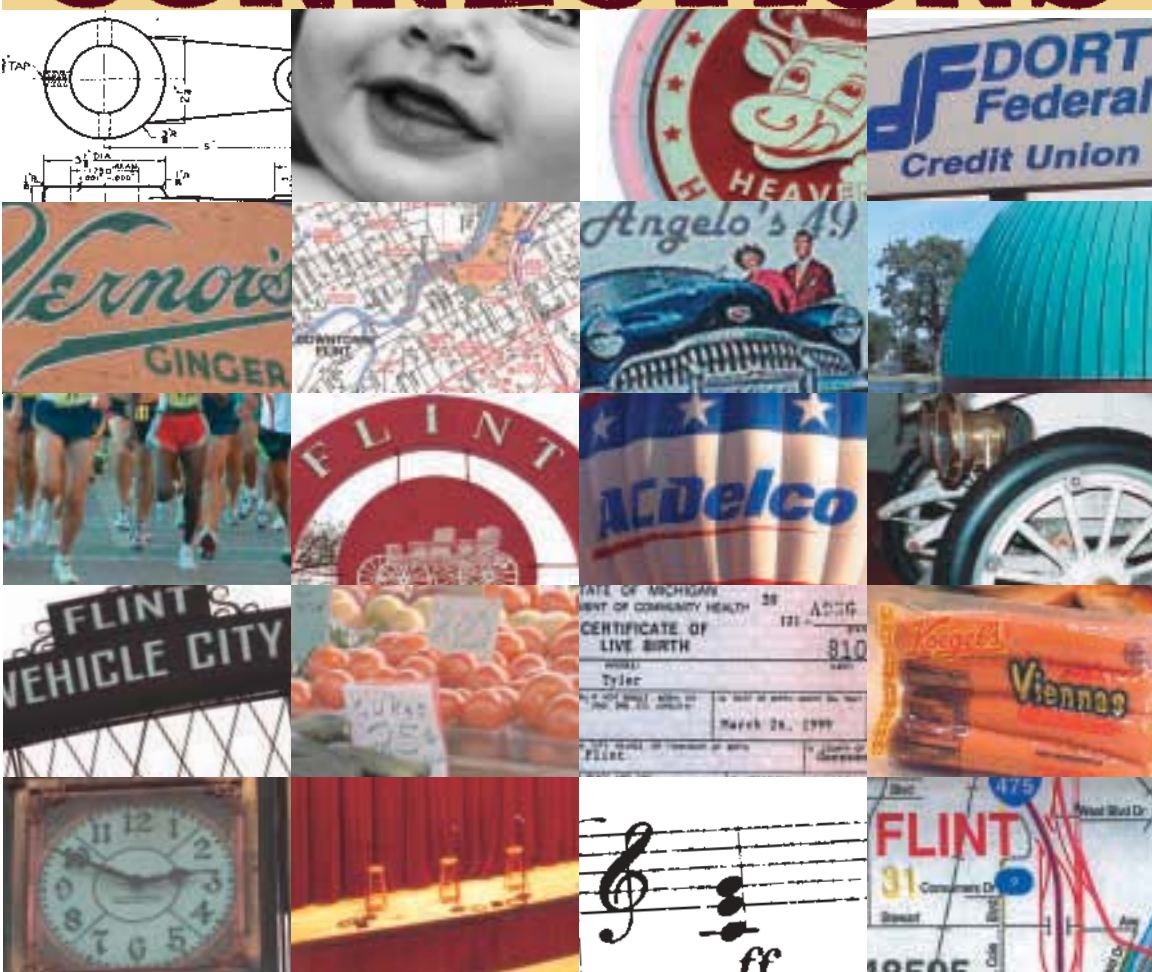
Hometown pride!

Celebrating our community connections

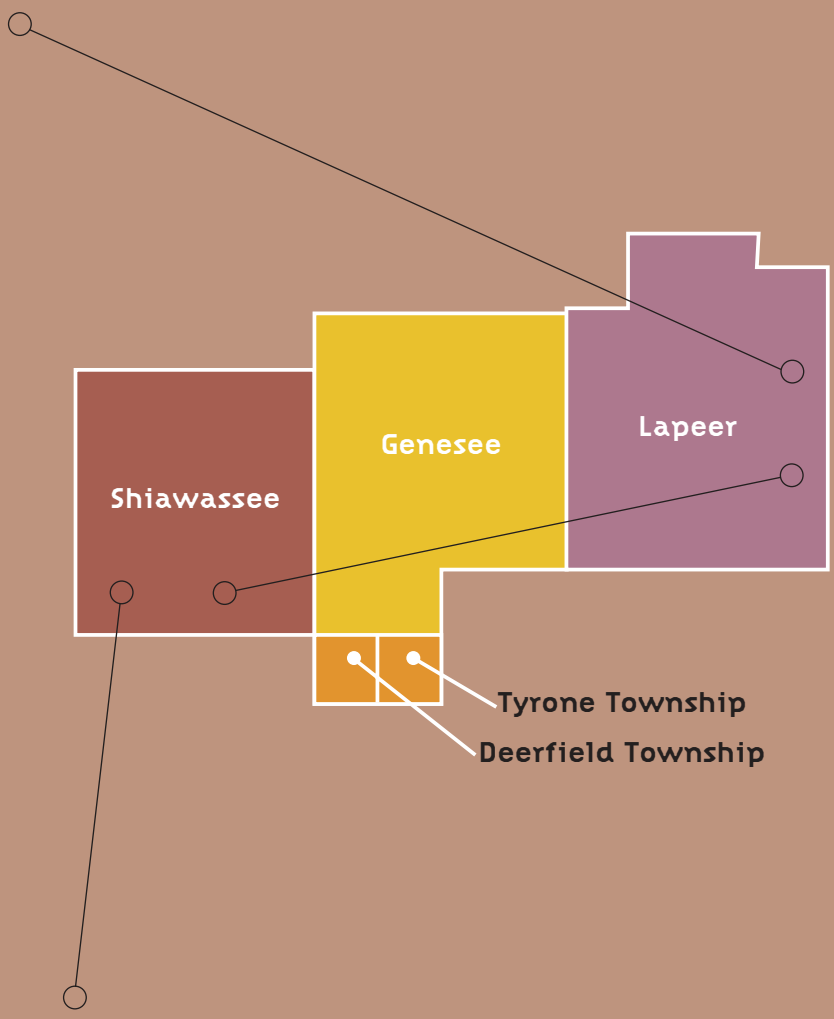
Dort Federal Credit Union

2003 Annual report

CONNECTIONS



Connecting with Our Members.



Connecting to Our Community.

We are grateful to all the Flint area organizations that shared their images to help us celebrate hometown pride.

Independent Auditor's Report

Board of Directors and Supervisory Committee
Dort Federal Credit Union
Flint, Michigan

We have audited the accompanying Statements of Financial Condition of Dort Federal Credit Union as of December 31, 2003 and December 31, 2002, and the related Statements of Income, Changes in Members Equity, and Cash Flows for the years then ended. These Financial Statements are the responsibility of the credit union's management. Our responsibility is to express an opinion on these Financial Statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Financial Statements referred to above present fairly, in all material respects, the financial position of Dort Federal Credit Union as of December 31, 2003 and December 31, 2002 and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Cindrich, Mahalak & Co., P.C.
St. Clair Shores, Michigan
February 4, 2004

Connections

Between families, friends, and neighbors.
Cities, towns, and suburbs.
Wants, needs, and resources.

That's what Your credit union is all about.

As a progressive, dynamic, member-owned financial cooperative, we connect the people in our communities with a wide range of money-management tools to match their lifestyles and meet their goals.

Since 1951, when a group of local citizens launched Dort Federal Credit Union, our membership has grown to more than 46,000, our geographic footprint has expanded to include four counties, and our assets have steadily increased to nearly $290 million.

From traditional lending and deposit programs, our services have evolved too.

Now, Dort Federal offers convenient, time-saving financial options like interactive online access, automated bill paying, ATMs, mortgages, and a full suite of credit card choices.

Yet, with all these opportunities, our members tell us what they appreciate most is our personal service, attention to detail, and competitive, money-saving rates.

Whatever their economic picture, whatever their financial plans, Dort Federal members know they can count on us to help them make the most of their earnings and assets, and realize their dreams.

Flint

Hometown Pride

It's been another busy year at Dort Federal Credit Union—a year marked by the introduction of convenient new services, product enhancements, improved access, and more programs designed to help our members save time and money.

For example, we launched Overdraft Privilege on our checking accounts, lowered fees and rates on our credit cards, eliminated some fees for students, and bucked the trend by holding other charges in check.

Dort Online, our easy-to-use Internet banking site, continued to grow in popularity as more of our members discovered the benefits of conducting financial transactions via the computer. Now, members can use the Internet to participate in "Live Chat" and learn about new services, arrange fund transfers, receive credit union updates, and enjoy free bill-paying privileges.

Perhaps our most visible activity during the year was a "Hometown Pride" campaign that celebrated so many of the good things that make our hometown special—Bishop International Airport, the Flint Cultural Center, Kettering University, the Farmers' Market, Hurley Medical Center's Birthing and Neonatal Care Center, and our own Dort Federal Credit Union.

The campaign served as a reminder of this community's exceptional cultural, educational, health, and business assets—and it affirmed Dort Federal's commitment to our hometown and all of its hardworking people.

For 53 years, Dort Federal has been a proud corporate leader in the Flint community. You can see our pride in the superior financial services we provide, the dedication and involvement of our employees who give back to the organizations and initiatives that are working to make this place the best it can be, and in our members who are engaged each day in ensuring Flint remains a great place to live, work, play, and do business.

We are grateful to our staff, our volunteer Board of Directors, and—most importantly—you and all our members for helping us become the strong, proud organization we are today. We will do our best to continue to earn your loyalty and support.

Wayne Natzke,
Chairman

Gary S. Powers,
President & CEO

In Memoriam

We lost a wonderful friend and colleague during the year. Longtime Dort Federal Credit Union volunteer and Board Chairman Jack Madison passed away on September 10th, after more than 26 years of service to our organization. Dort Federal is a better place to do business because of his vision, leadership, and dedication.

Wayne Natzke
Chairman

Harry Awdish
1st Vice Chairman

Rosemary Brown
2nd Vice Chairman

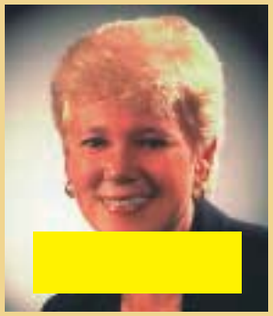
Leroy Nesbit, Jr.
Secretary

G. Bruce Hardenbrook
Treasurer

Bruce Allan
Director

Mark Lewis
Director

Ben Mata
Director



Dana Stoddard
Director

Dort Federal Credit Union is governed and guided by a dedicated Board of Directors—volunteers who are elected from among our membership. These individuals serve our organization in many ways, setting policy and representing the best interest of members.

2003 Community Connections

American Cancer Society Relay for Life

Community Home Health and Hospice

Davison Safe Night

Disability Network

Downtown Flint Arches Restoration Project

Flint Art Fair

Flint Chamber of Commerce ATHENA Awards

Flint Journal Newspapers in Education Project

Foundation for Mott Community College

Genesee Economic Growth Alliance

Grand Blanc Kiwanis

International Dream Center

Making Strides Against Breast Cancer

Sam Duncan Memorial Scholarship Fund

UAW Region 1-C Labor Day Picnic

Walk So Others May Live

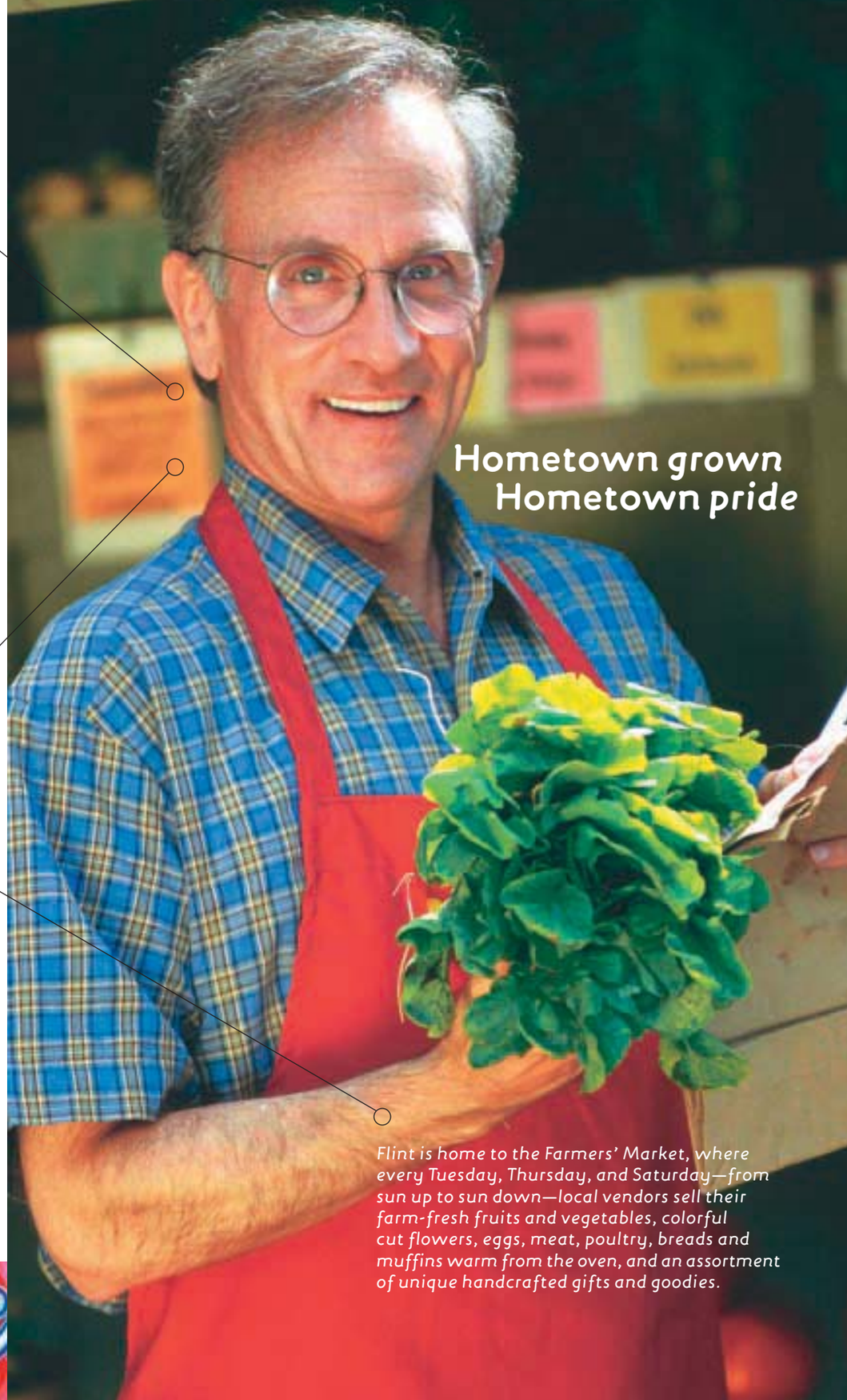
Whaley Children's Center

Many local financial institutions have come and gone in the 53 years Dort Federal has been around. But our roots are right here, where our members, directors, and employees live and work.

This is where we got our start—and where we plan to stay.

Dort Federal deposits remain in the community where they go to work making loans to members and building strong neighborhoods, businesses, and families.

When civic projects come up and help is needed, Dort Federal members and employees can be counted on to come through, sharing time, talents, and resources to benefit the place we call home.



Hometown grown Hometown pride

Flint is home to the Farmers' Market, where every Tuesday, Thursday, and Saturday—from sun up to sun down—local vendors sell their farm-fresh fruits and vegetables, colorful cut flowers, eggs, meat, poultry, breads and muffins warm from the oven, and an assortment of unique handcrafted gifts and goodies.

Wherever you go in our service area, you'll find Dort Federal people pitching in to support a variety of programs and organizations, from the Flint Art Fair and the UAW Labor Day picnic, to Shelter of Flint and the Consortium for Child Abuse and Neglect.

Helping people. Celebrating our strengths. Practicing good corporate citizenship. Connecting to our community. That's the Dort Federal Credit Union story.

Flint is home to four esteemed institutions of higher learning—including Kettering University, recognized as one of America's best colleges, and ranked among the top 10 engineering schools in the country. Kettering's new $42 million mechanical engineering and chemistry center, state-of-the-art laboratories, exceptional faculty, strong corporate partnerships, and beautifully designed urban campus attract students from around the world.

Hometown *education*
Hometown *pride*

Dort Federal Credit Union

Corporate Partners

Dort Federal serves the residents and workforce of Genesee, Lapeer, Shiawassee, and northern Livingston counties and we have a special relationship with the following corporate partners:

A PLUS ELECTRIC
ACE ASPHALT & PAVING CO.
ACS TECHNICAL-HYDRECLAIM
ACTIONWEB SERVICES.COM
ACUTECH
ADAPTIVE PACKAGING
ADECCO/SMITH-SCHOEBER
ADKISSON & SONS H&C
ADVANCED ENGINEERING
ADVANCED VEHICLE ENGINEERING
ADVENTURE RV SALES & SERVICE
AEROTEK
AL SERRA BUICK GMC TRUCK
AL SERRA AUTO PLAZA
ALBERT CHEVROLET
ALEXANDER WEIDER & ASSOCIATES
ALLEN FUNERAL HOME, INC.
ALLIED REAL ESTATE APRAISERS
ALTERNATIVES FOR CHILDREN
AMERICAN AMUSEMENT & VENDING
AMERICAN BODY
APCO - AIR PUMP, INC.
ATLAS TOWNSHIP OFFICES
ATTORMEY KATHLEEN MAIN
AUTO PRIDE COLLISION
AUTO SALVAGE AUCTION
AUTO TRADER - SWAPPER
AVERILL WASTE INC.
B & B PAINT
B & B BOAT
B.T. EXPRESS
BARRETT DONUT MIXES
BARTECH TECHNICAL SERVICES
BEAUDRY HEATING & COOLING
BENNETT PHONE SERVICE
BILLING DATA MANAGEMENT
BLESSING CO.
BLUE RIBBON CLEANERS
BRADY'S
BRADY'S BUSINESS SYSTEMS
BRIGHTON ELECTRIC
BROWN & BROWN INSURANCE
BROWN & SONS
BROWN'S DO-IT CENTER
BUBBA O'MALLEY'S
BURKLAND TEXTRON
BURTON INDUSTRIES
C - M AMBULANCE, INC.
C & L WARD BROS.
C & S MOTORS
C H M P, INC.
C.I.R.
CAL FARMS
CALVIN & COMPANY, INC.
CANADIAN AMERICAN, INC.
CARDIOLOGY SPECIALISTS
CASTLES BROTHERS, INC.
CENTRAL INTERIORS, INC.
CENTRAL PAINT CO.
CENTRAL WATER TREATMENT
CHAMPION BUS, INC.
CHARTER TWP OF FLUSHING
CHARTER TWP OF GENESEE
CHILDREN'S MUSEUM
CLIO CHRSYLER PLYMOUTH DODGE
CLIO FOOD MART
COLE'S MACHINE INC.
COMM HOME HEALTH & HOSPICE
COMPLETE DESIGN SERVICE
COMPLETE FINANCIAL
CONDON & SONS, INC.
CONLEY'S COLLISION
CONTOUR FABRICATORS INC.
CONVENIENT FAMILY DENTISTRY
COOGANS FAMILY RESTAURANT
CORNERSTONE BAPTIST
COUNTRY FRESH
COURTYARD BY MARRIOTT
CREATIVE CATERING
CREATIVE PRINTING
CREATIVE WOOD PRODUCTS
CREEKWOOD ARCHITECTURE
DAIRY QUEEN/BRAZIER
DATA2LOGISTICS
DAVISON ATHLETIC CLUB
DAVISON COUNTRY CLUB
DAVISON INSURANCE CENTRE
DAVISON LAND SURVEYING
DAVISON TOWNSHIP
DELEHANTY PONTIAC
DELPHI
DIEBOLD——- SUITE A
DIPLOMAT PHARMACY
DIVERSIFIED MANAGEMENT
DOAN'S QUALITY LAWN
DOG HOUSE LOUNGE INC.
DOMESTIC LINEN SUPPLY
DOTTY'S PET CENTER
DOUG JAMESON & ASSOC.
DR. JAMAL HAMMOUD
DR. JITENDRA KATNENI
DR. JON S. BUXTON, DDS
DR. KEITH DANIELS
DR. MARVIN LATCHANA
DR. PARDEE, HABERHEHL & INGHAM
DR. PRASAD KOMMARE, DDI
DR. RAJAKUMARI SWAMY
DR. RICHARD W. PLYMALE
DR. ROBERT M. HALE, DDS
DR. WALTER M. LUCAS, DDS
DR.JULIAN A. MOORE
DRESS BARN
DUKE'S CAR STEREO, INC.
DUTCHMAN'S CAFE & CATERING
E L HOLLINGSWORTH GROUP
EAST MICHIGAN EYE CENTER
EKOS COMPUTERS
EMPOWERMENT TRAINING
ENERGY SAVING SYSTEMS
ENVIRONMENTAL RESOURCE
EVANS EQUIPMENT CO., INC.
FARAH KHOURI MARKET.
FEDEX
FENTON ROAD MED CENTER
FERNCO
FIRST AMERICAN TITLE CO.
FIRST INERTIA SWITCH
FIRST WESLEYAN CHURCH
FLEXTEMPS
FLINT AREA CONVENTION
FLINT BUILDING CO.
FLINT CLINICAL PATHOLOGIST
FLINT CULTURAL CENTER
FLINT FEDERATION OF MUSICIANS
FLINT HOUSING COMMISSION
FLINT MEDICAL LABORATORY
FLINT MOTION PROJECTION
FLINT ORTHOPEDIC ASSOC.
FLINT RECYCLING
FLINT TEEN CHALLENGE
FLINT WELDING SUPPLY
FOODBANK OF EASTERN MI
FOSTRIAN COURT
FROMHOLZ, PAAUWE, BAKER
GAINES TOWNSHIP HALL
GCARC
GENESEE CERAMIC TILE
GENESEE PACKAGING
GENESEE POLYMERS CORP.
GENESEE RECYCLING
GENESEE TWP POLICE DEPT
GENESEE VALLEY AUTO MALL
GENTIVA HEALTH CARE
GILL-ROY'S HARDWARE
GLORIA DEI EV. LUTHERAN
GRANT HAMADY REALTY
GRANVILLE AUKER BUILDERS
GRAPHIC PRESS
GRAYBAR ELECTRIC CO.
GRAY'S TOWING SERVICE
GREAT LAKES AERO
GREAT LAKES POWERSPORTS, INC.
GREATER FLINT IMAGING
GUARANTY TITLE CO.
HENSLEY MFG. INC.
HEYSTEK CONTRACTING, INC.
HHCC - HEARTLAND FOSTRIAN
HILL STREET HOMES
HINTERMAN ELECTRIC, INC.
HOLIDAY INN
HOUSE OF DOORS
HSS INC. EMP. UNLIMITED
HUBBARD INDUSTRIAL SUPPLY
HUMANE SOCIETY
I.T.I.
INDIAN HILLS VET. CLINIC
INDUSTRIAL SUPPLY
INTERCONNECT TECHNICAL
INTOUCH COMMUNICATIONS
ITALIA GARDEN
J. B. SUPPLY CO.
JAMES LUMBER
JAN'S SPORT SHOP, INC.
JOHN BENJAMIN FINANCIAL
JOSEPH PONTIAC
KEARSLEY ELECTRIC, INC.
KEN HARDIN REFRIGERATION
KERR HOLIDAY TOURS
KOERTS GLASS
LEWIS & KNOPF, CPA
LIFESTYLE MOBILE HOMES
LIFESTYLES FLINT POOL
LINDEN ROAD IMAGING
LOCAL 651
LONGWAY BODY SHOP
LORAMENDI, INC.
LORBEC METALS-USA LTD.
LUIGI'S RESTAURANT
MAC ARTHUR CORPORATION
MANYAM & ASSOC.
MAPLEBROOK
MARKO METALS, LTD.
MCCLOY PAPER CO.
MCLAREN FAMILY PRACTICE
MCLR, INC.
MDE INTERNATIONAL, INC.
MEHRA TUBE, INC.
METAMORA PRODUCTS
METOKOTE
METRO FABRICATORS, INC.
MICHIGAN CHURCH SUPPLY
MICHIGAN EYE INSTITUTE
MICHIGAN FLEET REPAIR
MICHIGAN HOUSE & WINDOW
MID-WEST MECHANICAL
MID-AMERICA PLASTICS
MID-MICHIGAN LOCK & SAFE
MINTO BROS. CONSTRUCTION
MONARCH TRAVEL NETWORK
MORGAN'S EARLY LEARNING
MR. BROWNS RESTAURANT
MRS. ANTHONY'S FLOWERS
MT. MORRIS TOWNSHIP
MTS (MARTIN TRANSPORATION SYSTEMS)
MUNDY TOWNSHIP HALL
NATIONAL ABATEMENT CO.
NILES CONSTRUCTION
NORDLIE
NORMALIZED SERVICES
NORTHWEST CLINIC
NORTHWEST TIRE & SERVICE
OIL CHEM
OMNI-TECH CORPORATION
OSMUN'S TRUCKING CO.
PARAGON REPRODUCTIONS
PARAMOUNT WINDOW MFG.
PARIS & ASSOCIATES APPRAISERS
PARK PLAZA RADIOLOGY
PARR MEDIA
PARTY TIME ICE CO.
PATRICK COMMUNITY LIVING
PEOPLES FURNITURE
PIONEER CABINETRY CO.
PIP PRINTING
PMC PLACEMENT
POWERTECH SERVICES, INC.
PREMIERE PACKAGING, INC.
PRINTCOMM
PRIORITY STAFFING & ASSOC.
PRO-CLEAN
PRO-TECH INDUSTRIES
QUALIFIED STAFFFING SERVICES
QUALITY TEMP. SERVICES
QUICK TRACKER
R. BELL ASSOCIATES
R.S. FIELD GROUP
RE/MAX GRANDE
REDWOOD BREWING CO., INC.
REHABITAT SYSTEMS OF MI
RESIDENT ADVANCEMENT
RICHFIELD CHURCH NAZARENE
RICHFIELD IRON WORKS
RICO MARKETING CORP.
RIPKA BOROSKI & ASSOC.
RON JAMES & ASSOC.
ROSE HILL CENTER
ROSS PROPERTIES
ROWE INCORPORATED
SALVATION ARMY
SAM'S WHOLESALE CLUB
SCHULTZ PRINTING CO.
SECURITY FIRST BENEFITS CORP.
SECURITY FIRST INSURANCE
SECURITY PACKAGING, INC.
SERAMED/AVENTIS BIO SERVICES
SERAMED BIOCENTER, INC.
SHAP'S FAMILY RESTAURANT
SHARP'S ACADEMY
SHELTER OF FLINT
SKAFF CARPET & FURNITURE
SONITROL
SOURCE FINANCIAL
SOUTHCREEK VILLAGE
SOUTHWEST BRAKE & PARTS
ST. MATTHEW'S PARISH
STATE FARM INSURANCE
STRUCTURAL PLASTICS
SUMMERS LIVING SYSTEMS
SUPERIOR CONEY ISLAND
SUPPLY PRO
SWARTZ FUNERAL HOME, INC.
SYCRON
TACKEBURY-EDWARDS, INC.
TACO BELL - GENESEE CO.
TALL PINE COUNCIL
TECHNICAL EDGE, INC.
TES - TELEPHONE ENGINEERING SERVICE
TGI DIRECT
THA ARCHITECT ENGINEERS
THE COFFEE BEANERY
THE COLOR RITZ
THE UNIVERSITY CLUB
THE WELLNESS PLAN
THOMAS APPLIANCE CO.
THREAD CREEK SHIRT FACTORY
TOWNLINE LAWN & GARDEN
TRANSITIONAL LIVING SYSTEMS
TRAVEL BROKERS
TRIALON CORP.
TRI-MED GROUP
TROY CLEANERS
TRU GREEN/CHEMLAWN
TUCOWS
UNION PRINTING CO., INC.
UNITARIAN UNIVERS. CHURCH
UNITY CONSTRUCTION
UPS STORE
UROLOGICAL SERVICES
US FENCE
VENTURE INDUSTRIES
VERN'S COLLISION, INC.
VIENNA INVESTMENT CORP.
WAGNER INSURANCE
WAL-MART NO. 2273
WHITE, EBY & RAJALA
WILL HALL CONSTRUCTION
WILLING GLASS
WINAN'S ELECTRIC MOTOR
WIN'S ELECTRICAL SUPPLY
WJRT-TV 12
WKMF CARS 108
WORLDWIDE LIMOUSINES, INC
WSMH-TV CHANNEL 66
WWCK 105.5 FM RADIO
XPEDX
YOUR ANSWERING SERVICE
ZITO CONSTRUCTION CO.

Note: To request a copy of thecomplete audited financial statements, please write to:

Vicki Hawkins
VP Finance
Dort Federal Credit Union
PO Box 1635
Flint, MI 48501-1635

Financial Statement

December 31, 2002, and December 31, 2001

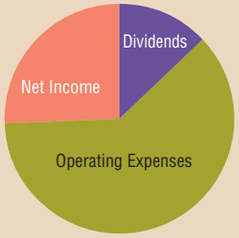
	2003	2002
ASSETS		
Cash and Cash Equivalents	$ 20,566,353	$ 10,169,466
Investment Securities		
Securities Available-for-Sale	22,136,440	20,001,015
Securities Held-to-Maturity	34,643,565	32,172,176
Other Investments	27,957,300	23,433,000
Loans Receivable, Net of Allowance for Loan Losses	160,654,451	165,448,604
Accrued Interest Receivable	1,277,458	1,471,527
Property and Equipment	5,303,111	5,305,784
Prepaid Expenses	155,577	180,246
NCUSIF Deposit	2,173,186	2,121,686
Land Contracts Receivable	0	310
Other Assets	11,621,326	10,523,630
Other Real Estate Owned	547,531	247,767
TOTAL ASSETS	287,036,298	271,075,211
LIABILITIES AND EQUITY		
Members' Shares	222,334,966	210,877,344
Dividends and Interest Payable	355,385	607,621
Accounts Payable and Other Liabilities	272,641	344,519
Accrued Expenses	1,454,718	1,239,210
Commitments and Contingent Liabilities		
Members Equity, Substantially Restricted	62,618,588	58,006,517
TOTAL LIABILITIES AND EQUITY	$287,036,298	$271,075,211

Statement of Income

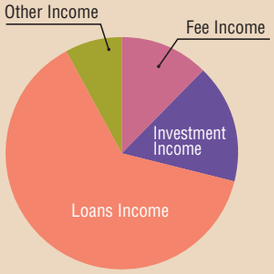
Years ended December 31, 2003, and December 31, 2002

	2002	2002
INTEREST INCOME		
Loans Receivable	$ 12,303,767	$ 13,895,147
Investment Securities	3,222,854	3,684,578
TOTAL INTEREST INCOME	15,526,621	17,579,725
INTEREST EXPENSE		
Members' Shares	2,503,695	3,511,316
Borrowed Funds	0	2,306
TOTAL INTEREST EXPENSE	2,503,695	3,513,622
NET INTEREST INCOME	13,022,926	14,066,103
Provision for Loan Losses	783,000	1,210,100
Net Interest Income After Provision for Loan Losses	12,239,926	12,856,003
NON-INTEREST INCOME		
Loss on Sale of Assets	(22,109)	(47,447)
Fees	2,406,299	2,626,986
Other	1,547,489	837,881
TOTAL NON-INTEREST INCOME	3,931,679	3,417,420
NON-INTEREST EXPENSE		
Compensation and Benefits	5,804,571	5,543,205
Occupancy	553,219	528,801
Operations	2,341,388	2,263,020
Loan Servicing	1,032,279	956,138
Professional Services	176,534	168,461
Other	1,271,030	1,209,909
TOTAL NON-INTEREST EXPENSE	11,179,021	10,669,534
NET INCOME	$ 4,992,584	$ 5,603,889

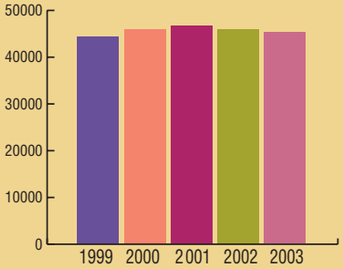
Uses of Income



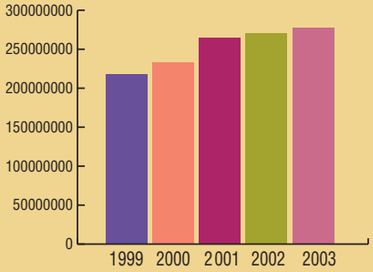
Sources of Income



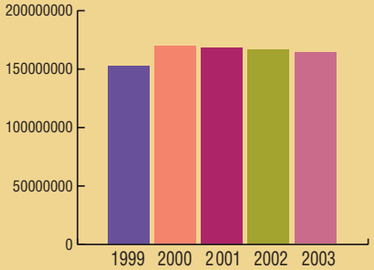
Memberships



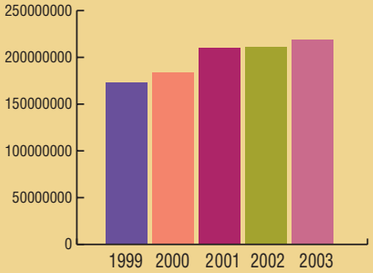
Assets



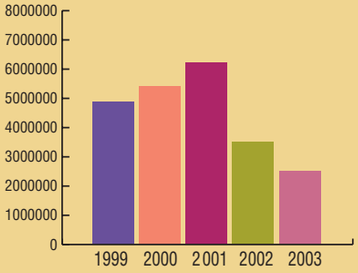
Loans



Shares



Dividends Paid



Treasurer's Report

G. Bruce Hardenbrook, Treasurer

It is a privilege to report on the 2003 performance of Dort Federal Credit Union. As a member-owned financial cooperative, the success of Dort Federal is a direct result of your trust, confidence, and patronage.

In the face of a challenging economic environment, historically low interest rates, and ever-increasing competition, Dort Federal turned in a strong performance on many fronts. While lending activity was greatly impacted and loans to members decreased 2.94%, shares grew by 5.43%, thanks to our loyal and dedicated membership.

It's important to note that your credit union followed a controlled growth strategy that included seeking out only those deposits that could be put to use as loans to members. This activity paced nominal asset growth of 5.89%. Lower interest rates earned from loans to our members and through investment activity drove down our total income by 7.1%. Although, as the low-rate environment decreased dividend costs and we successfully contained our operating expenses, Dort Federal's net earnings decreased 10.91% from 2002 levels. All of this resulted in a Return on Assets of 1.79% and a strong capital position of 21.77%.

All of us at Dort Federal value and appreciate your membership and look forward to serving you in the coming year.

Supervisory Committee Report

Ben Mata, Chairman

Your Supervisory Committee, made up of volunteer members appointed by the Board of Directors, plays an important role in Dort Federal Credit Union. The committee is responsible for protecting the assets of all our members—a stewardship role unique to credit unions.

Throughout the year, committee members provide oversight of financial activities to ensure safety and soundness, conduct independent audits, verify member accounts, investigate and respond to any suspicious activity, and protect strict confidentiality.

As part of those duties, we make certain that Dort Federal operates within the requirements set forth by the National Credit Union Administration (NCUA), the agency of the federal government responsible for regulating federally chartered credit unions. The Supervisory Committee also confirms that all Board policies are followed.

To assist in carrying out our responsibilities in a professional and thorough manner—including an annual audit—the committee retains a Certified Public Accounting firm. The results of this audit, along with any examination by the NCUA, are reviewed and shared with the Board of Directors and credit union leadership.

On behalf of the Supervisory Committee, I am pleased to report that Dort Federal Credit Union continues to be in excellent financial condition and operates in the professional manner prescribed by the Board.

The Supervisory Committee is the members' committee. If you have a question or concern regarding credit union policy or regulatory compliance, please contact us at PO Box 90385, Burton, MI 48509-9985.

DORT Federal Credit Union

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1091 W. Hill Rd. (West of Fenton Rd.)
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