

IN THE MATTER OF
GAC CORPORATION, ET AL.

MODIFYING ORDER IN REGARD TO ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT

Docket C-2523. Decision, July 23, 1974 — Modifying Order, April 17, 1979

This order modifying an order to cease and desist issued on July 23, 1974, 39 FR 34021, 36960; 84 F.T.C. 163, requires the incorporation of the terms of the 1974 order within any GAC plan of reorganization under provisions of the Bankruptcy Act confirmed by the Bankruptcy Court. Upon such confirmation, the modified order requires the company to establish a \$10,000,000 accrual Reserve Fund to be used to defray costs of building individual septic tanks or wells in the northern section of Golden Gates Estates, and to reimburse those whose land is found to be unsuitable for homesites. Because of GAC's poor financial condition, the company is only required to develop a portion of Golden Gates Estates, rather than the entire subdivision, as previously mandated; and is provided with additional time in which to fulfill its contractual obligations to land owners. The modified order further requires GAC to provide financial compensation or alternate homesites to those owning property in the area to be left undeveloped.

ORDER MODIFYING ORDER TO CEASE AND DESIST

The Commission on February 13, 1979, issued its order to show cause why this proceeding should not be reopened and its order of July 23, 1974 (hereafter sometimes referred to as "the Commission Order of 1974"), modified.

Respondents having filed an answer consenting to the proposed changes of the Commission Order of 1974, and the Commission having considered the comments filed by interested persons,

Now, therefore, it is hereby ordered, That the aforesaid order to cease and desist be, and it hereby is, modified in accordance with the show cause order subject to, and contingent upon, satisfaction of all of the following conditions:

(1) the incorporation of the terms of the Commission Order of 1974, as modified, within any plan of reorganization of the respondent confirmed by the Bankruptcy Court in the aforesaid Chapter X proceedings (hereafter referred to as the "plan of reorganization") such incorporation to be without any alterations, substitutions, changes or deletions of the Commission Order of 1974, as modified;

(2) the incorporation of an express provision within any plan of reorganization of the respondent confirmed by the Bankruptcy Court in the aforesaid Chapter X proceedings that the reorganized company which is created thereby shall be subject to the requirements of the Commission Order of 1974, as modified;

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(3) the incorporation of an express provision within any plan of reorganization of the respondent, confirmed by the Bankruptcy Court in the aforesaid Chapter X proceedings, that the reorganized company shall stipulate and agree to the enforcement as provided by law, including, but not limited to, as provided under Section 45(1), Title 15, United States Code. Provided further that nothing contained in the order modifying the Commission Order of 1974, and no action taken by the Bankruptcy Court in the aforesaid Chapter X proceedings, shall in any way restrict the right of any lot purchaser or title holder who chooses to reject the alternatives provided in the Commission Order of 1974, as modified, from filing any claim he or she may otherwise have against the respondent in the aforesaid Chapter X proceedings; however, the acceptance of any of the alternatives provided shall act as a bar to the filing of any other claims relating to the same land of the lot purchaser or titleholder or the contract applicable thereto prior to confirmation of the plan of reorganization.

Upon full satisfaction of all of the above conditions, the Commission Order of 1974 shall be modified, without necessity of further action by the Commission, as follows:

ORDER

For purposes of this order the following definitions shall be applicable:

"Land" shall mean real property subdivided into parcels without any house or building constructed thereon, but shall not include anything defined below as "other real property."

"Other real property" shall mean a house or building constructed for residential purposes and the land upon which it is situated, including land upon which, pursuant to a purchase agreement or contract, a house or building is to be constructed within 12 months and with respect to which no consideration will pass to respondents until closing other than moneys held in escrow or a minimal earnest money deposit.

"Consumer" shall mean a natural person to whom respondents offer to sell or sell land or other real property; *provided, however*, that the term "consumer" shall not include a natural person who purchases land in a single transaction for a sum in excess of \$50,000.

I.

As used in this section of the order, a requirement to cease and desist from representing or misrepresenting shall unless otherwise

indicated, include representing or misrepresenting directly or by implication, and by any manner or means.

It is ordered, That respondents GAC Corporation, GAC Properties, Inc. and GAC Properties, Inc. of Arizona, corporations, and their officers, and their subsidiaries and the said subsidiaries' officers, and respondents' successors, assigns, agents, representatives and employees, directly or through any corporate or other device in connection with the advertising, offering for sale, or sale of land and other real property to consumers in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. (a) Failing to disclose, clearly and conspicuously, in any written or oral invitation or other initial communication to consumers concerning any event or activity, including but not limited to dinner parties or other gatherings, contests, awards of free or low cost gifts or vacations, and sightseeing tours, or for any other goods or services, which invitation or communication is in any manner a part of a plan or procedure to sell land, the following statement:

The purpose of [the event or activity] is to attempt to sell you land presently undeveloped in [name of State in which land is located].

(b) (i) If the invitation or communication is in writing, such disclosure shall be in writing and shall be made clearly and conspicuously and in conjunction with the invitation or communication; (ii) if the invitation or communication is oral and delivered in person, such disclosure shall be both oral and in writing and shall be made clearly and conspicuously and in conjunction with the invitation or communication; and (iii) if the invitation or communication is made by telephone, such disclosure shall be made orally and clearly and conspicuously in conjunction with the telephone invitation or communication and in writing by mail to be received by the prospective purchaser at least 24 hours prior to the event or activity; *provided, however,* with respect to subpart (iii) above, that if the event or activity is a sales presentation to be conducted in the home of the consumer, such written disclosure may be made at any time prior to the sales presentation, but in no event shall such disclosure be made later than the introductory remarks of the salesman; and, *further provided,* with respect to subpart (iii) above that if the invitation or communication is received at a place other than the consumer's residence or place of employment, such written disclosure may be made at any time prior to the consumer's attendance at the sales presentation.

2. Misrepresenting the true nature and purpose of any event or activity, including but not limited to dinner parties or other

gatherings, contests, awards of free or reduced gifts or vacations, and sightseeing tours.

3. Failing to furnish the purchaser with a fully completed copy of the contract at the time of its signing by the purchaser, which is in the same language as that principally used in the oral sales presentation, if any, and which shows the date of the transaction and contains the name and address of the respondent; *provided, however*, that a foreign language copy of the contract need not be furnished if the purchaser is literate in the English language; and, *further provided*, that the contract need not at this time contain the signature of respondents.

4. Failing to set forth as the title of any contract for the purchase of land, in boldface type, the following language: "Contract for Deed for the Purchase of Land."

5. (a) Failing to print clearly and conspicuously in 12-point boldface type on the top half of the first page of all contracts for the sale of land, in addition to that language required by Paragraph 4 above, the following:

"THIS IS A CONTRACT BY WHICH YOU AGREE TO PURCHASE LAND. YOU HAVE 10 DAYS IN WHICH TO DETERMINE WHETHER TO CONTINUE THIS CONTRACT OR CANCEL IT WITH FULL REFUND. SEE THE ATTACHED NOTICE OF CANCELLATION FORM FOR AN EXPLANATION OF THIS RIGHT. USE THIS TIME TO EXAMINE WITH CARE THE PROPERTY REPORT (SOMETIMES CALLED A PUBLIC OFFERING STATEMENT) WHICH MUST BE GIVEN TO YOU AT OR BEFORE THE TIME YOU SIGN THIS CONTRACT.

"THE FUTURE VALUE OF THIS LAND, LIKE ALL UNDEVELOPED REAL ESTATE, IS UNCERTAIN. IT IS UNLIKELY THAT A PURCHASER WILL BE ABLE TO RESELL HIS LAND WITHOUT SUBSTANTIAL COMMUNITY DEVELOPMENT AND POPULATION GROWTH, WHICH MAY NOT OCCUR FOR A NUMBER OF YEARS AFTER YOU HAVE COMPLETED YOUR CONTRACT PAYMENTS, IF AT ALL. IT IS SUGGESTED THAT YOU HAVE BOTH THIS CONTRACT AND THE PROPERTY REPORT REVIEWED BY A LAWYER, REALTOR OR OTHER QUALIFIED PROFESSIONAL.

(b) In addition, there shall appear, in the form and place described in subparagraph (a) such of the following statements as are applicable:

(i) For contracts for the sale of lots to which respondents are not obligated to make a central sewer system available at the time title passes to the purchaser, add the following, including the second and third sentence only where applicable:

A central sewer system will not be available when you have completed your contract payments. Installation of a septic tank would be at your expense. However, the use of a septic tank on your lot is contingent on passing a soil test and approval by governmental authorities.

(ii) For contracts for the sale of lots to which respondents are not obligated to make a central water system available at the time title passes to the purchaser, add the following, including the second sentence only where applicable:

A central water system will not be available when you have completed your contract payments. Installation of a well would be at your expense.

(iii) For contracts for the sale of lots to or on which respondents are not obligated to provide any improvements, add the following in lieu of any of the above:

This completely undeveloped land is being sold "as is." No improvements are planned for this subdivision. Your lot is probably inaccessible by conventional means of transportation, and has no use in the present or in the foreseeable future.

6. Failing to include in any contract for the sale of land a provision whereby the seller agrees not to create during the contract term, without the express written permission of the purchaser, by sale, lease or any other means, any restriction, easement or reservation of any kind which can substantially limit the purchaser's use or enjoyment of his lot after the maturity date of said contract.

7. Including in any contract for the sale of land, or in any document shown or provided to purchasers or prospective purchasers of land, whether or not signed by such purchasers or prospective purchasers, language stating expressly or by implication:

(a) That no express or implied representations have been made in connection with the sale of respondents' land, or that any particular representation has not been made in connection therewith; and

(b) That the purchaser has had an opportunity to examine or understand any property report, offering statement or similar document required by state or federal law to be made available to him; *provided, however*, that such language may be included when authorized by the Interstate Land Sales Full Disclosure Act, presently codified at 15 U.S.C. 1701-20 (1970).

8. Changing a contract in any respect after signature by the purchaser unless such change is made by mutual agreement in writing, and unless it is clearly and conspicuously disclosed to the purchaser that he can refuse to accept such change and in lieu thereof receive a full refund of all moneys paid under the contract.

9. Making any statement or representation concerning the rights or obligations of respondents or the purchaser which differs in any material respect from the rights or obligations of the parties as stated in the contract.

10. (a) Representing that respondents will provide, or that respondents' subdivisions will have available, any recreational facility, improvement (roads or drainage) or utility (central sewage and water systems, electricity, or telephone service), unless respondents' contracts at the time of the representation contain a legal obligation on the part of respondents to provide or make available (i) said recreational facilities and improvements at a date certain, not later than 12 years from the date of purchase, set out clearly and conspicuously in the contract; (ii) said utilities within 90 days after respondents' receipt of written notification of the issuance of a building permit, provided that, if so represented, the time for installation of central water and sewer systems may be stated in the contract in terms of population density rather than as a specific date or time; and (iii) without, in the case of improvements or utilities, any cost to the purchaser in excess of the purchase price stated in the contract, except hook-up or installation charges for utilities as estimated in the contract on a current cost basis, subject to future local adjustments in accordance with regulations of and tariffs filed with appropriate public authorities.

(b) Failing to express the aforesaid contractual obligation set out in subparagraph (a) above in the contract with the purchaser in the following manner:

(i) An adequate description of each improvement, utility or recreational facility to be provided;

(ii) A provision that in the event any of the improvements, utilities or recreational facilities specified in the contract are not available to the lot which is the subject of the contract or are not completed within six months of the time provided in the contract, respondents will immediately, upon the expiration of said six-month period, provide the purchaser by certified mail, return receipt requested, with notice of such unavailability of or failure to complete the aforesaid improvements, utilities or recreational facilities and of the purchaser's right to exercise within 30 days of receipt of said notice his option to receive an exchange or to cancel and receive a full refund as set out in subparagraph (iii) below;

(iii) An option to the purchaser stated substantially as follows:

In the event that any of the improvements, utilities or recreational facilities specified by the seller in this contract are not available to the lot which is the subject of this contract or are not completed within six months of the time provided in this contract, the buyer may elect, at his option, to (1) receive an exchange acceptable to the buyer of the contracted-for homesite property for another of at least

equal price, equivalent size, with equivalent zoning classification and same promised improvements and utilities, and located in the same general geographic area of the subdivision, or (2) cancel this contract and receive from the seller a full refund of all moneys paid under the contract. To exercise this option, the buyer must give notice to the seller by registered or certified mail within 30 days after receipt of notice from the seller of such unavailability of or failure to complete the aforesaid improvements, utilities or recreational facilities. Where the buyer has received a deed or other evidence of interest in the contracted-for property other than this contract, the buyer must, as a condition of obtaining an exchange or a refund hereunder, reconvey to the seller such evidence of interest in the title to such property by General Warranty Deed in recordable form. In the event only the contract has been recorded in the Public Records, the buyer must quit claim in recordable form his interest to the seller to remove any clouds on the title to said property.

(c) Failing to make the exchange or refund requested by a purchaser under the terms of this paragraph of the order within 60 days of receipt of notification from the purchaser.

(d) Soliciting or obtaining the purchaser's assent to or otherwise imposing any condition, waiver or limitation upon the right of a purchaser to an exchange or a refund as set forth in this paragraph of the order; *provided, however*, that respondents may require purchasers to request an exchange or a refund within a stated time period of not less than 30 days after receipt by the purchaser of the notice required by subparagraph (b)(ii) above.

11. (a) Failing to furnish each purchaser of land, at the time he signs the contract, with a completed form in duplicate, captioned "NOTICE OF CANCELLATION," which shall contain in boldface type of a minimum size of 10 points the following statement:

NOTICE OF CANCELLATION

(date of transaction)

(print Purchasers' names)

YOU MAY CANCEL THIS TRANSACTION, WITHOUT ANY PENALTY OR OBLIGATION, AT ANY TIME PRIOR TO MIDNIGHT OF THE TENTH (10th) DAY AFTER THE ABOVE DATE.

IF YOU CANCEL, ANY PAYMENTS MADE BY YOU UNDER THE CONTRACT WILL BE REFUNDED WITHIN TEN (10) BUSINESS DAYS FOLLOWING RECEIPT BY THE SELLER OF YOUR CANCELLATION NOTICE. TO CANCEL THIS

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TRANSACTION, MAIL OR DELIVER A SIGNED COPY OF THIS CANCELLATION NOTICE OR ANY OTHER WRITTEN NOTICE, OR SEND A TELEGRAM, TO *(name of respondent)*, AT *(address of respondent's place of business)* NOT LATER THAN MIDNIGHT OF *(date)*.

I (WE) HEREBY CANCEL THIS TRANSACTION. (EACH PURCHASER MUST SIGN THIS NOTICE).

(Date) _____

(Purchasers' signatures)

(b) Failing, before furnishing copies of the "Notice of Cancellation" to the purchaser, to complete both copies by entering the name of the respondent, the address of the respondent's place of business, the date of the transaction, and the date, not earlier than the tenth day following the date of the transaction, by which the purchaser may give notice of cancellation.

12. Failing, in any instance where a timely notice of cancellation as required by Paragraph 11 above is received, and said notice is not properly signed, and respondents do not intend to honor the notice, immediately to notify the purchaser by certified mail, return receipt requested, enclosing the notice, informing the purchaser of his error, and stating clearly and conspicuously that a notice signed by each purchaser must be mailed by midnight of the third day following the purchaser's receipt of said mailing if such purchasers are to obtain a refund.

13. Failing or refusing to honor any signed and timely notice of cancellation by a purchaser, including any such notice received in accordance with Paragraph 12 above, and within ten business days after the receipt of such notice, to (i) refund all payments collected under the contract, and/or (ii) cancel and return any negotiable instrument executed by the purchaser and retained by respondents in connection with the contract.

14. Negotiating, transferring, selling or assigning any note or other evidence of indebtedness of a purchaser of land to a finance company or other third party prior to midnight of the fifteenth business day following the day the contract was signed.

15. Whenever the signature of a prospective purchaser of land is solicited during the course of a sales presentation, failing to inform each purchaser orally, prior to or at the time he signs the contract, of his right to cancel as provided for in Paragraph 11 above.

16. Requiring the purchaser to make a personal inspection of his lot, the subdivision in which it is located, or any other property, as a condition precedent to the cancellation of any contract or the refund

of any moneys paid thereunder, unless respondents (a) allow such purchaser two business days following the date of inspection within which to cancel, and (b) provide the purchaser at the time of inspection with a notice which clearly and conspicuously states (i) that the purchaser has two business days within which to cancel, (ii) that, in order to cancel, the purchaser must give respondents written notification by registered or certified mail of his desire to cancel, (iii) the final date by which the purchaser must mail such notice of cancellation, and (iv) the address where such notice must be sent; *provided, however*, that nothing in this paragraph of the order shall permit respondents to condition any other cancellation rights provided for in this order on the purchaser's inspection of any property.

17. Failing to comply with Section 226.9 of Regulation Z, 12 C.F.R. 226.9, or its successor regulation.

18. Failing to disclose, clearly and conspicuously, in all promotional materials and advertisements relating to the sale of land, the following statement: "Since land values are uncertain, you should consult a qualified professional before purchasing." *Provided, however*, that the above statement shall not be required in the following:

- (a) billboards;
- (b) radio and television advertisements of ten seconds or less;
- (c) the following advertisements when limited to soliciting requests for information through the mail:
 - (i) Magazine advertisements of 1/4 page or less in size;
 - (ii) Newspaper advertisements of 1/8 page or less in size;
 - (iii) Radio advertisements of more than ten seconds but not more than 45 seconds in duration.

19. Representing:

- (a) That the purchase of a lot in one of respondents' subdivisions is a way to insure financial security or to become wealthy;
- (b) That real estate is a good or safe investment, or that the purchase of a lot in one of respondents' subdivisions is a good or safe investment;
- (c) That land is becoming scarce; or
- (d) That the value of any land, including lots being offered for sale or previously sold by respondents, has increased, or will or may increase, or that purchasers have made, or will or may in the future make, a profit by reason of having purchased respondents' land.

20. Misrepresenting the past, present or future sales price of lots in respondents' subdivisions.

21. Making any representation in connection with the sale of land which in any manner refers to or concerns, directly or by implication, investment in stocks, insurance, banks, or any other form of investment other than respondents' land.

22. (a) Directly stating that airports, Walt Disney World, tourism or industry may or will increase the price or value of any land or other real property sold or being offered for sale by respondents.

(b) Representing data or statistics concerning the growth or development of any geographic area or the business or industry in any geographic area, unless such representations are true and respondents have at the time of making such representations, and maintain for three years thereafter, adequate substantiation for such representations; *provided, however*, that in the event such substantiation consists of data or statistics compiled by any governmental agency which are readily available to respondents, respondents need not retain such substantiation in their possession.

23. (a) Representing in any written promotional or advertising materials relating to the sale of respondents' land, including written materials prepared for use by respondents' salesmen in oral sales presentations, that the population of any geographic area other than respondents' subdivisions has increased, is increasing, or will increase unless respondents have, at the time of making such representation, and maintain for three years thereafter, a valid study or report which demonstrates that respondents' subdivisions within such geographic area or in the general vicinity thereof will materially benefit from said population increase.

(b) Making any representation concerning the population of any geographic area, including the representations referred to in subparagraph (a) above, unless such is the fact and unless respondents have at the time of making such representation, and maintain for three years thereafter, substantiating data which shall consist of a valid census or other valid report or study; *provided, however*, that in the event such substantiation consists of data or statistics compiled by any governmental agency which are readily available to respondents, respondents need not retain such substantiation in their possession.

24. Representing that respondents will buy back lots from or resell lots for purchasers, unless such is the fact.

25. Representing that respondents will provide, or that respondents' subdivisions will have available, any recreational facility, without clearly disclosing in immediate conjunction therewith and

with the same conspicuousness as such representation (a) the year by which such recreational facility will be completed, and (b) the current approximate cost to purchasers and to their families of membership in and use of such facilities; or misrepresenting the recreational facilities available at respondents' subdivision generally or from individual lots therein.

26. Representing that waterfront property provides access by boat to the Atlantic Ocean, Gulf of Mexico, or any other body of water, or that canals are navigable or can be used for any recreational activity, unless such is the fact and unless all significant qualifications pertaining to such access, navigability or use are clearly disclosed in immediate conjunction therewith and with the same conspicuousness as such representation.

27. Representing that Golden Gate:

(a) has shopping facilities or stores without clearly disclosing in immediate conjunction therewith and with the same conspicuousness as such representation the nature or extent of these facilities;

(b) has resort facilities without clearly disclosing in immediate conjunction therewith and with the same conspicuousness as such representation that Golden Gate does not have beaches or fishing and boating facilities, unless the contrary is in fact true.

28. Representing:

(a) That River Ranch Acres or Remuda Ranch Grants will be developed in any manner;

(b) That all purchasers of lots in River Ranch Acres or Remuda Ranch Grants can make substantial use of their lots in the present or in the future; or

(c) That purchasers of land have the right to lease to third persons or otherwise have any rights of enjoyment or possession during the contract term in the lots which they have agreed to purchase, unless such is the fact.

29. Assigning similar names to new subdivisions in which the facilities, improvements, and utilities available in such subdivisions are not substantially identical.

30. (a) Making any representation concerning Cape Coral or any other homesite subdivision at a sales presentation at which one or more lots not located in a homesite subdivision are being offered for sale; or

(b) Making any representation concerning any improvement,

utility or recreational facility at one subdivision at a sales presentation for another subdivision at which respondents have not provided and are not obligated to provide similar improvements, utilities, or recreational facilities unless respondents disclose in immediate conjunction therewith and with the same conspicuousness as such representation that similar improvements, utilities, or recreational facilities will not be provided at the subdivision to which the advertisement or sales presentation is directed.

31. Misrepresenting the amount, proportion or magnitude of roads or canals completed or under construction in any subdivision.

32. Misrepresenting the qualities, characteristics, location or state of present or planned development of any subdivision or portion thereof.

33. Making any statement or representation concerning the proximity of any city or place to a subdivision or a part thereof without clearly disclosing in immediate conjunction therewith and with the same conspicuousness as such representation the approximate distance in road miles from the geographic center of the subdivision or part thereof to the other city or place referred to.

34. Making any statement or representation concerning the purchase price of land without clearly disclosing in immediate conjunction therewith and with the same conspicuousness as such statement or representation the nature and estimated amount of any additional payments, including but not limited to payments for property taxes, which must be made by the purchaser to respondents or to any third party in order to purchase such land.

35. Representing that central sewage and/or water systems will be available in a subdivision when a given level of population density is reached unless it is clearly disclosed in immediate conjunction therewith and with the same conspicuousness as such representation that purchasers will be required to install, at their own expense, wells and septic tanks until said level of population density is reached.

36. (a) Representing that free or low cost transportation to or accommodations at respondents' subdivisions will be provided unless such is the fact and without clearly disclosing in immediate conjunction therewith and with the same conspicuousness as such representation all conditions or limitations applicable thereto.

(b) Failing to provide the aforesaid transportation or accommodations on the date or within the time period stated or agreed upon; *provided, however*, that it shall not be a violation of this paragraph of the order if such transportation or accommodations are not available due to conditions beyond the control of respondents.

(c) In the event the aforesaid transportation or accommodations are not provided on the date or within the time period stated or agreed upon, failing within 30 days to offer to refund and, upon request by the purchaser, to refund all moneys paid (i) under a contract entered into prior to said failure to provide such transportation or accommodations, and (ii) toward such transportation or accommodations; *provided, however*, that respondents shall not be required to make refunds under subpart (i) above if such transportation or accommodations are not available due to conditions beyond the control of respondents.

37. Making any statement concerning any credit, refund or other monetary benefit or remuneration to purchasers or prospective purchasers unless such is the fact and without clearly disclosing in immediate conjunction therewith and with the same conspicuousness as such statement all conditions and limitations applicable to such credit, refund, benefit, or remuneration.

38. Referring to any instrument or document as a "credit check" or otherwise representing that a credit toward a purchaser's account is an actual payment to the purchaser in the form of cash, check, or other negotiable instrument.

39. Representing that persons being solicited to purchase respondents' land are being asked to take the first step, or are reserving the land, or are not making a final decision, or are not buying the land; or otherwise misrepresenting the legal significance of signing a contract.

40. Representing that prospective purchasers must sign a contract immediately in order to assure purchasing property in a choice location, or that property similar to that being offered for sale may not or will not be available or available at the same price in the foreseeable future, unless such is the fact.

41. In connection with the sale of land:

(a) Representing that increasing the amount of the monthly payment will speed up passage of title, unless such is the fact;

(b) Representing that increasing the amount of the monthly payment will speed up completion of improvements; or

(c) Misrepresenting the benefits to be obtained by increasing the amount of the monthly payment or by completing payment of the purchase price prior to the date the final payment is due under the contract.

42. Representing that any document, sales presentation, advertisement or promotional material has been filed with or approved by any State, the Federal Department of Housing and Urban Develop-

ment, the Armed Forces, or any other governmental agency, unless such is the fact; or representing that governmental regulation means that respondents' representations are true, complete, or should be relied upon; or representing that respondents are affiliated in any manner with the Armed Forces of the United States or any government or governmental agency.

43. Including in any contract or other document any waiver, limitation or condition on the right of a purchaser to cancel a transaction or receive a refund under any provision of this order, except as such waiver, limitation or condition is by this order expressly allowed; *provided, however*, that this paragraph shall not be construed as prohibiting respondents from conditioning the purchaser's right to cancel and receive a refund under any provision of this order on the purchaser's relinquishing and, where appropriate, reconveying to respondents his interest in the land which is the subject of the transaction being cancelled.

44. Misrepresenting the right of a purchaser to cancel a transaction or receive a refund under any provision of this order or any applicable statute or regulation.

45. Making any representation or taking any action which is inconsistent with or detracts from the effectiveness of this order.

It is further ordered, That respondents, upon receipt of a complaint from a purchaser alleging facts that indicate this order may have been violated and requesting a refund or cancellation of the purchaser's contract, refund all moneys paid by such purchaser where respondents determine, after a good faith investigation, that one or more of the paragraphs in Section I of this order have been violated in connection with such purchaser's transactions with respondents; *provided, however*, that in the event respondents refund any money pursuant to this paragraph of the order, the sole fact of such refund shall not be admissible against respondents in any proceeding brought to recover penalties for alleged violation of any other paragraph of this order; and, *further provided*, that this paragraph shall not be applicable to transactions in which the contract was entered into prior to the date this order became final.

II.

It is further ordered, in connection with the refund of moneys forfeited under contracts in default prior to the date this order becomes final:

A. That respondent compile a list of the last known name and address of all persons entering into contracts for the purchase of respondent's land who defaulted on said contracts and forfeited

monies paid in excess of the sum of the downpayment plus an amount equal to 30 standard monthly payments as stated in the contract, said list to contain all such forfeitures from July 1, 1968 to October 11, 1974; *provided, however*, that for contracts which were entered into or amended as a result of an exchange by which land purchased pursuant to a single contract was exchanged for land with a higher total price, the terms of the original contract entered into by the purchaser prior to such exchange shall be used to compute the sum of the downpayment and an amount equal to 30 standard monthly payments.

B. That the refund payments due to purchasers pursuant to this section shall be scheduled by the Co-Trustees and shall be provided for in a confirmed plan of reorganization as general unsecured claims entitled to payment at no less a rate or preference than any other general unsecured claims, including claims of bond and debenture holders. All such purchasers shall be notified of the disposition of their claims in conjunction with the notices and plan materials required to be mailed to creditors under Bankruptcy Rule 10-303(e). Upon the return of any notices undelivered, the purchasers affected shall receive notice as directed by the Bankruptcy Court pursuant to Bankruptcy Rule 10-405, fixing a time not less than five (5) years after the final decree closing the estate within which such purchasers may claim the distribution provided for them under the Plan. Upon the expiration of such period, any distribution unclaimed by such purchasers shall revert to the reorganized company, but the fair market value as of such date shall be added to the accrual Reserve Fund provided for under Section III of the Commission Order of 1974, as herein modified.

C. Respondent shall maintain, for a period of five (5) years after the date of the confirmation of the plan of reorganization all records which disclose respondent's compliance with this section of the order, as modified.

III.

It is further ordered, in connection with lot purchasers or titleholders holding contracts for or title to parcels of land in Golden Gate Estates (for purpose of this section, "titleholders" shall not include persons who acquired such title from Collier County, Florida by tax deed):

A. That respondent shall make available to each lot purchaser or titleholder of parcels of land in Golden Gate Estates which are *South of Stewart Boulevard* the choice of one of the following alternatives:

1. Each lot purchaser or title holder may choose to deed his

property to respondent upon the Co-Trustees' scheduling his or her claim for all principal and interest paid to respondent and the provision for such claims as unsecured claims in a confirmed plan of reorganization. Claims hereunder shall be allowed in full, or in *pro rata* amounts totalling not more than \$18,000,000 which is the maximum amount of claims that will be allowed under this paragraph. Claims under this paragraph shall be treated as follows:

a. Payments made by lot purchasers or titleholders subsequent to December 12, 1975 shall be granted priority status and, in the event of a successful reorganization plan, shall be paid in cash;

b. The remainder of claims under this paragraph shall be allowed *pro rata* after deducting the claims paid under subparagraph (a) of this paragraph from the allowable maximum of \$18,000,000 as general unsecured claims entitled to payment at no less a rate or preference than any other general unsecured claims including claims of bond and debenture holders.

2. Each lot purchaser or titleholder may choose an exchange into River Ranch Acres, on a two-for-one basis, so that each lot purchaser or titleholder will receive double the acreage in River Ranch Acres as is presently owned in Golden Gate Estates. The selection of this alternative shall be limited to the inventory of land in River Ranch Acres owned by respondent as of May 1, 1978, depleted only by the acreage used by respondent to comply with Section IV of this order. In the event a lot purchaser or titleholder who has elected this alternative is unable to receive the double acreage in River Ranch Acres as provided by this paragraph, respondent shall notify each such lot purchaser or titleholder in writing within thirty (30) days after such fact becomes known to respondent that the lot purchaser or titleholder must select one of the remaining alternatives in this section.

Each lot purchaser or titleholder who chooses this option shall remain obligated for any sums remaining due on an existing contract.

3. Each single parcel lot purchaser or titleholder, such lot comprising approximately 1-1/4 acres, may choose an exchange for a developed homesite lot (which for purposes of this order shall be deemed to include improvements consisting of paved streets and drainage, with central water and sewage service to the property line of such homesite; standard electrical service shall be available, at nominal charge, to each homesite within 180 days of the issuance of a building permit) in the Poinciana subdivision with the lot purchaser or titleholder to pay development costs of \$2,300. The development costs to be paid by the lot purchaser or titleholder shall

be in addition to any sums due under any existing contract with respondent. The development costs may be paid, at the option of the lot purchaser or titleholder, either in a lump sum or in deferred payments over not more than seven (7) years at the rate of 7.5% interest per annum. Although development costs may be payable over a seven (7) year period, the homesites shall be developed by respondent over a three (3) year period commencing immediately upon confirmation of a plan of reorganization. If the development costs are paid in a lump sum, respondent shall immediately issue a deed to the homesite and cause to be issued a policy of title insurance, subject only to the respondent's inventory of completed homesites in the Poinciana subdivision at the time the development costs are paid in a lump sum.

4. Each multi-parcel lot purchaser or titleholder may choose an exchange for each 2 1/2 acre lot in Golden Gate Estates to one developed homesite lot in the Poinciana subdivision at no additional cost to the lot purchaser or titleholder except for a charge of \$1,150 for water and sewer betterment fees. The water and sewer betterment fees shall be in addition to any sums due under any existing contract with respondent. The betterment fees may be paid, at the option of the lot purchaser or titleholder, either in a lump sum or in deferred payments over not more than seven (7) years at the rate of 7.5% interest per annum. Although such betterment fees may be payable over a seven (7) year period, the homesite shall be developed over a three (3) year period commencing immediately upon confirmation of a plan of reorganization. If such betterment fees are paid in a lump sum, respondent shall immediately issue a deed to the homesite and cause to be issued a policy of title insurance, subject only to the respondent's inventory of completed homesites in the Poinciana subdivision at the time the betterment fees are paid in a lump sum. After selecting this option of one developed homesite lot in the Poinciana subdivision, each multi-parcel lot purchaser or titleholder may choose other alternatives in this section in exchange for any remaining lands in excess of the 2 1/2 acre lot exchanged pursuant to this paragraph.

5. Each lot purchaser or titleholder may choose an exchange toward the land portion only of a "Housing Construction Package" at any on-going development project of the respondent, each lot purchaser or titleholder being entitled to full credit for all paid-in principal and interest, limited, however, to payments made to respondent on not more than one 2 1/2 acre parcel of Golden Gate Estates per exchanging lot purchaser or titleholder. If a lot purchaser or titleholder has two or more Golden Gate Estates parcels, he or

she may choose two or more "Housing Construction Packages" or one or more packages for each 2 1/2 acres and choose other alternatives in this section in exchange for the remaining land. Lot purchasers or titleholders choosing this option shall have five (5) years from the date of confirmation of a plan of reorganization within which to contract for a housing construction package at the terms (including price) and conditions being offered by the respondent at the time such contract is executed.

B. For all lot purchasers or titleholders of parcels of land in Golden Gate Estates *North* of Stewart Boulevard, respondent shall on the date of confirmation of a plan of reorganization establish an accrual Reserve Fund in the amount of \$10,000,000. This Reserve Fund shall be maintained by respondent for a period of five (5) years following confirmation of a plan of reorganization or until the Reserve Fund has been depleted or exhausted, whichever event occurs first. After the fifth year, the funds under Section II which revert to the accrual Reserve Fund shall be immediately available for use under this section to pay any claim filed prior to the expiration of the five (5) year period. All claims payable under this section shall be paid in full on a first come, first served basis.

1. At any time after the date of confirmation of a plan of reorganization of the respondent, and no later than five (5) years after such date, each lot purchaser or titleholder of parcels of land in Golden Gate Estates *North* of Stewart Boulevard may, at his own expense, have a test or tests made to determine the percolation of his lot and/or the availability of an adequate supply of potable water. The lot purchaser or titleholder shall then provide respondent with such test report or reports, prepared by a Registered Professional Engineer or Registered Analytical Laboratory, certifying the failure of the lot to pass a percolation test or the inability to obtain potable water. For purposes of this order, "potable water" shall be defined as drinkable water that poses no threat to health by exceeding the maximum contaminant levels set by regulations of the U.S. Environmental Protection Agency under the Safe Water Drinking Act, as provided in 40 C.F.R. Part 141 as of the date of this order modifying the Commission Order of 1974, for inorganic and organic chemicals and coliform bacteria, and complies with all other applicable Federal, state and local standards for individual water supply systems.

2. With respect to any lot or parcel of land requiring expenditures for remedial work for percolation of less than \$2,500, the first \$1,000 of the expenditures for remedial work, which amount shall include the cost of having the test or tests made, shall be the

responsibility of the lot purchaser or titleholder. Each lot purchaser or titleholder shall present to respondent a test report or reports certified by a Registered Professional Engineer that the remedial work will exceed \$1,000 but not be more than \$2,500. Within thirty (30) days after receipt of the certified report or reports from the lot purchaser or titleholder, respondent shall at its option:

a. Pay the excess of \$1,000 to the lot purchaser or titleholder and charge such payment to the Reserve Fund; or

b. Request that the lot purchaser or titleholder pay to respondent the actual cost of doing the work, but not more than \$1,000, less the cost of the test or tests paid by the lot purchaser or titleholder, and subsequently do the remedial work itself within sixty (60) days and charge the Reserve Fund with the difference, if any, between \$1,000 and the actual cost of doing the work. Such charge to the Reserve Fund shall not exceed \$1,500.

3. With respect to any lot or parcel of land requiring expenditures for remedial work for percolation in excess of \$2,500, each lot purchaser or titleholder shall present to respondent a test report or reports certified by a Registered Professional Engineer that the remedial work will exceed \$2,500. Within thirty (30) days after receipt of the certified report or reports from the lot purchaser or titleholder, respondent shall:

a. Exchange the lot purchaser or titleholder into a Golden Gate Estates land parcel *North* of Stewart Boulevard of equal size as the lot purchaser's or titleholder's existing parcel and provide the lot purchaser or titleholder with a Registered Professional Engineer's certificate certifying the percolation of such lot in its existing state without remedial work and the availability of an adequate supply of potable water in a well existing on such parcel as of the date of exchange; or

b. If respondent has no lots with adequate percolation and with an adequate supply of potable water available to offer under subparagraph (a) of this paragraph, respondent may do remedial work for a cost of not more than \$3,000 per lot (including well-drilling) on available inventory of land *North* of Stewart Boulevard in order to certify both percolation and the availability of an adequate supply of potable water in an existing well on such parcel. Thereafter, respondent may charge a lot purchaser or titleholder exchanged into such lot the actual cost of the remedial percolation work or \$1,000, whichever is less (minus the amount paid by such lot purchaser or titleholder for remedial percolation work on the parcel to be exchanged by such lot purchaser or titleholder) and the actual cost of well-drilling or \$500, whichever is less (unless the lot

purchaser or titleholder has previously had a well drilled on his former lot, in which case no charge shall be made for well-drilling). Respondent may thereafter charge one-half (1/2) the cost of remedial work and the full cost of well-drilling up to \$500, less the amount received from the lot purchaser or titleholder, to the Reserve Fund; or

c. If no parcels in respondent's inventory remain which qualify for exchange under subparagraphs (a) or (b) above, refund to the lot purchaser or titleholder, in cash, from the Reserve Fund all principal paid in to respondent. In conjunction with the offer of such refund, or if no funds are available for such refund, respondent shall also offer the lot purchaser or titleholder, in lieu thereof, the choices provided in subparagraphs (A) (3)-(5) of this section.

In the event of a lot exchange or cash refund pursuant to this paragraph, the lot purchaser or titleholder shall be required to deed his or her property to respondent.

4. With respect to any lot purchaser or titleholder who provides respondent with certification of the inability to obtain an adequate supply of potable water, respondent shall:

a. Perform such remedial work as is necessary to obtain an adequate supply of potable water, including the deepening or shallowing of the existing well or the drilling of an additional well on the same site. The cost of such work shall be borne by the respondent, but no more than \$500 of the cost of such work may be charged to the Reserve Fund;

b. If the remedial work under subparagraph (a) of this paragraph cannot be performed for less than \$500 or if an adequate supply of potable water is not produced thereby, exchange the lot purchaser or titleholder into a Golden Gate Estates land parcel *North* of Stewart Boulevard of equal size as that of the lot purchaser or titleholder and provide a certificate of a Registered Professional Engineer that the parcel passes a percolation test in its existing state without remedial work and that an adequate supply of potable water is available in a well existing on such parcel as of the date of the exchange. If the lot purchaser or titleholder has not had a well drilled, respondent may, as part of the exchange, require a payment of not more than \$500 from the lot purchaser or titleholder to cover the actual cost of drilling the well.

c. If respondent has no lots with adequate percolation and with an adequate supply of potable water available to offer under subparagraph (b) of this paragraph, it may do remedial work for a total cost of not more than \$3,000 per lot (including well-drilling) on available inventory *North* of Stewart Boulevard in order to certify

both the percolation and availability of an adequate supply of potable water in a well existing on such parcel as of the date of exchange. Thereafter, respondent may charge a lot purchaser or titleholder exchanged into such parcel the cost of the remedial percolation work or \$1,000, whichever is less (minus the amount paid by such lot purchaser or titleholder for remedial percolation work on the parcel to be exchanged by such lot purchaser or titleholder). Respondent may thereafter charge the Reserve Fund for one-half (1/2) the actual cost of the remedial work and the full cost of well-drilling up to \$500, less the payment received from the lot purchaser; or

d. In the event that the remedial work or exchanges required by subparagraphs (a) - (c) of this paragraph cannot be performed as specified therein, refund to the lot purchaser or titleholder, in cash, from the Reserve Fund, all principal paid in to respondent. In conjunction with the offer of such refund, or if no funds are available for such refund, respondent shall also offer the lot purchaser or titleholder, in lieu thereof, the choices provided in subparagraphs (A)(3)-(5) of this section.

C. The appropriate letter, as set forth in Appendices (1) or (2) of this order modifying the Commission Order of 1974, shall be sent by respondent to all persons holding contracts for or title to land in Golden Gate Estates along with the claims bar order to be entered by the Bankruptcy Court fixing the claims deadline for claims relating to Golden Gate Estates. Respondent shall take all reasonable measures to obtain the current mailing address of such persons, including obtaining current addresses from the tax rolls of Collier County, Florida for the Golden Gate Estates subdivision.

D. Respondent shall, on the date the Commission accepts the order provisionally modifying the Commission Order of 1974, immediately establish an accrual fund in the amount of \$200,000 to be used, as directed by the Federal Trade Commission or its representative, to notify by any means, including advertising by newspaper, magazine or television, persons holding contracts for or title to land in Golden Gate Estates of the options provided in this section, and persons entitled to refunds under Section II of the Commission Order of 1974, as modified. No charges for mailing letters under paragraph (C) of this section shall be charged to this fund. The amount required to be available under this paragraph shall remain available until five (5) years after the date of confirmation of a plan of reorganization or until exhausted, or until released by the Commission, whichever first occurs. Any funds charged to the fund established by this paragraph shall be subsequently charged to the accrual Reserve

Fund established pursuant to paragraph (B) of this Section. If the accrual Reserve Fund is exhausted before the fund established in this paragraph is exhausted, no further funds will be available under this paragraph.

E. Respondent shall maintain, for a period of seven (7) years after the date of confirmation of a plan of reorganization, all records which disclose respondent's compliance with this section of the order, as modified.

IV.

For purposes of this section of the order, the following definitions shall be applicable:

When used in reference to land at Remuda Ranch Grants or River Ranch Acres, "lot" shall mean a parcel of land approximately 1-1/4 acres in size, and "lots" shall mean a parcel or parcels of land purchased pursuant to a single contract with respondent GAC Properties Inc. or its predecessor Gulf American Corporation, the total acreage of which is a multiple of the approximately 1-1/4 acre parcel comprising a lot.

It is further ordered, in connection with the exchange of land purchased in Remuda Ranch Grants and River Ranch Acres:

A. That respondents compile a list containing the last known name and address of the purchaser and date of purchase for each contract for the purchase of a lot or lots in Remuda Ranch Grants or River Ranch Acres where the purchaser is either deeded or has an outstanding contract not in default, said list to be arranged in chronological order by subdivision and grouped according to the number of lots purchased.

B. That respondents send a letter as set out in Appendix A or B, as applicable, within six (6) months of the date this order becomes final and thereafter in accordance with Paragraph G below, by certified mail, return receipt requested, to the following of the purchasers referred to in Paragraph A above: (1) all purchasers whose date of purchase is January 1, 1969 or later; (2) all purchasers of 3 or more lots whose date of purchase is prior to January 1, 1969; and (3) as many purchasers of 1 or 2 lots whose date of purchase is prior to January 1, 1969 as the inventory of lots set aside for this exchange offer will permit, in accordance with the schedule set out in subparagraph E(6) below.

C. That respondents enclose together with the letter referred to in Paragraph B above the following material:

1. A notice of acceptance form as set out in Appendix C;
2. A document listing (a) the contract number and date of

purchase for the lot or lots in which the purchaser's interest will be relinquished if the exchange offer is accepted, and (b) the legal and/or other adequate description and approximate size concerning both the lot or lots being offered in exchange and the lot or lots in which the purchaser's interest will be relinquished if the exchange offer is accepted;

3. The applicable property report for the lot or lots being offered in exchange; and

4. A map or maps showing the location in the subdivision and, where available, the block or unit of the lot or lots being offered in exchange.

D. That with respect to any letter referred to in Paragraph B above which is returned to respondents undelivered, respondents, within 60 days of receipt of such undelivered letter, shall take measures which are reasonably calculated to obtain the current address of the purchaser and shall deliver said letter to him; *provided, however*, that in the event respondents are unable to deliver such letter within said 60-day period, said offer of exchange shall be deemed rejected by the purchaser for purposes of this order.

E. That respondents, upon receipt of a notice of acceptance of the exchange offer provided for in this section of the Order, shall exchange the lot or lots purchased in Remuda Ranch Grants and/or River Ranch Acres for land in certain of respondents' other subdivisions according to the following schedule:

1. Remuda Ranch Grants - date of purchase January 1, 1969 or later:

(a) A purchaser of 3 or more lots may exchange such lots for lots in Cape Coral which had, or would have had if offered for sale, a selling price on July 1, 1973 equal to or greater than the purchase price of his lots as stated in the contract of purchase; *provided, however*, that no such purchaser shall be offered less than 2 adjacent Cape Coral lots (1 homesite) in exchange for the lots he has purchased.

(b) A purchaser of 1 or 2 lots may exchange such lots for 1 homesite lot in Golden Gate Estates.

2. River Ranch Acres - date of purchase January 1, 1969 or later:

(a) A purchaser of 3 or more lots may exchange such lots for lots in Cape Coral which had, or would have had if offered for sale, a selling price on July 1, 1973 equal to or greater than the purchase price of his lots as stated in the contract of purchase; *provided, however*, that no such purchaser shall be offered less than 2 adjacent Cape Coral lots (1 homesite) in exchange for the lots he has purchased.

(b) A purchaser of 1 or 2 lots may exchange such lot or lots for 1 homesite lot in River Ranch Shores.

3. Date of purchase prior to January 1, 1969:

(a) Remuda Ranch Grants - A purchaser of 3 or more lots may exchange such lots for lots in Golden Gate Estates which had, or would have had if offered for sale, a selling price on July 1, 1973 equal to or greater than the purchase price of his lots as stated in the contract of purchase; *provided, however*, that no such purchaser shall be offered less than 1 Golden Gate Estates lot in exchange for all the lots he has purchased.

(b) River Ranch Acres - A purchaser of 3 or more lots may exchange such lots for lots in Cape Coral which had, or would have had if offered for sale, a selling price on July 1, 1973 equal to or greater than the purchase price of his lots as stated in the contract of purchase; *provided, however*, that no such purchaser shall be offered less than 2 adjacent Cape Coral lots (1 homesite) in exchange for the lots he has purchased.

(c) Remuda Ranch Grants and River Ranch Acres - A purchaser of 1 or 2 lots may exchange lot or lots for 1 lot to be located in either Golden Gate Estates or River Ranch Shores at the discretion of respondents, subject to the inventory of lots set aside for the exchange offer as provided for in subparagraph 4 below.

4. For purposes of the exchange offer provided for in that section, respondents shall make available 3,429 lots in Golden Gate Estates, 7,058 lots in River Ranch Shores, and enough lots in Cape Coral to meet the demands of subparts 1(a), 2(a), and 3(b) above; *provided, however*, that in the event respondents' inventory of lots in Cape Coral should prove insufficient to meet the demands of the exchange offer provided for in this section, lots in Poinciana shall be substituted; and, *further provided*, that in the event any governmental regulation prevents the use of any portion of Golden Gate Estates as provided for in this section of the order, respondents may offer to the applicable purchasers an alternative exchange, acceptable to the Commission, of a homesite lot in another subdivision.

5. (a) The lots in Golden Gate Estates to be offered in exchange pursuant to this section of the order shall be developed in accordance with Section III above.

(b) The lots in Cape Coral, River Ranch Shores, and Poinciana to be offered in exchange pursuant to this section of the order shall be developed in accordance with the most recent applicable property report on file on the date this order becomes final with the Office of Interstate Land Sales Registration of the U.S. Department of Housing and Urban Development; *provided, however*, that in the event no property report is on file with the Office of Interstate Land Sales Registration with respect to any lot in Cape Coral, River Ranch

Shores, or Poinciana which is being offered in exchange pursuant to this section of the order, such lot shall be developed in accordance with the most recent applicable property report or offering statement on file with the State of Florida.

6. For purposes of the exchange offer set out in subpart 3(c) above, such exchanges shall be made until the inventory of lots in Golden Gate Estates and River Ranch Shores set out in subparagraph 4 above is exhausted, subject to the following conditions:

(a) the exchanges shall be offered to all purchasers of 2 lots prior to being offered to purchasers of 1 lot; and

(b) the exchanges shall be offered to purchasers by date of purchase in reverse chronological order (most recent purchase exchanged first).

F. That in the event a purchaser fails to mail a notice of acceptance to respondents within 60 days of his receipt of the letter referred to in Paragraph B above, then for purposes of this order such purchaser shall be deemed to have rejected the exchange offer.

G. That within 120 days of the initial exchange offer set out in Paragraph B above, respondents shall offer all lots referred to in subparagraph E(4) above for which an exchange offer has been rejected to the next purchasers eligible to receive said exchange offer in accordance with subparagraph E(6) above; and respondents shall thereafter continue, at intervals not to exceed 120 days, to offer all lots for which an exchange offer has been rejected to the next eligible purchasers until either all the aforesaid lots have been exchanged or the list of purchasers eligible to receive the exchange offer has been exhausted.

H. That the ten-day right of cancellation provided for in Paragraphs 6 through 10 of Section I of this order shall not be applicable to lots exchanged pursuant to this section of the order.

I. That respondents may condition the exchange offer under this section of the order on the purchaser's execution of a quit-claim deed and/or other documents necessary to release his interest in the lot or lots being given up in exchange, such document or documents to be prepared by respondents.

J. That respondents maintain, for three years after the final exchange is made pursuant to this section of the order, records which are adequate to disclose respondents' compliance with this section of the order, such records to be furnished by respondents to the Federal Trade Commission upon request.

K. That it shall be deemed full compliance with the provisions of this section if respondent (1) sends a letter, as set forth in Appendices (3) or (4), as appropriate, to the order modifying the

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Commission Order of 1974, within ninety (90) days after a plan of reorganization has been confirmed by the Bankruptcy Court, by certified mail, return receipt requested, to the lotholders or titleholders who remain entitled to an exchange under Section IV of the Commission Order of 1974, such mailing to continue until 924 Remuda Ranch Grants lot purchasers or titleholders and 3,858 River Ranch Acres lot purchasers or titleholders acknowledge receipt thereof; and (2) provides the lot purchaser or titleholder with the option selected. Each such lot purchaser or titleholder shall be offered the choice of the following options:

(1) For those in River Ranch Acres, additional unimproved land in River Ranch Acres equal to their present acreage in size; for those in Remuda Ranch Grants, an exchange into River Ranch Acres, on a two-for-one basis, so that each lot purchaser or titleholder will receive double the acreage in River Ranch Acres as is presently owned in Remuda Ranch Grants; subject only to the availability of respondent's inventory of such land as of May 1, 1978. For those already holding title to or contracts for land in River Ranch Acres, the additional acreage offered hereunder shall be contiguous to the extent possible. Offers of land under this section shall take priority over exchanges offered under Section III of the Commission Order of 1974, as modified.

(2) An exchange to a homesite lot in the Poinciana subdivision under the conditions as set forth in Section III (A)(3)-(4) of the Commission Order of 1974, as modified.

(3) An exchange to a Housing Construction Package at any ongoing GAC development project under the conditions as set forth in Section III (A)(5) of the Commission Order of 1974, as modified.

In the event any lot purchaser or titleholder who acknowledges receipt of a letter mailed pursuant to this section has not responded within sixty (60) days, such recipient shall be deemed to have rejected the alternatives provided by this section.

L. Respondent shall maintain, for a period of five (5) years after the date of confirmation of the plan of reorganization, all records which disclose respondent's compliance with this section of the order, as modified.

V.

For purposes of this section of the order, the following definition shall be applicable:

"Residential property" shall mean land located in a subdivision in which the majority of lots are sold or offered for sale for use as homesites.

It is further ordered:

A. (1) That respondents shall include the following language, or words of similar import and meaning, in all installment contracts for the sale of residential property to consumers which are entered into after the date this order becomes final, and shall make refunds in accordance therewith:

In the event of Buyer's default, Seller shall refund to Buyer within 180 days of the date of default principal payments (not interest, finance charges or taxes) made pursuant to this contract in accordance with the following schedule of refunds:

a. If Buyer's total principal payments do not exceed 30% of the cash price, Buyer shall not receive any refund whatsoever.

b. If Buyer's total principal payments exceed 30% but are less than $66\frac{2}{3}\%$ of the cash price, Buyer shall receive a refund of two-thirds of all principal payments made in excess of 30% of the cash price.

c. If Buyer's total principal payments are in excess of $66\frac{2}{3}\%$ of the cash price, Buyer shall receive a refund of one-half of all principal payments made in excess of $66\frac{2}{3}\%$ of the cash price, together with and in addition to all sums refundable to Buyer under subpart b above.

(2) That in the event the rate of default for all contracts for the sale of respondents' land to consumers in which the amount of principal paid exceeds 30% of the cash price due thereunder, which are entered into during the ten-year period after the date this order becomes final, does not exceed by more than ten percent the rate of default, computed in the same manner, for all such contracts for the three-year period immediately preceding the date this order becomes final, the following schedule of refunds shall be included by respondents in all installment contracts for the sale of residential property to consumers which are entered into more than 90 days after the expiration of said ten-year period, in lieu of the schedule of refunds set out in subparagraph A(1) above:

a. If Buyer's total principal payments do not exceed 30% of the cash price, Buyer shall not receive any refund whatsoever.

b. If Buyer's total principal payments exceed 30% of the cash price, Buyer shall receive a refund of 75% of all principal payments made in excess of 30% of the cash price.

(3) That respondents submit to the Federal Trade Commission, within 90 days after the date this order becomes final, data disclosing

the rate of default referred to in subparagraph A(2) above for the three-year period immediately preceding the date this order becomes final, and documentation in support thereof.

B. That respondents shall include the following language, or words of similar import and meaning, in all installment contracts for the sale of land other than residential property to consumers which are entered into after the date this order becomes final, and shall make refunds in accordance therewith:

In the event of Buyer's default, Seller shall refund to Buyer within 180 days of the date of default principal payments (not interest, finance charges or taxes) made pursuant to this contract in accordance with the following schedule of refunds:

1. If Buyer's total principal payments do not exceed 30% of the cash price, Buyer shall not receive any refund whatsoever.

2. If Buyer's total principal payments exceed 30% of the cash price, Buyer shall receive a refund of 75% of all principal payments made in excess of 30% of the cash price.

C. That respondents may condition their payment of refunds under this section of the order on the purchaser's execution of a quit-claim deed and/or other documents necessary to release his interest in the land purchased from respondents pursuant to the contract in default, such document or documents to be prepared by respondents.

D. That in the event the Federal Trade Commission promulgates a valid Trade Regulation Rule applicable to respondents' sale of land to consumers which regulates the amount or percentage of moneys paid by a purchaser which may be retained by the seller in the event of the purchaser's default, then this section of the order shall be deemed modified by said Trade Regulation Rule; *provided, however*, that this paragraph shall not be construed as waiving or in any way limiting respondents' legal rights or standing to challenge or otherwise contest such a Trade Regulation Rule.

VI.

It is further ordered:

(a) That in the event respondents fail to correct any default under a contract entered into prior to the effective date of this order within six months after receiving notice in writing from the purchaser of said default, respondents shall, within ten days after completion of said six-month period, notify the purchaser that, at his option, he may receive a refund of all moneys paid under the contract or an exchange acceptable to him of the contracted-for property for

another of at least equal price, equivalent size, with equivalent zoning classification and same promised improvements and utilities, and located in the same general geographic area of the subdivision. *Provided, however,* that respondent shall not be considered in default of any contract hereunder if all contractual obligations covered by this section are assumed by the company in a plan of reorganization confirmed by the Bankruptcy Court and such obligations are performed within the dates provided in the confirmed plan of reorganization but no later than 1985.

(b) That respondents shall make the exchange or refund requested by the purchaser under the terms of Paragraph (a) above within 60 days of receipt of the purchaser's acceptance of said exchange or refund; *provided, however,* that in the event the purchaser has received a deed or other evidence of interest in the contracted-for property other than the contract, the purchaser must, as a condition of obtaining such refund or exchange, reconvey to the seller such evidence of interest by General Warranty Deed in recordable form; and, *further provided,* that in the event only the contract has been recorded in the Public Records, the purchaser must quit-claim in recordable form his interest to the seller to remove any clouds on the title to such property.

VII.

It is further ordered:

(a) That respondents herein deliver, by hand or by certified mail, a copy of Sections I and VI through X of this order to each of their present or future salesmen, independent brokers, and employees who sell or promote the sale of land or other real property to consumers, and all others so engaged;

(b) That respondents provide each person so described in Paragraph (a) above with a form, returnable to respondents, clearly stating his intention to be bound by and to conform his sales practices to the requirements of this order;

(c) That respondents inform each person described in Paragraph (a) above that respondents shall not use any such party, or the services of any such party, unless such party agrees to and does file notice with respondents that it will be bound by the provisions contained in this order;

(d) That in the event such party will not agree to so file notice with respondents and to be bound by the provisions of this order, respondents shall not use such party, or the services of such party;

(e) That respondents so inform the persons described in Paragraph (a) above that respondents are obligated by this order to discontinue

dealing with those persons who engage on their own in the acts or practices prohibited by this order;

(f) That respondents institute a program of continuing surveillance adequate to reveal whether the sales practices of each of said persons described in Paragraph (a) above conform to the requirements of this order; and

(g) That respondents discontinue dealing with any person described in Paragraph (a) above, revealed by the aforesaid program of surveillance, who engages on his own in the acts or practices prohibited by this order; *provided, however*, that violation of any provision of this order by present or future employees of independent brokers shall not be deemed a violation of this order by respondents unless respondents, upon knowledge of such violation, fail to take, within a reasonable time, corrective action to insure that such act or practice is terminated; and *further provided*, that in the event remedial action is taken, the sole fact of such dismissal or termination shall not be admissible against respondents in any proceeding brought to recover penalties for alleged violation of any other paragraph of this order.

VIII.

It is further ordered:

(a) That in the event the Interstate Land Sales Full Disclosure Act, presently codified at 15 U.S.C. 1701-20 (1970), or any regulation promulgated pursuant thereto by the Office of Interstate Land Sales Registration of the U.S. Department of Housing and Urban Development, requires an act or practice which is prohibited by any provision of this order, such order prohibition shall be inoperative.

(b) That in the event any provision of this order requires an act or practice which is prohibited by the Interstate Land Sales Full Disclosure Act, presently codified at 15 U.S.C. 1701-20 (1970), or any regulation promulgated pursuant thereto by the Office of Interstate Land Sales Registration of the U.S. Department of Housing and Urban Development, such order requirement shall be inoperative.

IX.

It is further ordered, That this order shall become effective in accordance with standard Commission procedure; *provided, however*, that all written advertising and promotional materials, and form contracts, which must be filed with and accepted for dissemination by state or federal agencies, shall not be subject to the provisions of this order, except for those provisions which prohibit or limit the use

of any statement, representation, or misrepresentation, for a period of six months from the date this order becomes final or until said acceptance for dissemination is obtained from all applicable state or federal agencies, whichever occurs first; and, *further provided*, that until said six-month period expires or said acceptance for dissemination is obtained, whichever occurs first, respondents shall file with the Federal Trade Commission monthly reports detailing respondents' progress toward obtaining the aforementioned acceptance for dissemination by the applicable state or federal agencies.

X.

It is further ordered, That respondent corporations shall forthwith distribute a copy of this order to each of their operating divisions engaged in the sale of land or other real property to consumers.

It is further ordered, That respondents herein shall, within six months after the date of confirmation of a plan of reorganization, and annually for five (5) years thereafter, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate respondents, such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of this order.

FEDERAL TRADE COMMISSION DECISIONS

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APPENDIX 1

FEDERAL TRADE COMMISSION
WASHINGTON, D. C. 20580BUREAU OF
CONSUMER PROTECTION

Dear Golden Gate Estates Customer:

As you probably know, GAC Properties, Inc. (formerly Gulf American Corporation) is in bankruptcy. In an effort to protect your interests, as much as possible, the Federal Trade Commission has entered into a new agreement with GAC which gives you a chance to select one of five choices. GAC's records indicate your land is located south of Stewart Boulevard in Golden Gate Estates. Stewart Boulevard is five (5) miles south of Alligator Alley (Florida State Road 858) and is one of the main east-west roads in Golden Gate Estates.

In deciding which choice you should make, you should be aware that most of the land south of Stewart Boulevard in Golden Gate Estates is subject to excessive flooding during Florida's "wet season" and brush fires during the "dry season." Furthermore, Golden Gate Estates will not be developed beyond the limited improvements (roads and canals) that have already been made. Note that there is no central water and sewer system. Telephone and electrical hookups may be very expensive.

The new agreement gives you the right to select one of the following choices:

Choice No. 1: You can deed back your property in Golden Gate Estates to GAC and the GAC Trustees will have a claim scheduled for you in the Bankruptcy Court for all of the principal and interest you have paid to GAC on your contract. If you made payments to GAC after December 12, 1975, these payments will be refunded to you in cash. The balance of your payments will be scheduled as unsecured claims to be shared on a pro rata basis with other purchasers of property south of Stewart Boulevard from a maximum amount of \$18 million dollars in claims, less the cash payments refunded. The unsecured claims may not be paid in cash but could be paid by the delivery of stock in the reorganized company.

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Choice No. 2: You can deed back your property in Golden Gate Estates to GAC and the company will deed to you twice as much land in River Ranch Acres. The parcels deeded to you in River Ranch Acres might not be next to one another. The land in River Ranch Acres will not be developed in any way and in most areas there are no roads. If you are still paying for your property in Golden Gate Estates and you select this choice, you will still have to make the payments due on your existing contract.

There is no sure way of knowing whether land in River Ranch has any significant value now, or will ever have any significant value. There have been no sales of this land in the last few years. The land is not suitable for homesite use in its present condition.

PLEASE NOTE: There is limited land available in River Ranch Acres. If you select this choice and there is no land available, you will be notified and given a chance to select one of the other choices in this letter.

Choice No. 3: You can exchange each 1 1/4 acres of your property in Golden Gate Estates for a fully developed homesite lot in Poinciana. Poinciana is a GAC homesite subdivision in central Florida. A brochure describing Poinciana has been sent to you by GAC. If you select this choice, GAC will select a lot for you, and you must pay development costs of \$2,300 which may be paid at one time or paid over a seven (7) year period at 7 1/2% ANNUAL PERCENTAGE RATE. GAC advises that payment over seven (7) years will require 84 consecutive monthly payments of \$35.38 each, your FINANCE CHARGE will be \$671.92 on the \$2,300 amount financed, and your total of payments will be \$2,971.92. In addition, regardless of whether you pay at one time or over a seven (7) year period, you will be required to pay annual property taxes plus a monthly association maintenance fee which is presently \$10 per month. This association maintenance fee is a standard condition of all contracts and deeds in the Poinciana subdivision. GAC also pays annual property taxes and association maintenance fees on the property it owns in Poinciana. Of course, you will still have to pay any amount due on your existing contract.

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If you pay the development costs of \$2,300 all at once, you will immediately be given full title to a developed homesite lot in Poinciana, unless GAC does not have enough developed lots immediately available. GAC has over 1,000 fully developed lots available right now.

If you choose to spread your payments over time, you will not receive a deed until you are finished making all payments.

Before taking this option, you should understand that your ability to resell land in Poinciana, without a house built on the property, is uncertain at this time.

Take this option only if you want homesite property for residential use, not as an investment.

Choice No. 4: You can exchange each 2 1/2 acres of your property in Golden Gate Estates for a fully developed homesite lot in Poinciana which will be selected for you by GAC for an additional payment of \$1,150 for water and sewer betterment fees.

This payment will be in addition to any money still due on your existing contract with GAC. You may pay this additional \$1,150 at one time or it may be paid over a seven (7) year period at 7 1/2% ANNUAL PERCENTAGE RATE. GAC advises that payment over seven (7) years will require 84 consecutive monthly payments of \$17.64 each, your FINANCE CHARGE will be \$331.76 on the \$1,150 amount financed, and your total of payments will be \$1,481.76. In addition, regardless of whether you pay at one time or over a seven (7) year period, you will be required to pay annual property taxes plus a monthly association maintenance fee which is presently \$10 per month. This association maintenance fee is a standard condition of all contracts and deeds in the Poinciana subdivision. GAC also pays annual property taxes and association maintenance fees on the property it owns in Poinciana.

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If you pay the development costs of \$1,150 all at once, you will immediately be given full title to a developed homesite lot in Poinciana, unless GAC does not have enough developed lots immediately available. GAC has over 1,000 fully developed lots available right now.

If you choose to spread your payments over time, you will not receive a deed until you are finished making all payments.

Before taking this option, you should understand that your ability to resell land in Poinciana, without a house built on the property, is uncertain at this time.

Take this option only if you want homesite property for residential use, not as an investment.

Choice No. 5: You can exchange your land for a GAC "Housing Construction Package." All of the principal and interest you have paid to GAC, limited to payments made on no more than 2 1/2 acres, will be credited to the land portion only of your "Housing Construction Package." A brochure describing GAC's present "Housing Construction Package" has been sent to you by GAC. If you select this choice, you have up to five (5) years within which to contract with GAC for a "Housing Construction Package", at the terms (including price) and conditions being offered by GAC at the time such contract is executed.

If you are still making payments on your property, you have two (2) choices if you take this option for a housing package.

--- You can stop making your payments. You will lose your land, but you will have a full credit for all the money you have paid if and when you sign a contract for a housing package. Or

--- You can continue to make your payments and hold onto your property. Later, if you wish, you can exchange your property for a housing package with a full credit for all the money you have paid.

If you have already fully paid for your property, you will keep it until you decide whether to exchange for a housing construction package.

This option is offered only for those who, within the next five years, want a home in Florida. As a residential investment, the value of this option is highly speculative.

To accept one of the choices listed as 1 through 5 above, you must sign and return to GAC the enclosed NOTICE OF ACCEPTANCE to be received no later than July 1, 1979.

Each of these choices is more fully explained in Section III of the Federal Trade Commission's "SHOW CAUSE ORDER" which is being mailed to you. You should read this carefully.

RIGHT TO FILE A CLAIM

If you don't want to make any of the above choices, you may file a claim for whatever rights you think you have against GAC. The Trustees will still have a right to object to your claim. If such objection is filed, a hearing on the objection would be held before the Bankruptcy Court in Miami and you, or your lawyer, would then be required to prove your claim. As stated in the CLAIMS BAR ORDER which is also being mailed to you, your claim will have to be filed with the Bankruptcy Court, P.O. Box 010230, Miami Florida 33101 to be received no later than July 1, 1979. If you are unable to obtain Official Bankruptcy Form No. 15 (Proof of Claim) from a bankruptcy court, an office supply or a stationery store in your area, you may call GAC at its toll free number given below, and request a form which they will send to you.

If you have any doubts concerning this matter, the FTC recommends that you speak to an attorney to help you decide what to do. The FTC makes no recommendation whatsoever as to whether you should accept one of the choices offered under the FTC Order or whether you should file a claim instead. You, and only you, can decide whether you are better off filing a claim or accepting one of the choices under the FTC Order.

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If you have any questions regarding this letter, you may direct such questions to GAC by calling its toll free number (800-327-8776) or by writing to the Federal Trade Commission/PC, Bureau of Consumer Protection, Compliance Division, Washington, D.C. 20580.

By direction of the Commission.

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NOTICE OF ACCEPTANCE

Contract Number

I accept the following offer described in the letter sent to me by the Federal Trade Commission:

CHECK ONE

- Choice No. 1: Trustees may schedule my claim and I will deed my property to GAC _____
- Choice No. 2: I will deed my Golden Gate Estates property to GAC in exchange for double acreage in River Ranch Acres _____
- Choice No. 3: I will pay the \$2,300 extra costs for a developed homesite in Poinciana _____
- Choice No. 4: I will pay the \$1,150 extra water and sewer betterment fees for a developed homesite in Poinciana _____
- Choice No. 5: Within five (5) years, I have a right to contract for a GAC "Housing Construction Package " _____

Date

Purchaser's Signature

Purchaser's SignatureREMEMBER:

This NOTICE OF ACCEPTANCE must be received no later than July 1, 1979 by:

GAC Corporation
201 Alhambra Circle
Coral Gables, Florida 33134

Modifying Order

APPENDIX 2

FEDERAL TRADE COMMISSION
WASHINGTON, D. C. 20580BUREAU OF
CONSUMER PROTECTION

Dear Golden Gate Estates Customer:

As you probably know, GAC Properties, Inc. (formerly Gulf American Corporation) is in bankruptcy. In an effort to protect your interests, as much as possible, the Federal Trade Commission has entered into a new agreement with GAC. GAC's records indicate your land is located north of Stewart Boulevard in Golden Gate Estates. Stewart Boulevard is five (5) miles south of Alligator Alley (Florida State Road 858) and is one of the main east-west roads in Golden Gate Estates.

You should be aware that Golden Gate Estates will not be developed beyond the limited improvements (roads and canals) that have already been made by GAC. Collier County is now responsible for the maintenance of all roads and canals in Golden Gate Estates. Note there is no central water and sewer system. Telephone and electrical hookups may be very expensive in some isolated areas.

For lot purchasers north of Stewart Boulevard, GAC has agreed to establish an accrual Reserve Fund in the amount of \$10 million dollars to be used over a period of five (5) years. All claims payable from this Reserve Fund shall be paid on a first come basis.

The purpose of this Reserve Fund is to help make sure that your property in Golden Gate Estates is suitable for homesite building. This means you should be able to install an adequate system for the disposal of sewage and have an adequate supply of potable water. The costs for obtaining electrical service to the property must be paid by the lot owner.

Under this agreement, after reorganization, you may, at your expense, have a test or tests made to determine the percolation of your land (suitability for installation of a septic tank system) and the availability of an adequate supply of potable water. The test or tests should be certified by a Registered Professional Engineer or Registered Analytical Laboratory. If the results of the test or tests indicate that the land failed to pass a percolation test or that there is no adequate supply of potable water available, these certified reports should be submitted to GAC.

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PERCOLATION TEST

If your land fails to pass a percolation test, your certified report should disclose the reason for the failure, the remedial work suggested, and the estimated costs to perform the remedial work. You will be required to pay for the first \$1,000 of remedial work which includes the amount you have paid for the test or tests.

If the remedial work is more than \$1,000, but not more than \$2,500, GAC, at its option, may: (1) pay you the excess of \$1,000 or (2) request that you pay to GAC the actual cost of doing the work, up to, but not to exceed \$1,000, and thereafter do the remedial work itself within sixty (60) days.

If the remedial work is more than \$2,500, GAC must, within thirty (30) days after receiving such certified report or reports, exchange you into another parcel of land of equal size to your existing parcel of land and provide you with a certificate certifying the percolation of such land in its existing state without remedial work and the adequate availability of potable water as of the date of the exchange.

If GAC has no lots in its inventory which can percolate without remedial work, it may do the remedial work in order to certify both the percolation and availability of potable water and charge you for the remedial work for percolation up to \$1,000 and charge you up to \$500 for well drilling, less any amounts you have paid for remedial work and well drilling on your former land.

If GAC has no lots in its inventory with which to make an exchange, you will be offered a cash refund of all principal paid to GAC. When GAC makes this offer, you will also be given the choice of exchanging for land in various other GAC subdivisions with full credit for the principal and interest you have paid the company. GAC will give you full details of these various options at the time you qualify for a cash refund.

In the event of a lot exchange or refund, you will be required to deed back your land to GAC.

POTABLE WATER TEST

If you have drilled a well and your test report certifies that there is no adequate supply of potable water (as defined in the new agreement) available, GAC will have to perform such remedial work, including deeping

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or shallowing an existing well or drilling an additional well on the same land, and such costs shall be paid by GAC. However, if the cost of remedial work exceeds \$500, GAC may exchange you into another parcel of land of equal size to your existing parcel of land and provide you with a certificate certifying the percolation of such land in its existing state without remedial work and certifying that there is an adequate supply of potable water available as of the date of the exchange.

If GAC has no lots in its inventory which can percolate with an adequate supply of potable water available without remedial work, GAC may do the remedial work in order to certify both the percolation and availability of an adequate supply of potable water and charge you for the remedial percolation work up to \$1,000 and \$500 for well drilling, less any amounts you have paid for such remedial percolation work and well drilling on your former land.

If GAC has no lots in its inventory with which to make an exchange, you will be offered a cash refund of all principal paid to GAC. When GAC makes this offer, you will also be given the choice of exchanging for land in various other GAC subdivisions with full credit for the principal and interest you have paid the company. GAC will give you full details of these various options at the time you qualify for a cash refund.

In the event of a lot exchange or cash refund, you will be required to deed back your land to GAC.

RIGHT TO FILE A CLAIM

If you don't want to make any of the above choices, you may file a claim for whatever rights you think you have against GAC. The Trustees will still have a right to object to your claim. If such objection is filed, a hearing on the objection would be held before the Bankruptcy Court in Miami and you, or your lawyer, would then be required to prove your claim. As is stated in the CLAIMS BAR ORDER which is also being mailed to you, your claim will have to be filed with the Bankruptcy Court, P.O. Box 010230, Miami, Florida 33101 to be received no later than July 1, 1979. If you are unable to obtain Official Bankruptcy Form No. 15 (Proof of Claim) from a bankruptcy court, an office supply or a stationery store in your area, you may call GAC at its toll free number given below, and request a form which they will send to you.

If you have any doubts concerning this matter, the FTC recommends that you speak to an attorney to help you decide what to do. The FTC makes no recommendation whatsoever as to whether you should accept one of the

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choices offered under the FTC Order or whether you should file a claim instead. You, and only you, can decide whether you are better off filing a claim or accepting one of the choices under the FTC Order.

You should also be aware that the government of Collier County is opposed to uncontrolled development in Golden Gate Estates. In comments filed with the FTC, the county says that the roads and canals are deteriorating. The county also says that it may not spend the money necessary to maintain these structures.

If the county does decide to perform necessary maintenance the county says it may try to put the tax burden for maintenance in Golden Gate Estates on lotowners there. If the county can legally do this, taxes in Golden Gate Estates might rise.

The county is also concerned about pollution from septic tanks. The county says that if too many people try to put septic tanks in Golden Gate Estates, the county may find it necessary to make it harder to get a building permit.

The FTC cannot be sure what the county will or will not do to provide maintenance for Golden Gate Estates or to control its development.

If you have any questions regarding this letter, you may direct such questions to GAC by calling this toll free number (800-327-8776) or by writing to the Federal Trade Commission/PC, Bureau of Consumer Protection, Compliance Division, Washington, D.C. 20580.

By direction of the Commission.

Modifying Order

APPENDIX 3

FEDERAL TRADE COMMISSION
WASHINGTON, D. C. 20580BUREAU OF
CONSUMER PROTECTION

Dear Remuda Ranch Grants Customer:

As you probably know, GAC Properties, Inc. (formerly Gulf American Corporation) is in bankruptcy. In an effort to protect your interests, as much as possible, the Federal Trade Commission has entered into a new agreement with GAC which gives you a chance to select one of three choices.

In deciding which choice you should make, you should be aware that Remuda Ranch Grants will not be developed in any way. Most of the land in Remuda Ranch Grants is under water. In most areas there are no roads.

Choice No. 1: You can deed back your land in Remuda Ranch Grants to GAC and the company will deed to you twice as much land in River Ranch Acres. The land in River Ranch Acres will not be developed in any way and in most areas in River Ranch Acres there are no roads. The parcels deeded to you might not be next to one another. If you are still paying for your property in Remuda Ranch Grants and you select this choice, you will still be required to make payments due on your existing contract.

There is no way of knowing whether land in River Ranch has any significant value now, or will ever have any significant value. There have been no sales of this land in the last few years. The land is not suitable for homesite use in its present condition.

Choice No. 2: You can exchange each 1 1/4 acres of your property in Remuda Ranch Grants for a fully developed homesite lot in Poinciana. Poinciana is a GAC homesite subdivision in central Florida. A brochure describing Poinciana has been sent to you by GAC. If you select this choice, GAC will select a lot for you, and you must pay development costs of \$2,300 which may be paid at one time or paid over a seven (7) year period at 7 1/2% ANNUAL PERCENTAGE RATE. GAC advises that payment over seven (7) years will require 84 consecutive monthly payments of \$35.38 each, your FINANCE CHARGE will be \$671.92 on the \$2,300 amount

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financed, and your total of payments will be \$2,971.92. In addition, regardless of whether you pay at one time or over a seven (7) year period, you will be required to pay annual property taxes plus a monthly association maintenance fee which is presently \$10 per month. This association maintenance fee is a standard condition of all contracts and deeds in the Poinciana subdivision. GAC also pays annual property taxes and association maintenance fees on the property it owns in Poinciana. Of course, you will still have to pay any amount due on your existing contract.

If you pay the development costs of \$2,300 all at once, you will immediately be given full title to a developed homesite lot in Poinciana, unless GAC does not have enough developed lots immediately available. GAC has over 1,000 fully developed lots available right now.

If you choose to spread your payments over time, you will not receive a deed until you are finished making all payments.

Before taking this option, you should understand that your ability to resell land in Poinciana, without a house built on the property, is uncertain at this time.

Take this option only if you want homesite property for residential use, not as an investment.

Choice No. 3: You can exchange each 2 1/2 acres of your property in Remuda Ranch Grants for a fully developed homesite lot in Poinciana which will be selected for you by GAC for an additional payment of \$1,150 for water and sewer betterment fees.

This payment will be in addition to any money still due on your existing contract with GAC. You may pay this additional \$1,150 at one time or it may be paid over a seven (7) year period at 7 1/2% ANNUAL PERCENTAGE RATE. GAC advises that payment over seven (7) years will require 84 consecutive monthly payments of \$17.64 each, your FINANCE CHARGE will be \$331.76 on the \$1,150 amount financed, and your total of payments will be \$1,481.76. In addition, regardless of whether you pay at one time or over a seven (7) year period, you will be required to pay annual property taxes plus a monthly association maintenance fee which is presently \$10 per month. This association maintenance fee is a standard condition of all contracts and deeds in the Poinciana subdivision. GAC also pays annual property taxes and association maintenance fees on the property it owns in Poinciana.

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If you pay the development costs of \$1,150 all at once, you will immediately be given full title to a developed homesite lot in Poinciana, unless GAC does not have enough developed lots immediately available. GAC has over 1,000 fully developed lots available right now.

If you choose to spread your payments over time, you will not receive a deed until you are finished making all payments.

Before taking this option, you should understand that your ability to resell land in Poinciana, without a house built on the property, is uncertain at this time.

Take this option only if you want homesite property for residential use, not as an investment.

Choice No. 4: You can exchange your land for a GAC "Housing Construction Package". All of the principal and interest you have paid to GAC, limited to payments made on no more than 2 1/2 acres, will be credited to the land portion only of your "Housing Construction Package". A brochure describing GAC's present "Housing Construction Package" has been sent to you by GAC. If you select this choice you have up to five (5) years within which to contract with GAC for a "Housing Construction Package", at the terms (including price) and conditions being offered by GAC at the time such contract is executed.

If you are still making payments on your property, you have two (2) choices if you take this option for a housing package.

--- You can stop making your payments. You will lose your land, but you will have a full credit for all the money you have paid if and when you sign a contract for a housing package. Or

--- You can continue to make your payments and hold onto your property. Later, if you wish, you can exchange your property for a housing package with a full credit for all the money you have paid.

If you have already fully paid for your property, you will keep it until you decide whether to exchange for a housing construction package.

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This option is offered only for those who, within the next five years, want a home in Florida. As a residential investment, the value of this option is highly speculative.

To accept one of the choices listed in this letter, you must sign and return to GAC the enclosed NOTICE OF ACCEPTANCE no later than sixty (60) days after you have received this letter. If you do not answer in sixty (60) days, you will be deemed to have rejected the choices offered to you by this letter.

Each of these choices is more fully explained in Section IV of the Federal Trade Commission's "SHOW CAUSE ORDER" which is being mailed to you along with this letter. You should read this carefully.

If you have any questions regarding this letter, you may direct such questions to GAC by calling its toll free number (800-327-8776) or by writing to the Federal Trade Commission/PC, Bureau of Consumer Protection, Compliance Division, Washington, D.C. 20580.

By direction of the Commission.

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NOTICE OF ACCEPTANCE

Contract Number

I accept the following offer described in the letter sent to me by the
Federal Trade Commission:

CHECK ONE

Choice No. 1: I will deed my Remuda Ranch Grants
property to GAC in exchange for double
acreage in River Ranch Acres

Choice No. 2: I will pay the \$2,300 extra costs for a
developed homesite in Poinciana

Choice No. 3: I will pay the \$1,150 extra water and
sewer betterment fees for a developed
homesite in Poinciana

Choice No. 4: Within five (5) years, I have a right
to contract for a GAC "Housing
Construction Package"

Date

Purchaser's Signature

Purchaser's SignatureREMEMBER:

This NOTICE OF ACCEPTANCE must be returned
within sixty (60) days after receipt of this letter to:

GAC Corporation
201 Alhambra Circle
Coral Gables, Florida 33134

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APPENDIX 4

FEDERAL TRADE COMMISSION
WASHINGTON, D. C. 20580BUREAU OF
CONSUMER PROTECTION

Dear River Ranch Acres Customer:

As you probably know, GAC Properties, Inc. (formerly Gulf American Corporation) is in bankruptcy. In an effort to protect your interests, as much as possible, the Federal Trade Commission has entered into a new agreement with GAC which gives you a chance to select one of three choices.

In deciding which choice you should make, you should be aware that River Ranch Acres will not be developed in any way. In most areas in River Ranch Acres there are no roads.

Choice No. 1: You can get added unimproved land in River Ranch Acres which will double your holdings. Wherever possible, the additional acreage will be next to your present land. If you are still paying for your property in River Ranch Acres and you select this choice, you will still be required to make the payments due on your existing contract.

There is no sure way of knowing whether land in River Ranch has any significant value now, or will ever have any significant value. There have been no sales of this land in the last few years. The land is not suitable for homesite use in its present condition.

Choice No. 2: You can exchange each 1 1/4 acres of your property in River Ranch Acres for a fully developed homesite lot in Poinciana. Poinciana is a GAC homesite subdivision in central Florida. A brochure describing Poinciana has been sent to you by GAC. If you select this choice, GAC will select a lot for you, and you must pay development costs of \$2,300 which may be paid at one time or paid over a seven (7) year period at 7 1/2% ANNUAL PERCENTAGE RATE. GAC advises that payment over seven (7) years will require 84 consecutive monthly payments of \$35.38 each, your FINANCE CHARGE will be \$671.92 on the \$2,300 amount financed, and your total of payments will be \$2,971.92. In addition, regardless of

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whether you pay at one time or over a seven (7) year period, you will be required to pay annual property taxes plus a monthly association maintenance fee which is presently \$10 per month. This association maintenance fee is a standard condition of all contracts and deeds in the Poinciana subdivision. GAC also pays annual property taxes and association maintenance fees on the property it owns in Poinciana. Of course, you will still have to pay any amount due on your existing contract.

If you pay the development costs of \$2,300 all at once, you will immediately be given full title to a developed homesite lot in Poinciana, unless GAC does not have enough developed lots immediately available. GAC has over 1,000 fully developed lots available right now.

If you choose to spread your payments over time, you will not receive a deed until you are finished making all payments.

Before taking this option, you should understand that your ability to resell land in Poinciana, without a house built on the property, is uncertain at this time.

Take this option only if you want homesite property for residential use, not as an investment.

Choice No. 3: You can exchange each 2 1/2 acres of your property in River Ranch Acres for a fully developed homesite lot in Poinciana which will be selected for you by GAC for an additional payment of \$1,150 for water and sewer betterment fees.

This payment will be in addition to any money still due on your existing contract with GAC. You may pay this additional \$1,150 at one time or it may be paid over a seven (7) year period at 7 1/2% ANNUAL PERCENTAGE RATE. GAC advises that payment over seven (7) years will require 84 consecutive monthly payments of \$17.64 each, your FINANCE CHARGE will be \$331.76 on the \$1,150 amount financed, and your total of payments will be \$1,481.76. In addition, regardless of whether you pay at one time or over a seven (7) year period, you will be required to pay annual property taxes plus a monthly association maintenance fee which is presently

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\$10 per month. This association maintenance fee is a standard condition of all contracts and deeds in the Poinciana subdivision. GAC also pays annual property taxes and association maintenance fees on the property it owns in Poinciana.

If you pay the development costs of \$1,150 all at once, you will immediately be given full title to a developed homesite lot in Poinciana, unless GAC does not have enough developed lots immediately available. GAC has over 1,000 fully developed lots available right now.

If you choose to spread your payments over time, you will not receive a deed until you are finished making all payments.

Before taking this option, you should understand that your ability to resell land in Poinciana, without a house built on the property, is uncertain at this time.

Take this option only if you want homesite property for residential use, not as an investment.

Choice No. 4: You can exchange your land for a GAC "Housing Construction Package". All of the principal and interest you have paid to GAC, limited to payments made on no more than 2 1/2 acres, will be credited to the land portion only of your "Housing Construction Package". A brochure describing GAC's present "Housing Construction Package" has been sent to you by GAC. If you select this choice, you have up to five (5) years within which to contract with GAC for a "Housing Construction Package", at the terms (including price) and conditions being offered by GAC at the time such contract is executed.

If you are still making payments on your property, you have two (2) choices if you take this option for a housing package.

--- You can stop making your payments. You will lose your land, but you will have a full credit for all the money you have paid if and when you sign a contract for a housing package. Or

--- You can continue to make your payments and hold onto your property. Later, if you wish, you can exchange your property for a housing package with a full credit for all the money you have paid.

Modifying Order

If you have already fully paid for your property, you will keep it until you decide whether to exchange for a housing construction package.

This option is offered only for those who, within the next five years, want a home in Florida. As a residential investment, the value of this option is highly speculative.

To accept one of the choices listed in this letter, you must sign and return to GAC the enclosed NOTICE OF ACCEPTANCE no later than sixty (60) days after you have received this letter. If you do not answer in sixty (60) days, you will be deemed to have rejected the choices offered to you by this letter.

Each of these choices is more fully explained in Section IV of the Federal Trade Commission's "SHOW CAUSE ORDER" which is being mailed to you along with this letter. You should read this carefully.

If you have any questions regarding this letter, you may direct such questions to GAC by calling its toll free number (800-327-8776) or by writing to the Federal Trade Commission/PC, Bureau of Consumer Protection, Compliance Division, Washington, D.C. 20580.

By direction of the Commission.

FEDERAL TRADE COMMISSION DECISIONS

Modifying Order

93 F.T.C.

NOTICE OF ACCEPTANCEContract Number

I accept the following offer described in the letter sent to me by the
Federal Trade Commission:

CHECK ONE

Choice No. 1: I choose to have my River Ranch Acres
holdings doubled in acreage _____

Choice No. 2: I will pay the \$2,300 extra costs for
a developed homesite in Poinciana _____

Choice No. 3: I will pay the \$1,150 extra water and
sewer betterment fees for a developed
homesite in Poinciana _____

Choice No. 4: Within five (5) years, I have a right
to contract for a GAC "Housing
Construction Package" _____

DatePurchaser's SignaturePurchaser's SignatureREMEMBER:

This NOTICE OF ACCEPTANCE must be returned
within sixty (60) days after receipt of this letter
to:

GAC Corporation
201 Alhambra Circle
Coral Gables, Florida 33134

IN THE MATTER OF
CALIFORNIA MEDICAL ASSOCIATION

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT

Docket C-2967. Complaint, April 17, 1979 — Decision, April 17, 1979

This consent order, among other things, requires a San Francisco, Calif. medical association to cease publishing, promulgating, or participating in the development and use of relative value studies that set forth comparative numerical values and have the effect of establishing prices for medical and surgical services. The order further requires respondent to withdraw previously disseminated relative value studies; and send copies of the complaint and order to association members and others, together with a request for the return of all relative value studies they have in their possession.

Appearances

For the Commission: *Alfred Lindeman and John M. Porter.*

For the respondent: *Howard Hassard, Hassard, Bonnington, Rogers & Huber, San Francisco, Calif.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, as amended, 15 U.S.C. 41, *et seq.*, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that The California Medical Association has violated the provisions of Section 5 of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges as follows:

PARAGRAPH 1. Respondent, California Medical Association ("CMA"), is an unincorporated association organized, existing and doing business under and by virtue of the laws of the State of California, with its principal office and place of business located at 731 Market St., San Francisco, California.

PAR. 2. CMA has approximately 25,000 members. Membership in CMA is open to doctors of medicine licensed to practice medicine in the State of California, persons within the State of California who have retired from the practice of medicine, persons distinguished for their services or attainments as doctors of medicine or in the field of public health, or for research or other scientific work contributing to medicine, and persons within certain other special and limited classes established by CMA.