SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-KSB

(MARK ONE)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1996

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER: 2-91651-D

PEACOCK FINANCIAL CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

COLORADO	87-0410039
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)
248 E. MAIN STREET SAN JACINTO, CALIFORNIA	92583
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (909) 457-8911

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:
NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
CLASS A COMMON STOCK, PAR VALUE $0.001 PER SHARE
(TITLE OF CLASS)

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS. YES X NO

INDICATE BY CHECK MARK IF DISCLOSURE OF DELINQUENT FILERS PURSUANT TO ITEM 405 OF REGULATION S-K IS NOT CONTAINED HEREIN, AND WILL NOT BE CONTAINED, TO THE BEST OF REGISTRANT'S KNOWLEDGE, IN DEFINITIVE PROXY OR INFORMATION STATEMENTS INCORPORATED BY REFERENCE IN PART III OF THIS FORM 10-K OR ANY AMENDMENT TO THIS FORM 10-K. [ ]

THE AGGREGATE MARKET VALUE OF THE VOTING STOCK HELD BY NON-AFFILIATES OF THE REGISTRANT AS OF DECEMBER 31, 1996 WAS $1,283,435.

THE NUMBER OF SHARES OF CLASS A COMMON STOCK OUTSTANDING AS OF DECEMBER 31, 1996.

DOCUMENTS INCORPORATED BY REFERENCE

NONE

ITEM 1 - BUSINESS

Peacock Financial Corporation (Peacock) is a real estate developer in Southern California and its primary mission is to take advantage of the changes happening in the San Jacinto Valley as a result of the $3 billion construction of the Eastside Reservoir by The Metropolitan Water District of Southern California.

Peacock is pleased to report a $141K net income and revenues of $3,369K for the year ending December 31, 1996, versus a loss of $547K and $278K revenue for the nine months ending December 31, 1995.

The Company currently employs 6 people. The Company uses independent consultants for a variety of tasks, including engineering, shareholder relations and financial management. Its principal executive offices are located at 248 E. Main Street, San Jacinto, California 92583.

ITEM 2 - PROPERTIES

Apart from the Discontinued Operations, the Company's properties are comprised of $484,424 Home Building Construction in Process, $1,216,036 land development cost and $1,324,292 investment in limited partnerships.

INVESTMENTS IN LIMITED PARTNERSHIPS

1. Carreon Professional Building - The Company formed a limited partnership in November 1990 and acquired the property for $2,031,300. During the year ending 1992, the Company reduced its interest to 1% and has remained a general partner with a 1% interest, receiving a property management fee.

2. Riverside Park Apartments - The Company formed a limited partnership in June 1992 and acquired two apartment buildings for $3,350,000 to be repaired, developed and managed. During the year ending 1992, the Company reduced its interest to 1% and has remained a general partner with a 1% interest, receiving a property management fee.

3. Canyon Shadows Apartments - The Company acquired a 120-unit apartment complex in April 1995 for $875,000. The Company received a $975,000 loan that converts to a grant from the City of Riverside for the purpose of acquisition and rehabilitation and, in 1996, the Company was awarded $2,500,000 in Federal Tax Credits for the project. In December 1996, the project was sold to a tax credit partnership in which the Company retains a $905,000 capital account, as well as a 1% interest as the general partner for which it receives a management fee.

4. St. Michel, LLC - In 1995, the Company formed a limited liability company to acquire a 63-lot residential subdivision in the San Jacinto Valley. In March

   1996, the limited liability company acquired an additional 110-lot subdivision also in the San Jacinto Valley. The Company retains a 50% ownership in the limited liability company and receives an overhead fee for the construction and marketing of the homes.

ITEM 3 - LEGAL PROCEEDINGS

The Company is not presently involved in any material litigation nor, to its knowledge, is any material litigation threatened against the Company or its properties, other than routine litigation arising in the ordinary course of business which is expected to be covered by the Company's liability insurance.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

ITEM 5 - MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS

Common Stock of the Company is traded in the over-the-counter market, and quoted on the Electronic Bulletin Board. During the fiscal year ending December 31, 1996, the Company's common stock traded between $5.00 and $0.12 per share. The Company has not yet adopted any policy regarding payment of dividends.

Quarter Ended	Low	High
March 31, 1996	$3.50	$5.00
June 30, 1996	0.88	3.50
September 30, 1996	0.25	0.88
December 31, 1996	0.12	0.25

At December 31, 1996, there were approximately 295 holders of record of the Company's stock.

ITEM 6 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See index to financial statements included herein.

ITEM 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Fiscal year 1996 marked an exciting year for Peacock Financial Corporation, as its first year as a publicly traded Company. In December 1996, the Company moved its headquarters to the historically important Virginia Lee Hotel in downtown San Jacinto, where the Company refurbished and converted the Hotel into an executive suites office building. This move symbolized Peacock's mission to play a major role in

the future of the San Jacinto Valley. Also during the year, the Company completed the Canyon Shadows Apartments, which involved grant financing from the City of Riverside, as well as Federal Tax Credits for affordable housing.

As the year progressed, the Company focused more of its attention to developing and investing in the San Jacinto Valley and, therefore, sold or went into escrow on three of its projects which were outside the Valley. The Company believes it will substantially benefit from the development of the Eastside Reservoir and the future of the San Jacinto Valley. The Company has been positioning itself and has plans in place to be the biggest developer in the Valley.

RESULTS OF OPERATIONS:

Revenues totaled $3,369,000 for the fiscal year ending December 31, 1996. For the nine months ending December 31, 1995, revenues were $278,517. The increase in Revenues were due to the home building operation.

General and Administrative expenses for the year ended December 31, 1996, were $972,256, as compared to $505,257 for the nine months ended December 31, 1995. The increase in General and Administrative expenses was related to Canyon Shadows Apartments.

Depreciation and amortization was $8,190 for the year ended December 31, 1996, as compared to $43,356 for the nine months ended December 31, 1995. The decrease was due to fixed assets and loan fees reaching full amortization in 1996.

Interest income was $1,802 and interest expense was $170,386 for the year ended December 31, 1996, as compared to $31,923 interest income and $52,089 in interest expense for the nine months ended December 31, 1995. The decrease in interest income and increase in interest expense was due to expenditures incurred on Canyon Shadows Apartments.

Discontinued operation gain of $983,507 for the year ended December 31, 1996, is as a result of sale or decision to sell the Company's rental operations, i.e., Magnolia Center commercial building, the Anaheim Vacation Park and the Canyon Shadows Apartments.

ITEM 8 - CHANGES IN AND DISAGREEMENT WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

As mentioned in Note 11 to the financial statements, in April 1995, the Company acquired the Canyon Shadows Apartment complex using a $975,000 loan that converts to a grant from the City of Riverside. In December 1996, after rehabilitation and meeting the vacancy requirements, the Company sold the apartment complex to a partnership and received a $905,000 Capital Account in the partnership. This equity in the partnership is not reflect in the financial statements. The management

believes all material conditions of the grant have been met, therefore, the liability no longer exists. As a result, the shareholder's equity should be increased by $905,000.

ITEM 9 - DIRECTORS, EXECUTIVE OFFICERS, PROMOTION AND CONTROL PERSONS, COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

NAME	AGE	POSITION	PERIOD OF SERVICE
Steven R. Peacock	52	President, Chief Executive Officer and Director	Since 1986
Joy M. Hunt	47	Secretary	Since 1996

All directors hold office until the next annual shareholders meeting or until their death, resignation, retirement or until their successors have been elected and qualified.

Mr. Steven R. Peacock, 52, is President, Chief Executive Officer, and a Director of Peacock Financial Corporation. He has broad experience in real estate development, property management and construction experience.

Ms. Joy M. Hunt, 47, is Secretary of Peacock Financial Corporation. She has 25 years of accounting, business administration and governmental relations experience.

The Securities Exchange Act of 1934 requires all executive officers and directors to report any changes in ownership of common stock of the Company to the Securities and Exchange Commission and the Company. The management review and representations indicates no reports were required to be filed in 1996.

ITEM 10 - EXECUTIVE COMPENSATION

The following table shows the amount of all compensation earned for services in all capacities to the Company for the last two fiscal years for the executive officers at December 31, 1996.

NAME AND POSITION	YEAR	SALARY	OTHER	TOTAL
Steven R. Peacock, President &	1996	$96,000	None	$96,000
Chief Executive Officer, and Director	1995	84,000	None	84,000
Joy M. Hunt, Secretary	1996	$8,000	None	$8,000

ITEM 11 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

At the close of business on December 31, 1996, the Company had 10,695,295 shares outstanding. The beneficial owner of more than five percent of any class of the Company's voting securities are as follows:

TITLE OF CLASS	NAME AND ADDRESS OF BENEFICIAL OWNER	NUMBER OF SHARES	PERCENT OF CLASS
Common Stock	Steven R. Peacock 248 E. Main Street San Jacinto, CA 92583	2,927,324	27.4%
Common Stock	Byron Radaker 248 E. Main Street San Jacinto, CA 92583	2,010,048	18.9%

ITEM 12 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Patricia Peacock, mother of Steven R. Peacock, President, from time to time advanced funds to the Company. Such loans are unsecured with below market interest rate and with repayment terms between 1 to 3 years.

ITEM 13 - EXHIBITS AND REPORTS ON FORM 8-K

Audited Financial Statements and Notes thereto are filed as part of this report. On February 8, 1996, the Company filed Form 8-K containing its merger.

PEACOCK FINANCIAL CORPORATION AND SUBSIDIARY
(FORMERLY CONNECTIVITY AND TECHNOLOGY, INC.)

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1996 AND 1995

CONTENTS

INDEPENDENT AUDITORS' REPORT

Peacock Financial Corporation and Subsidiary
(Formerly Connectivity and Technology, Inc.)
Board of Directors
Hemet, California

We have audited the accompanying consolidated balance sheets of Peacock Financial Corporation and Subsidiary (formerly Connectivity and Technology, Inc.) as of December 31, 1996 and 1995 and the related consolidated statements of operations, stockholders' equity, and cash flows for the year ended December 31, 1996, for the nine months ended December 31, 1995 and for the year ended March 31, 1995. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Peacock Financial Corporation and Subsidiary (formerly Connectivity and Technology Inc.) as of December 31, 1996 and 1995 and the results of their operations and their cash flows for the year ended December 31, 1996, the nine months ended December 31, 1995 and for the year ended March 31, 1995 in conformity with generally accepted accounting principles.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 13 to the consolidated financial statements, the Company has suffered losses from operations for the years ended December 31, 1996 and 1995, which raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters also are described in Note 13. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result from the outcome of this uncertainty.

Jones, Jensen & Company
July 21, 1997

PEACOCK FINANCIAL CORPORATION AND SUBSIDIARY
(Formerly Connectivity and Technology, Inc.)
Consolidated Balance Sheets

ASSETS

	December 31, 1996	December 31, 1995
CURRENT ASSETS		
Cash and cash equivalents	$ 90,987	$ 267,593
Receivables - related parties (Note 7)	11,744	42,109
Notes receivable, net of allowance for bad debt	-	940
Total Current Assets	102,731	310,642
FIXED ASSETS, at cost, net of accumulated depreciation of $151,186 and $144,261, respectively	371,649	33,324
NET ASSETS OF DISCONTINUED OPERATIONS (Note 12)	683,190	1,639,164

OTHER ASSETS		
Construction-in-process	484,424	-
Notes receivable - related parties (Note 7)	140,171	65,426
Developer fees receivable	294,000	-
Development costs (Note 3)	1,216,036	1,216,436
Investments in limited partnerships (Note 4)	1,224,292	-
Deferred charges	-	44,298
Prepaid salary	-	208,358
Other assets	5,201	33,234
Total Other Assets	3,709,374	1,567,752
TOTAL ASSETS	$4,521,694	$3,550,882

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

PEACOCK FINANCIAL CORPORATION AND SUBSIDIARY
(Formerly Connectivity and Technology, Inc.)
Consolidated Balance Sheets (Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31, 1996	December 31, 1995
CURRENT LIABILITIES		
Accounts payable	$ 295,881	$ 149,352
Other current liabilities	336,014	230,758
Lines of credit (Note 5)	76,006	83,073
Notes payable - current portion (Note 6)	797,100	116,603
Note payable to stockholder (Note 7)	27,914	16,857
Total Current Liabilities	1,532,915	596,643
LONG-TERM DEBT		
Notes payable - long term (Note 6)	1,829,951	1,838,951
Total Liabilities	3,362,866	2,435,594
COMMITMENTS AND CONTINGENCIES (Note 9)		
STOCKHOLDERS' EQUITY		
Preferred stock: 10,000,000 shares authorized at $0.01 par value; 672,300 and -0- shares issued and outstanding, respectively	6,723	-
Common stock: 250,000,000 shares authorized at $0.001 par value; 10,695,295 and 3,256,150 shares issued and outstanding, respectively	10,695	3,256
Additional paid-in capital	2,215,474	2,326,899
Accumulated deficit	(1,074,064)	(1,214,867)
Total Stockholders' Equity	1,158,828	1,115,288
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$4,521,694	$3,550,882

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

PEACOCK FINANCIAL CORPORATION AND SUBSIDIARY
(Formerly Connectivity and Technology, Inc.)
Consolidated Statements of Operations

<TABLE>
<CAPTION>

<S>	December 31, 1996 (12 Months) <C>	December 31, 1995 (9 Months) <C>	March 31, 1995 (12 Months) <C>
REVENUES			
Home building and development sales	$3,005,211	$-	$-
Property management and administration income	208,023	221,277	276,042
Commissions income	101,363	54,065	-
Other income	54,403	3,175	40,584
Total Revenues	3,369,000	278,517	316,626
EXPENSES			
Home building and development costs	2,990,836	-	-
General and administrative	638,745	505,257	444,193
Depreciation and amortization	8,190	43,563	23,595
Total Expenses	3,637,771	548,820	467,788
LOSS FROM CONTINUING OPERATIONS	(268,771)	(270,303)	(151,162)
OTHER INCOME (EXPENSE)			
Interest income	1,802	31,923	-
Interest expense	(170,386)	(52,089)	(50,822)
Total Other Income (Expense)	(168,584)	(20,166)	(50,822)
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(437,355)	(290,469)	(201,984)
INCOME TAXES	-	-	-
NET LOSS FROM CONTINUING OPERATIONS	(437,355)	(290,469)	(201,984)
DISCONTINUED OPERATIONS (Note 12)			
Loss from operations of discontinued segment	(405,349)	(256,816)	(119,880)
Gain on disposal of discontinued segment	983,507	-	-
Total Discontinued Operations	578,158	(256,816)	(119,880)
NET INCOME (LOSS)	$140,803	$(547,285)	$(321,864)

</TABLE>

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

PEACOCK FINANCIAL CORPORATION AND SUBSIDIARY
(Formerly Connectivity and Technology, Inc.)
Consolidated Statements of Operations (Continued)

	December 31, 1996 (12 Months)	December 31, 1995 (9 Months)	March 31, 1995 (12 Months)
EARNINGS (LOSS) PER SHARE			
Continued operations	$(0.06)	$(0.09)	$(0.09)
Discontinued operations	0.08	(0.08)	(0.06)

EARNINGS (LOSS) PER SHARE	$0.02	$(0.17)	$(0.15)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	7,844,581	3,207,786	2,184,707

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

PEACOCK FINANCIAL CORPORATION AND SUBSIDIARY
(Formerly Connectivity and Technology, Inc.)
Consolidated Statements of Stockholders' Equity

	Preferred Stock		Common Stock		Additional Paid-in	Accumulated
	Shares	Amount	Shares	Amount	Capital	Deficit
Balance, March 31, 1994	-	$-	2,136,304	$2,136	$1,910,998	$(345,718)
Stock issued for services	-	-	848,696	849	7,638	-
Accrued dividends	-	-	-	-	(10,200)	-
Class B stock issued for debt	-	-	184,900	185	369,800	-
Class B stock issued for cash	-	-	16,250	16	32,299	-
Stock offering costs charged to paid-in capital	-	-	-	-	(69,080)	-
Net loss for the year ended March 31, 1995	-	-	-	-	-	(321,864)
Balance, March 31, 1995	-	-	3,186,150	3,186	2,241,455	(667,582)
Class A stock issued for services	-	-	20,000	20	19,980	-
Class B stock issued for cash	-	-	50,000	50	99,950	-
Accrued dividends	-	-	-	-	(34,486)	-
Net loss for the period from April 1, 1995 to December 31, 1995	-	-	-	-	-	(547,285)
Balance, December 31, 1995	-	$ -	3,256,150	$3,256	$2,326,899	(1,214,867)

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

PEACOCK FINANCIAL CORPORATION AND SUBSIDIARY
(Formerly Connectivity and Technology, Inc.)
Consolidated Statements of Stockholders' Equity (Continued)

<TABLE>

<S>	Preferred Stock <C>	<C>	Common Stock <C>	<C>	Additional Paid-in <C>	Accumulated <C>
	Shares	Amount	Shares	Amount	Capital	Deficit
Balance, December 31, 1995	-	$ -	3,256,150	$ 3,256	$2,326,899	$(1,214,867)
Common stock issued to acquire Connectivity and Technology, Inc.	-	-	5,183,850	5,184	(5,184)	-

Conversion of Class B common stock to preferred stock	672,300	6,723	(672,300)	(672)	(6,051)	-
Common stock issued for cash	-	-	2,700,095	2,700	154,269	-
Common stock issued for service	-	-	227,500	227	36,773	-
Deferred stock costs charged to paid-in capital	-	-	-	-	(265,810)	-
Accrued dividends	-	-	-	-	(25,422)	-
Net income for the year ended December 31, 1996	-	-	-	-	-	140,803
Balance, December 31, 1996	672,300	$6,723	10,695,295	$10,695	$2,215,474	$(1,074,064)

</TABLE>

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

PEACOCK FINANCIAL CORPORATION AND SUBSIDIARY
(Formerly Connectivity and Technology, Inc.)
Consolidated Statements of Cash Flows

<TABLE>

	December 31, 1996 (12 Months)	December 31, 1995 (9 Months)	March 31, 1995 (12 Months)
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	$ 140,803	$ (547,285)	$(321,864)
Adjustments to reconcile net loss to net cash used by operating activities:			
Depreciation and amortization	390,387	244,408	312,061
Stock issued for services	37,000	20,000	-
Discontinued operations	(542,664)	-	-
Changes in operating assets and liabilities:			
(Increase) decrease in accounts and notes receivable	(293,060)	(3,013)	2,459
(Increase) decrease in accounts receivable - related parties	(44,324)	15,839	(104,578)
(Increase) decrease in other assets	(97,380)	(36,934)	(19,338)
Increase (decrease) in accounts payable	160,406	167,179	19,509
Increase (decrease) in other liabilities	72,850	121,466	38,224
Net Cash Used by Operating Activities	(175,982)	(18,340)	(73,527)
CASH FLOWS FROM INVESTING ACTIVITIES			
Construction in progress	(484,424)	-	-
Purchase of property and equipment	(345,250)	(2,346,866)	(184,016)
Net Cash Used by Investing Activities	(829,674)	(2,346,866)	(184,016)
CASH FLOWS FROM FINANCING ACTIVITIES			
Due to shareholders	11,057	-	-
Repayment of notes payable	(93,600)	(199,172)	(47,884)
Proceeds from long-term borrowings	754,624	2,623,053	300,000
Proceeds from stock offerings	156,969	100,000	32,315
Net Cash Provided by Financing Activities	$829,050	$ 2,523,881	$ 284,431

</TABLE>

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

PEACOCK FINANCIAL CORPORATION AND SUBSIDIARY
(Formerly Connectivity and Technology, Inc.)
Consolidated Statements of Cash Flows (Continued)

<TABLE>
<CAPTION>

<S>	December 31, 1996 (12 Months) <C>	December 31, 1995 (9 Months) <C>	March 31, 1995 (12 Months) <C>
NET INCREASE IN CASH	$ (176,606)	$ 158,675	$ 26,888
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	267,593	108,918	82,030
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 90,987	$ 267,593	$ 108,918
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES			
Common stock issued for debt	$ -	$ -	$ 369,985
Common stock issued for services	$ 37,000	$ 20,000	$ 8,487
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Interest paid, net of amount capitalized	$ 669,259	$ 396,241	$ 545,778
Income taxes paid	$ -	$ -	$ -

</TABLE>

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

PEACOCK FINANCIAL CORPORATION AND SUBSIDIARY
(Formerly Connectivity and Technology, Inc.)
Notes to the Consolidated Financial Statements
December 31, 1996 and 1995

NOTE 1 - COMPANY BACKGROUND

The consolidated financial statements include those of Peacock Financial Corporation (Colorado) (Peacock) and its wholly-owned subsidiary, Peacock Financial Corporation (California) (PFC). Collectively, they are referred to herein as "the Company".

Peacock was incorporated under the laws of the State of Colorado on February 16, 1984 under the name of Oravest International, Inc. It later changed its name to Camdon Holdings, Inc. and then to American Temperature Control, Inc., Connectivity and Technology, Inc., and finally to Peacock Financial Corporation on February 27, 1996. Peacock was incorporated for the purpose of creating a vehicle to obtain capital to seek out, investigate and acquire interests in products and businesses which may have a potential for profit.

PFC, the wholly-owned subsidiary, was formed on May 22, 1986. Its operations consist of the acquisition and enhancement of income-producing properties and the development of multi-use property including home building. Certain properties are owned by limited partnerships managed by the Company.

On February 27, 1996, the Company completed an Agreement and Plan of Reorganization whereby Peacock issued 7,767,702 shares of its common stock and 672,300 shares of its preferred stock in exchange for all of the outstanding common stock of PFC. Pursuant to the reorganization, the name of the Company was changed to Peacock Financial Corporation.

The reorganization was accounted for as a recapitalization of PFC because the shareholders of PFC control the Company after the acquisition.

Therefore, PFC is treated as the acquiring entity. Accordingly, there was no adjustment to the carrying value of the assets or liabilities of Peacock. Peacock is the acquiring entity for legal purposes and PFC is the surviving entity for accounting purposes.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows:

a. ACCOUNTING METHOD

The Company's consolidated financial statements are prepared using the accrued method of accounting. The Company has elected a December 31 year end.

b. PARTNERSHIP INVESTMENTS

The Company's general and limited partnership interests are accounted for using the equity method, which reflects historical cost adjusted for the proportionate share of partnership earnings or losses. The Company has not recorded its share of losses in excess of its investment in each partnership.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

c. FIXED ASSETS

Fixed assets are carried at cost. The cost is depreciated over the estimated useful lives of 30 years for buildings and improvements and 5 to 6 years for furniture and equipment.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

During the period from April 1, 1995 through December 31, 1995, the Company incurred interest of $122,500 on a construction loan. The interest has been capitalized as part of the building improvements.

d. INCOME TAXES

The Company provides for income taxes using the liability method under Statement of Financial Accounting Standards No. 109. Deferred income taxes arise principally from temporary differences for financial and tax reporting purposes in depreciation methods.

The Company has not recorded income taxes in 1996 or 1995 due to operating losses and loss carryovers. The Company has net operating loss carryovers of approximately $1,800,000 at December 31,1996 which expire in the years 2007 to 2011.

e. CASH AND CASH EQUIVALENTS

Cash equivalents include short-term, highly liquid investments with maturities of three months or less at the time of acquisition.

f. LOSS PER SHARE

The computations of loss per share of common stock are based on the weighted average number of shares outstanding at the date of the consolidated financial statements.

g. DEFERRED CHARGES

The Company had recorded the costs incurred in connection with its stock offerings as a deferred charge at December 31, 1995. The costs were charged against additional paid-in capital during 1996 at the completion of the stock offering.

h. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include those of Peacock Financial Corporation (Colorado) and its wholly-owned subsidiary, Peacock Financial Corporation (California). All significant intercompany accounts and transactions have been eliminated.

PEACOCK FINANCIAL CORPORATION AND SUBSIDIARY
(Formerly Connectivity and Technology, Inc.)
Notes to the Consolidated Financial Statements (Continued)
December 31, 1996 and 1995

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

i. ESTIMATES

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

j. CONCENTRATIONS OF RISK

ACCOUNTS RECEIVABLE

Credit losses, if any, have been provided for in the consolidated financial statements and are based on the management's expectations. The Company's accounts receivable are subject to potential concentrations of credit risk. The Company does not believe that it is subject to any unusual, or significant risks in the normal course of its business.

k. RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to the December 31, 1996 presentations.

NOTE 3 - DEVELOPMENT COSTS

Land improvements and related property development costs have been capitalized and will be amortized to the cost of the houses sold based upon the total number of homes to be constructed in each project. The land and land improvements of $1,216,036 and $1,216,436 at December 31, 1996 and 1995, respectively, are recorded at the lower of cost or net realizable value (see Note 9).

NOTE 4 - INVESTMENTS IN LIMITED PARTNERSHIPS

In November 1990, the Company formed a limited partnership to acquire, manage and develop certain real property referred to as the Carreon Professional Building. The partnership acquired the property for $2,031,300 on November 30, 1990 for $581,300 in cash and a promissory note of $1,450,000 that bears interest of 12, 12.5 and 13 percent per year for the first, second and third years, respectively. During the partnership year ended December 31, 1992, the Company sold its remaining limited interest in the partnership. The Company remains the general partner with a 1% interest. The Company receives a property management fee. The Company accounts for its remaining general partner interest using the equity method.

PEACOCK FINANCIAL CORPORATION AND SUBSIDIARY
(Formerly Connectivity and Technology, Inc.)
Notes to the Consolidated Financial Statements (Continued)
December 31, 1996 and 1995

NOTE 4 - INVESTMENTS IN LIMITED PARTNERSHIPS (CONTINUED)

On June 29, 1992, the Company formed a limited partnership agreement to acquire two apartment buildings to be repaired, developed, and managed which are referred to as the Riverside Park Apartments. The partnership acquired the property for $3,350,000 on July 10, 1992 for $670,000 in cash and a promissory note of $2,680,000. In July 1992, the partnership entered into an agreement whereby the City of Riverside loaned the partnership $650,000 at 10.5 percent interest. The loan will be forgiven by August 1, 2007. The debt and accrued interest are forgiven at one-fifteenth of the original balance per year. The agreement requires the partnership to meet certain restrictive covenants. The Company remains the general partner with a 1% interest and receives a property management fee.

In December 1995, the Company formed a limited liability company to acquire a 63-lot residential subdivision in the San Jacinto Valley. The Company retains a 50% ownership in the limited liability company and also receives an overhead fee for the construction and marketing of the homes.

During 1995, the Company received a $975,000 loan that converts to a grant from the City of Riverside to acquire and rehabilitate a 120-unit apartment complex (see Note 11). During April 1996, the Company was awarded $2,400,000 in Federal tax credits. During December 1996, the Company sold the completed project to a tax credit partnership named Canyon Shadows, L.P. retaining a 1% interest as general partner and receiving a $905,000 capital account in the partnership. Additional expenses of $319,292 were incurred by the Company on behalf of the partnership resulting in a total investment in Canyon Shadows, L.P. of $1,224,292 at December 31, 1996.

NOTE 5 - LINES OF CREDIT

The Company has two separate lines of credit with banks at December 31, 1996 in the aggregate maximum amount of $250,000. Borrowings outstanding under these lines of credit at December 31, 1996 and 1995 were $51,598 and $24,408 and $53,098 and $29,975, respectively. The credit lines bear interest at the bank's index rate plus 2 percent or 12 percent currently and expire during June, 1998 and July, 1999, respectively.

NOTE 6 - NOTES PAYABLE

Notes payable consist of the following:

	December 31, 1996	December 31, 1995
Note payable at 8%, collateralized by deed of trust on property, payable in monthly principal and interest installments of $16,390 with the outstanding balance due July 1998	$ -	$ 2,055,050
Note payable at 12%, collateralized by deed of trust on buildings, payable in monthly principal and interest installments of $28,899 through December 1998.	2,765,435	2,780,500

Balance Forward	$ 2,765,435	$ 4,835,550

NOTE 6 - NOTES PAYABLE (Continued)

Notes payable consist of the following (continued):

	December 31, 1996	December 31, 1995
Balance Forward,	$ 2,765,435	$ 4,835,550
Note payable at variable rate (10.25% at December 31, 1996) collateralized by deed of trust on real property. Lump sum payment is due October 21, 1998.	312,252	332,252

Note payable at 10%, unsecured, due with accrued interest on or before February 1, 1997.	1,236	6,136
Note payable at 15%, unsecured, principal originally due on or before November 30, 1996, interest due monthly (see Note 14).	241,520	241,520
Note payable at 10%, secured by deed of trust, due March 31, 1996, currently in default.	65,000	65,000
Note payable at 10%, unsecured, with outstanding balance and interest due June 1996 (subsequently paid in 1997).	20,930	20,930
Note payable at 7.5%, collateralized by deed of trust on real property, payable in monthly installments of $2,100 including interest, due June 30, 1997 (see Note 14).	290,179	293,480
Note payable at 12%, unsecured, payable in monthly installments of $354 including interest, due January 1, 1997.	-	3,979
Note payable at 3%, collateralized by deed of trust on real property, due January 31, 2005 (Note 11).	975,000	975,000
Note payable at 14%, secured by deed of trust on real property, payable in monthly installments of $17,500 (interest only), due May 1, 1996.	-	1,500,000
Loan payable at 9%, collateralized by deed of trust on property, accrued interest and principal due February 15, 1997 (see Note 9(b)).	172,204	-
Balance Forward,	$ 4,843,756	$ 8,273,847

NOTE 6 - NOTES PAYABLE (Continued)

Notes payable consist of the following (continued):

	December 31,	
	1996	1995
Balance Forward,	$ 4,843,756	$ 8,273,847
Note payable to individual at 10%, collateralized by deed of trust, payable in monthly interest only payments, principal due January 19, 1997 (see Note 9(b)).	125,000	-
Note payable at 7%, collateralized by deed of trust, due August, 1997.	25,000	-
Note payable, non-interest bearing, unsecured, payable in monthly installments of $1,000.	18,000	-
Construction note payable at 10.50% with a maximum balance of $750,000, principal and interest due July 1997.	359,595	-
Debentures at 10%, unsecured, originally due July, 1996 (see Note 14).	11,000	-
Other equipment loans	10,135	17,257
Total Notes Payable	5,392,486	8,291,104
Less: Current Portion	(797,100)	(116,603)
Less: Discontinued Operations (Note 12)	(2,765,435)	(6,335,550)
Long-Term Notes Payable	$ 1,829,951	$ 1,838,951

The aggregate principal maturities of notes payable are as follows (including discontinued operations):

Years Ending December 31,	
1997	$ 811,439
1998	873,875
1999	19,858
2000	22,376
2001	2,689,938
Thereafter	975,000
Total	$ 5,392,486

NOTE 7 - RELATED PARTY TRANSACTIONS

The Company is a partner in several limited partnerships (Note 4). The Company occasionally pays for operating expenses of the partnerships and is reimbursed as funds become available to the partnerships. These advances are non-interest bearing and are reimbursed on a regular basis.

In 1994, the Company paid a legal settlement on behalf of one of the partnerships of which it is a partner. The payment has been recorded as a note receivable from the partnership. The note is non-interest bearing and is due on demand.

Two stockholders have made loans to the Company. The loans bear interest at 10 percent per annum and matured in March 1996. The balance outstanding at December 31, 1996 and 1995 is $27,914 and $16,857, respectively.

NOTE 8 - PROFIT SHARING PLAN

In 1989, the Company adopted a profit sharing plan covering all eligible employees. Contributions are made at the discretion of the Board of Directors. There were no contributions to the plan for the year ended December 31, 1996 or for the period from April 1, 1995 through December 31, 1995.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

a. GENERAL PARTNER OBLIGATIONS

The Company serves as general partner in several real estate development partnerships. The Company may be held liable for certain liabilities of these partnerships in its capacity as general partner. At December 31, 1996, the partnerships had no liabilities with recourse against the Company.

b. RENTS AND LEASES

During 1996, the Company acquired an historic 15-room hotel in downtown San Jacinto and converted it into an executive suites office building. The Company currently occupies approximately half of the offices and rents the remaining space to others. Financing, which consisted of a seller carry-back loan of $125,000 for the acquisition and a City of San Jacinto Redevelopment loan of $172,204 for the rehabilitation, is currently being restructured into long-term financing.

c. WRAP AROUND MORTGAGE

The Company has sold a property subject to a mortgage. The mortgage has not been fully assumed by the buyer. If the buyer defaults on the mortgage, the Company may be liable for the balance owing. At December 31, 1996, the balance was $129,875.

NOTE 9 - COMMITMENTS AND CONTINGENCIES (Continued)

d. VISTA RAMONA DEVELOPMENT COSTS

The Company has incurred costs associated with the development of a residential housing project. The costs incurred have been for engineering and planning for the project. The project encompasses 489 acres of land containing approximately 1,800 residential building lots. The Company controls 277 acres of the project through a joint venture. The remaining 212 acres are controlled by a separate joint venture which has filed for chapter 11 bankruptcy. The Company has reached an agreement with the lienholder of the land to acquire the lienholder's interest in the note and trust deed which encumber the 212 acres for $1,500,000 cash. The Company must make payment in full on or before April 4, 1996 to complete the agreement. If the 212 acres are not brought under the control of the Company, there is some uncertainty as to the recoverability of all development costs. The Company believes that regardless of the outcome of the attempt to gain control of the 212 acres, that more likely than not the entire amount of the development costs will be recovered from the remaining joint venture.

NOTE 10 - PREFERRED STOCK

The Company's preferred stock has the right to quarterly dividends to be paid at the annual rate of 6%. The quarterly dividend is to be paid to all shareholders of record, as of the last day of each quarter until such time as the Company causes such shares to be converted to common shares and "registered" (free trading) with the S.E.C. and the appropriate State regulatory agency.

Each preferred share shall be converted into one share of the common stock of the Company, such conversion to occur automatically and registered concurrently with any public offering of the common shares of the Company.

Each share of preferred stock comes with a warrant. Each warrant entitles the holder to purchase one share of the common stock at a price of $2.20 per share, from the date of purchase until 180 days following the completion of the Company's initial public offering of common stock, or commencement of public trading therein. During the exercise period of the warrants, the Company, at its option, may call the warrants for redemption on a 30-day prior written notice to warrant holders of record at a redemption price of $.05 per warrant.

NOTE 11 - APARTMENT COMPLEX ACQUISITION

In April 1995, the Company acquired a 120 unit apartment complex using a $975,000 loan that converts to a grant from the City of Riverside, California. The loan is non-recourse and is secured by a second trust deed on the property. If the Company meets certain requirements pertaining to the complex, which have been stipulated by the city, the loan will be forgiven in its entirety per the following schedule:

May, 2002	10%
May, 2003	20%
May, 2004	30%
May, 2005	40%

If the Company fails to meet the requirements, the entire unpaid principle balance, together with accrued

interest, will become due at the discretion of the City of Riverside and foreclosure proceedings may be initiated on the property.

NOTE 12 - DISCONTINUED OPERATIONS

The Company has decided to either sell or dispose of a portion of its operations during 1997. As a result, the assets and liabilities of those operations are being netted together as discontinued operations resulting in a balance of net assets at December 31, 1996 and 1995 of $683,190 and

$1,639,164, respectively. The breakout of the amounts at December 31, 1996 and 1995 is summarized as follows:

	December 31, 1996	December 31, 1995
Assets of Discontinued Operations	$ 3,598,533	$ 8,243,154
Liabilities of Discontinued Operations	(2,915,343)	(6,603,990)
Net Assets of Discontinued Operations	$ 683,190	$ 1,639,164

In addition, the operations of these projects are being netted together as loss on discontinued operations. The resulting loss for the year ended December 31, 1996 and the period ended December 31, 1995 was $405,349 and $256,816, respectively. In addition, the Company recognized a gain on the disposition of the discontinued operations of $983,507 for the year ended December 31, 1996.

NOTE 13 - GOING CONCERN

The Company's consolidated financial statements are prepared using generally accepted accounting principles applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has incurred significant losses and does not currently have the means to pay the current maturities of its long term debt as they become due. These factors create an uncertainty about the Company's ability to continue as a going concern. The Company is currently, however, in the final stages of obtaining a $5,000,000 financing package from a bank. The Company expects to receive a portion of those funds shortly and the remaining balance before the end of 1997. The financing package could eventually go as high as $10,000,000. As part of the arrangement, the Company will ultimately sell approximately 50% of the Company through a 504 stock issuance. Receiving the $5,000,000 could ultimately effect the realization of assets and liquidation of liabilities in the normal course of business. The consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

If the $5,000,000 is obtained, the Company's management believes that the Company will soon be able to generate revenues sufficient to cover its operating costs. Management also has plans to raise capital through the issuance of stock.

NOTE 14 - SUBSEQUENT EVENTS

Subsequent to December 31, 1996, the following events occurred:

1. Three of the Company's notes payable were converted into one long-term note during 1997. Total outstanding principal on the three notes at December 31, 1996 was $542,699 ($241,520, $290,179 and $11,000). The new note is in the form of a credit line that bears interest at 6% per annum and matures on January 1, 2007.

2. As mentioned in Note 13, the Company is in the process of obtaining a $5,000,000 financing package from a bank. The Company has not received any of the funds as of the date of this audit report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PEACOCK FINANCIAL CORPORATION

By: ------------------------------------
Steven R. Peacock
President and Chief Executive Officer

Dated: -----------------------

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
------------------------ Steven R. Peacock	President, Chief Executive Officer and Director	
------------------------ Joy M. Hunt	Secretary	

FIRST AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF CANYON SHADOWS, L.P., A CALIFORNIA LIMITED PARTNERSHIP

This First Amended and Restated Agreement of Limited Partnership (the "Agreement") is made as of July 15, 1996 by and between Peacock Financial Corp., a California corporation ("Peacock"), as managing general partner, Blindness Support Services, Inc., a California nonprofit corporation, as general partner ("Blindness" and together with Peacock, the "General Partners"), National Corporate Tax Credit Fund IV, a California limited partnership, as investor limited partner ("Investor LP"), National Corporate Tax Credit, Inc. IV, a California corporation, as administrative limited partner ("Administrative LP" and together with the Investor LP, the "Limited Partners"), Steven R. Peacock (the "Withdrawing Limited Partner"), and with reference to the following recitals of fact:

WHEREAS, Peacock is the owner of that certain real property and improvements thereon located as 8405 Arlington Boulevard, Riverside, California 92507 (the "Property"); and

WHEREAS, Peacock, as general partner, and the Withdrawing Limited Partner, as limited partner, entered into that certain Agreement of Limited Partnership of Canyon Shadows, L.P. (the "Partnership") dated as of July 15, 1996 (the "Initial Agreement"); and

WHEREAS, Peacock, as general partner, the Withdrawing Limited Partner, the Investor LP and the Administrative LP, as limited partners, entered into that certain Amendment to the Agreement of Limited Partnership of Canyon Shadows, L.P. dated as of July 15, 1996 (the "First Amendment" and together with the Initial Agreement, the "Original Agreement"), wherein the Investor LP and the Administrative LP were admitted to the Partnership as limited partners; and

WHEREAS, the Investor LP and the Administrative LP, through clerical error, were referred to in the First Amendment with the roman numeral VI in their names rather than the correct roman numeral IV; and

WHEREAS, the parties hereto wish to admit Blindness as a general partner and to continue the Partnership; and

WHEREAS, the parties hereto wish to amend and restate the Original Agreement to reflect their respective rights and obligations with respect to the Partnership.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereby agree as follows:

1. WITHDRAWAL OF WITHDRAWING LIMITED PARTNER. The Withdrawing Limited Partner hereby withdraws as a limited partner of the Partnership. Execution of this Agreement

shall constitute acknowledgment by the Withdrawing Limited Partner that it has received from the Partnership the full amount set forth in its capital account.

2. ADMISSION OF BLINDNESS AS A GENERAL PARTNER. Blindness is hereby admitted to the Partnership as a general partner thereof, and whenever the term General Partner or General Partners is used in the Agreement it shall be deemed to mean Peacock and/or Blindness. Blindness hereby agrees to assume all obligations of a general partner pursuant to the Original Agreement, as amended hereby.

3. CONTINUATION OF LIMITED PARTNERSHIP. The General Partners and the Limited Partners hereby continue the limited partnership pursuant to the California Revised Limited Partnership Act. The parties hereto do hereby amend and restate the Original Agreement by substituting this Agreement in its entirety for the Original Agreement. As of the date hereof, the Original Agreement shall be of no further force or effect , and all rights and obligations of the Partners shall be governed by this Agreement. All references to "Partner" or "Partners" in this Agreement shall include the General Partners and the Limited Partners.

4. NAME AND PRINCIPAL OFFICE. The name of the Partnership is Canyon Shadows, L.P., a California limited partnership, whose principal office and place of business is located at 1600 East Florida Avenue, Suite 306, Hemet, California 92544, or such other location within the State of California as may hereafter be determined by the General Partners.

5. PURPOSE. The business and purpose of the Partnership shall be to acquire, own, manage and operate the Property as an affordable housing

project, and to enter into such agreements and make such presentations before governmental authorities as are necessary for, and to carry out the management and operation of the Property as an affordable housing project.

6. CERTIFICATES. The Partnership has caused a Certificate of Limited Partnership (Form LP-1) to be filed in the Office of the Secretary of State of the State of California on July 15, 1996 as File No. 9619700018. In addition, the Partnership shall cause an Amendment to Certificate of Limited Partnership (Form LP-2) to be filed in the Office of the Secretary of State of the State of California to reflect the admission of Blindness as a general partner.

7. DESIGNATION OF AGENT FOR SERVICE OF PROCESS. The agent for service of process for the Partnership shall be Steven R. Peacock, whose address is 1600 East Florida Avenue, Suite 306, Hemet, California 92544.

8. TERM OF PARTNERSHIP. The Partnership shall commence on July 15, 1996 and shall terminate on December 31, 2051.

9. PERCENTAGE INTERESTS. Each Partner shall have the following percentage interests in the Partnership (each, a "Percentage Interest"): Peacock shall have a .5% Percentage Interest in the Partnership, as managing general partner; Blindness shall have a .5% Percentage Interest in the Partnership, as a general partner; Investor LP shall have a 98.9% Percentage Interest in the Partnership, as a limited partner; and Administrative LP shall have a .1% Percentage Interest in the Partnership, as a limited partner.

10. LIMITATION OF LIABILITY. Except as otherwise provided by law, the Limited Partners shall not be liable to the Partnership for any cash or property in excess of their capital contributions.

11. TAXABLE GAIN, TAX LOSS AND DISTRIBUTIONS. All taxable gains and tax losses, distributions and tax credits shall be allocated as follows: .5% to Peacock, .5% to Blindness, 98.9% to Investor LP and .1% to Administrative LP.

12. CAPITAL ACCOUNTS. A capital account shall be maintained for each Partner in accordance with Treasury Regulations section 1.704-1(b)(2)(iv). Each Partner shall have the following initial capital account to reflect each Partner's initial capital contribution to the Partnership (each, a "Capital Account"): the Capital Account of Peacock shall be $975,000; the Capital Account of Blindness shall be $10; the Capital Account of the Investor LP shall be $99; and the Capital Account of the Administrative LP shall be $1.

13. MANAGEMENT OF PARTNERSHIP.

a. MANAGING GENERAL PARTNER. Subject to subparagraph (b) below, Peacock shall act as the managing general partner (the "Managing General Partner") of the Partnership and, in such capacity, shall have control over the day-to-day operations of the Partnership and shall have all rights, powers and authority conferred by law as necessary, advisable or consistent in connection therewith. Without limiting the generality of the foregoing, but subject to paragraph 12.b below, the Managing General Partner shall have the right, power and authority to execute any documents relating to the financing, rehabilitation, construction, operation and sale of all or any portion of the Property without the prior approval of the other Partners.

b. CONSENT OF THE GENERAL PARTNER. Notwithstanding anything to the contrary contained herein, including, without limitation, Section 12(a) hereof, in addition to those acts and decisions set forth elsewhere in this Agreement, the Partnership shall not take any act, expend any sum, or incur any obligation with respect to the following matters unless and until the same has been approved in writing by all of the General Partners and the Administrative LP:

(1) Acquisition of any asset unrelated to the ownership and operation of the Property by the Partnership;

(2) Sale, exchange, assignment, financing, refinancing or mortgaging of all or a substantial part of any Partnership asset (other than credit extended to the Partnership by usual trade creditors in the ordinary course of Partnership business);

(3) Lending any funds or extending credit, or causing the Partnership to become a guarantor or surety for any purpose;

(4) The release, assignment or transfer of any Partnership claim, security interest, or all or any part of any other asset of the Partnership;

(5) Confessing a judgment against the Partnership;

(6) Requesting that the General Partners and/or the Limited Partner make any additional capital contribution to the Partnership;

(7) The filing of bankruptcy by the Partnership;

(8) The execution or delivery of any assignment of all or substantially all of the Partnership's assets for the benefit of the Partnership's creditors;

(9) The use by any Partner, or any individual or entity affiliated with a Partner, of any real or personal property owned by the Partnership for a purpose other than in furtherance of the Partnership's business;

(10) The adoption of annual operating budgets, or any other periodic operating budgets for the Partnership;

(11) Borrowing any sums, or obtaining any credit on behalf of the Partnership;

(12) The execution of any contract, instrument or agreement obligating the Partnership, or potentially obligating the Partnership, or exposing the Partnership to liability, in an amount greater than $1,000, except as contemplated within the Property's operating budget; and

(13) The amendment of any material contract to which the Partnership is a party.

14. TRANSFER OR PLEDGE. A Partner's interest in the Partnership shall not be assigned, pledged, sold or otherwise transferred, in whole or in part, without the prior written consent of the Managing General Partner.

15. ADDITIONAL OR SUBSTITUTED PARTNERS. Upon the prior written consent of the General Partners, additional general or limited partners or substitute general or limited partners may be admitted to the Partnership upon such terms and conditions as the General Partners deem necessary.

16. INDEMNIFICATION. The Partnership does hereby indemnify, defend and agree to hold the General Partners wholly harmless from and against any loss, expense or damage suffered by a General Partner by reason of anything which the General Partner may do or refrain from doing hereafter for or on behalf of the Partnership and in furtherance of its interest; provided, however, that the Partnership shall not be required to indemnify a General Partner from any loss, expense or damage which a General Partner may suffer as a result of its failure to perform its duties hereunder in good faith with due diligence or in taking any action beyond the authority of the General Partner.

17. DISSOLUTION AND WINDING UP. Upon the expiration of the Partnership's term or the written notice to the Partnership by the General Partners or the Limited Partners, the Partnership shall be dissolved and the business wound up.

18. GOVERNING LAW. The validity and enforceability of this Agreement shall be governed by and construed in accordance with the laws of the State of California in every respect and unless expressly or by necessary implication contravened by any provisions hereof, the provisions of the California Revised Limited Partnership Act shall prevail.

19. COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same document.

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

"GENERAL PARTNERS"

PEACOCK FINANCIAL CORP., a California corporation

By:

Steven R. Peacock, President

[Signatures Continued on Next Page]

BLINDNESS SUPPORT SERVICES, INC.,
a California nonprofit corporation

By:

Peter Benevidez, Executive Director

"LIMITED PARTNERS"

NATIONAL CORPORATE TAX CREDIT
FUND IV, a California limited partnership

By: National Partnership Investments
Corp., a California corporation,
General Partner

By:

Name:

Title:

NATIONAL CORPORATE TAX CREDIT,
INC. IV, a California corporation

By:

Name:

Title:

"WITHDRAWING LIMITED PARTNER"

Steven R. Peacock

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