE

A G R E E M E N T

This Agreement, made and entered into this, the 27th day of December 1994, by and between Apple Homes, Inc., a Georgia corporation, having its principal place of business in Richmond County, Georgia, and Hardy A. Lanier, a resident of McDuffie County, Georgia,

W I T N E S S E T H:

Whereas, Apple Homes, Inc. is or shall be the registered owner of 80% of the issued and outstanding stock of Evans-Lanier, Inc., and the said Hardy A. Lanier is or shall be the registered owner of 20% of such issued and outstanding stock; and

Whereas, Evans-Lanier, Inc. shall own and operate a retail mobile home sales lot on West Hill Street in the city of Thomson, McDuffie County, Georgia, doing business as Apple Homes, Thomson Branch; and

Whereas, the said Hardy A. Lanier has paid unto Evans unto Evans-Lanier, Inc., the sum of \$25,000.00 for the purchase of 20% of the issued and outstanding stock of said corporation; and

Whereas, the parties hereto are desirous of outlining and formalizing an operating agreement with respect to said retail sales lot, and they have, therefore, agreed between themselves as follows:

1. In return for the payment by the said Hardy A. Lanier for the purchase of said stock, it is agreed that he, the said Hardy A. Lanier, shall be entitled to receive 20% of all net profit derived from the operation of said mobile home sales lot, to include, but not limited to, sales of mobile homes, both new and used; sales of tires and axles; volume discount rebates paid unto the corporation by manufacturers. It is agreed that such distribution shall be made unto the said Hardy A. Lanier on a quarterly basis, beginning at the end of the first calendar quarter of 1995, and continuing at the end of each and every subsequent quarter thereafter.

Further it is agreed that the said Hardy A. Lanier shall be furnished office space in the office unit of said corporation located on the sales lot in Thomson, McDuffie County, Georgia, for the purpose of his conducting sales and the operation of his mobile home servicing and land clearing business.

It is agreed and understood by the parties hereto that, should the said Hardy A. Lanier fail to perform the services hereinabove described in a satisfactory manner and fashion, then the said Evans-Lanier, Inc., D/B/A Apple

Homes, Thomson Branch, shall be authorized to engage other parties to accomplish such.

Additionally, the said Hardy A. Lanier, D/B/A Lanier's Mobile Home Services and Land Clearing shall be paid and compensated for any and all such contemplated services actually performed at rates to be agreed upon between the parties hereto at the time of the performance of said work and services.

In witness whereof, the parties hereto have hereunto set their hands and affixed their seals on this, the 27th day of December 1994.

Witness:

/s/ William M. Wheeler

Sworn to and subscribed before
Me, this, the 27th day of December 1994.

/s/ Pamela S. Brown

Pamela S. Brown
Notary Public, McDuffie County, Georgia
My Commission Expires December 6, 1998

/s/ Hardy A. Lanier

Hardy A. Lanier

Witness:

/s/ Pamela S. Brown

Sworn to and subscribed before
Me, this, the 27th day of December 1994.

Apple Homes, Inc.

By: /s/ E. Samuel Evans, President

/s/ William M. Wheeler

Apple Homes

Corporation

3633 Wheeler Road, Suite 140
Augusta, GA 30909
(706) 650-2015
FAX (706) 650-0629

STATE OF GEORGIA

COUNTY OF RICHMOND

AMENDMENT

This amendment is made to the agreement entered into on the 27th day of December, 1994, by and between Mayfair Homes Corporation, a Delaware Corporation now known as Apple Homes Corporation, with its principal place of business located at 3633 Wheeler Road, Suite 140, Augusta, Georgia 30909, hereinafter referred to as "Apple" and Hardy A. Lanier, a resident of McDuffie County, Georgia, hereinafter referred to as "Lanier".

WITNESSETH

This amendment affects only those sections addressed herewith. The original agreement stays in affect in every way except for these amendments:

1. The payment of any dividends is at the discretion of the officers of the company.
2. It is agreed that 25-33% of the net profits of said company, (Evans-Lanier, Inc.), will remain in working capital until a minimum of \$100,000 working capital exist.
3. Further, it is agreed that bonuses and management fees will be at the discretion of the officers of Evans-Lanier, Inc. and will be paid quarterly depending on the profitability of the company.

In witness whereof, the parties hereto set their hands and affixed their seals on this the I" day of April, 1998.

/s/ E. Samuel Evans

E. Samuel Evans
President
Apple Homes Corporation

/s/ Hardy A. Lanier

Hardy A. Lanier

STATE OF GEORGIA
COUNTY OF RICHMOND

AGREEMENT

This Agreement, made and entered into this 16TH day of December, 1996, by and between Mayfair Homes Corporation, a Delaware Corporation, having its principal place of business at 3633 Wheeler Rd, Ste 140, Augusta, GA 30909, hereinafter referred to as "Mayfair" and Chad A. Aycock, a resident of 3180 Washington Rd, Thomson, GA 30824, hereinafter referred to as "Aycock".

WITNESSETH

Whereas, Mayfair is the registered owner of 200 shares of stock of Big Daddy's Mobile Homes, Inc., said shares constituting 100% of the issued and outstanding stock of said corporation; and

Whereas, Aycock is desirous of obtaining 40 shares constituting 20% ownership of Big Daddy's Mobile Homes, Inc., and

Whereas, the parties hereto are desirous of outlining and formalizing an operating Agreement with respect to said retail lot located at 1819 Gordon Hwy, Augusta, Richmond County, Georgia, and they have, therefore, agreed between themselves as follows:

1. Mayfair hereby conveys 40 shares of stock (representing 20% ownership) of Big Daddy's Mobile Homes, Inc., to Aycock for the purchase price of \$25,000.00. Said purchase price shall be paid in the following fashion: \$10,000.00 (Ten-thousand) payable in cash at closing and a demand note for the remaining \$ 15,000.00 (Fifteen-thousand).

2. In return for the payment by Aycock for said interest, it is agreed that Aycock shall be entitled to receive 20% of all net profits derived from the operation of said sales center, to include, but not limited to, sales of manufactured homes, both new and used, sales of wheels and axles, and volume rebates paid unto the corporation by the manufacturers. It is agreed that such distribution shall be made to Aycock on a quarterly basis beginning with the quarter ending March 30, 1997, and continuing at the end of each subsequent quarter thereafter. It is further agreed that the \$ 15,000.00 note from Aycock to Mayfair shall be deducted from said distributions.

3. It is further agreed that the effective takeover date by Aycock shall be

January 1, 1997. All sales, bills, transaction prior to date belong to Mayfair. Sales shall be construed as those applications and or deposits given prior to the end of December 30, 1996.

4. Mayfair Homes Corporation is responsible to furnish wholesale and retail financing.

In Witness whereof, the parties hereto have hereunto set their hands and affixed their seals on this the 16TH day of December 1996.

/s/ Scarlett D. Brown

WITNESS

/s/ Frances M. Kelley

WITNESS

/s/ Chad A. Aycock

CHAD A. AYCOCK

MAYFAIR HOMES CORPORATION

BY: /s/ E. Samuel Evans

E. SAMUEL EVANS, PRESIDENT

Apple Homes
Corporation

3633 Wheeler Road, Suite 140
Augusta, GA 30909
(706) 650-2015
FAX (706) 650-0629

STATE OF GEORGIA

COUNTY OF RICHMOND

AMENDMENT

This amendment is made to the agreement entered into on the 16th day of December, 1996, by and between Mayfair Homes Corporation, a Delaware Corporation now known as Apple Homes Corporation, with its principal place of business located at 3633 Wheeler Road, Suite 140, Augusta, Georgia 30909, hereinafter referred to as "Apple" and Chad A. Aycock, a resident of 3 1 80 Washington Road, Thomson, Georgia 30824, hereinafter referred to as "Aycock".

WITNESSETH

This amendment affects only those sections addressed herewith. The original agreement stays in affect in every way except for these amendments:

1. The payment of any dividends is at the discretion of the officers of the company.
2. It is agreed that 25-33% of the net profits of said company, (Big

Daddy's Mobile Homes, Inc.), will remain in working capital until a minimum of \$100,000 working capital exist.

3. Further, it is agreed that bonuses and management fees will be at the discretion of the officers of Big Daddy's Mobile Homes, Inc. and will be paid quarterly depending on the profitability of the company.

In witness whereof, the parties hereto set their hands and affixed their seals on this the 1st day of April, 1998.

/s/ E. Samuel Evans
E. Samuel Evans
President
Apple Homes Corporation

/s/ Chad A. Aycok
Chad A. Aycok

STATE OF GEORGIA

COUNTY OF MCDUFFIE

AGREEMENT

This Agreement, made and entered into this 1st day of September, 1996, by and between Mayfair Homes Corporation, a Delaware Corporation, with its principal place of business at 3633 Wheeler Road, Suite 140, Augusta, GA 30909, hereinafter referred to as "Mayfair" and Carolyn M Stratton, a resident of 2933 Milledgeville Road, Augusta, GA 30904, hereinafter referred to as "Stratton",

WITNESSETH

Whereas, Mayfair owns and operates a retail sales center at 2933 Milledgeville Road doing business under the Trade Name of "Apple Homes",

And, whereas Stratton is desirous of obtaining a 20% partnership agreement with Mayfair to manage and operate said sales center,

And, whereas the parties hereto are desirous of outlining and formalizing an operating agreement with respect to said retail sales center, and they have therefore, agreed between themselves as follows:

1. Mayfair hereby conveys twenty percent (20%) of said sales center to Stratton for the purchase price of \$ 25,000. Said purchase price shall be paid in the following fashion: Ten thousand dollars in cash and a demand note for \$ 15,000.

2. In return for the payment by Stratton for said interest, it is agreed that Stratton shall be entitled to receive 20% of all net profit derived from the operation of said mobile home sales lot, to include, but not limited to, sales of manufactured homes, both new and used, sales of tires and axles, and volume rebates paid unto the corporation by the manufacturers. It is agreed that such distribution shall be made to Stratton on a quarterly basis beginning with the last quarter of 1996, and continuing at the end of each and every subsequent quarter thereafter. It is further agreed that the \$ 15,000 note from Stratton to Mayfair be deducted from said distributions.

3. It is further agreed that Stratton and associated companies i.e. "Stratton Home Transport" shall have the option to do the deliveries and set-ups of the homes sold off of said sales center as long as said services are done in a satisfactory manner and at competitive prices, and

4. It is agreed and anticipated that this agreement be assigned to a corporation to be created by both parties by January of 1997.

In witness whereof, the parties hereto set their hands and affixed their seals on this, the 1st day of September 1996.

/s/Donald Eustace

/s/Pamela Westbrook

/s/ Carolyn M. Stratton

Carolyn M. Stratton

/s/ E. Samuel Evans

MAYFAIR HOMES CORPORATION
E SAMUEL EVANS
PRESIDENT

Apple Homes
Corporation

3633 Wheeler Road, Suite 140
Augusta, GA 30909
(706) 650-2015
FAX (706) 650-0629

STATE OF GEORGIA

COUNTY OF RICHMOND

AMENDMENT

This amendment is made to the agreement entered into on the 1st day of September, 1996, by and between Mayfair Homes Corporation, a Delaware Corporation now known as Apple Homes Corporation, with its principal place of business located at 3633 Wheeler Road, Suite 140, Augusta, Georgia 30909, hereinafter referred to as "Apple" and Carolyn Stratton, a resident of 2933 Milledgeville Road, Augusta, Georgia 30904, hereinafter referred to as "Stratton".

WITNESSETH

This amendment affects only those sections addressed herewith. The original agreement stays in affect in every way except for these amendments:

1. The payment of any dividends is at the discretion of the officers of the company.
2. It is agreed that 25-33% of the net profits of said company, (J.C. Homes), will remain in working capital until a minimum of \$100,000 working capital exists.

3. Further, it is agreed that bonuses and management fees will be at the discretion of the officers of J.C. Homes and will be paid quarterly depending on the profitability of the company.

In witness whereof, the parties hereto set their hands and affixed their seals on this the 1st day of April 1998.

/s/ E. Samuel Evans
E. Samuel Evans
President
Apple Homes Corporation

/s/ Carolyn M. Stratton
Carolyn M. Stratton
President
J.C. Homes, Inc.

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Exhibit 11

Earnings per share calculation
March 31, 1999

	1999 ----	1998 ----	1997 ----
Basic EPS:			
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Income available to common stockholders	\$ 104,304	\$ (51,531)	\$ (439,526)
Weighted average # of shares outstanding	1,925,012 -----	1,491,423 -----	1,109,669 -----
Basic EPS	\$ 0.0542 =====	\$ 0.0346 =====	\$ 0.3961 =====
Diluted EPS:			
Income available to common stockholders	\$ 104,304	\$ (51,531)	\$ 439,526
Adjusted for interest charge on convertible debentures:			
10% interest 3/3/98-6/30/98 on 7/98 conversion	300,000 (62,500) -----	7,500	
10% interest 7/98-12/3/98 on 12/4/98 conversion	237,500 (12,500) -----	9,896	
10% interest 12/4/98-2/20/99 on 2/21/99 conversion	225,000 (2,500) -----	5,001	
10% interest 2/21/99-3/31/99 on	222,500 -----	2,472	
	24,868	30,000	30,000
Adjusted for income tax effect @ 40.00%	(9,947) -----	12,000 -----	12,000 -----
	14,921	18,000	18,000
	\$ 119,225 -----	\$ (33,531) -----	\$ (421,526) -----
Weighted average # of shares outstanding	2,126,605 -----	1,731,423 -----	1,349,669 -----
Diluted EPS	\$ 0.561 -----	\$ 0.0194 -----	\$ 0.3123 -----
	antidilutive	antidilutive	antidilutive

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FINANCIAL STATEMENTS FOR THE QUARTER ENDED JUNE 30, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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