ORIGINAL

State of Florida

Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: March 3, 2000

TO: Division of Records and Reporting

FROM: Stephanie Clapp, Division of Water and Wastewater @ bsh JW

RE: Docket No. 991889-WS, Application for transfer of Certificates Nos. 525-W and 454-S in Highlands County from Crystal Lake Club to CWS Communities LP d/b/a Crystal Lake Club.

Please add the following to the docket file:

February 23, 2000, letter from Crystal Lake Club in response to January 18, 2000 deficiency letter.

Please note that two copies are provided.

Thank you.

Attachments

cc: Division of Water and Wastewater (Messer, Redemann)
Division of Legal Services (Crosby)

AFA
APP
CAF
CMU
CTR
EAG
LEG
MAS
OPC
RRR
SEC 1
WAW
OTH SC Redemann

February 23, 2000

Public Service Commission:

Re: Docket No. 991889-WS, Application for transfer of certificate No. 525-W and 454-S in Highland's county to CWS Communities LP, DBA Crystal Lake Club.

Deficiency Answers:

1. Your records are correct, the seller is Crystal Lake Community, Limited Partnership; Diamond Valley Associates, Ltd; Friendly Village Lancaster Associates, Ltd d/b/a Crystal Lake Club; 533 E. Crystal Lake Dr., Avon Park, FL 33825.

2. The buyer is CWS Communities LP d/b/a Crystal Lake Club; 533 E. Crystal Lake Dr., Avon Park, FL 33825

3. Contract for sale is attached.

4. The transfer is of best interest for the public, because we are able to continue to provide them with the same water and sewer service as they had become accustom to for the past several years without disruption.

5. The proposed value of our facilities is: water $172,900, and sewer $258,600.

6. Deed was enclosed with previous information sent for trnasfer.

533 E. Crystal Lake Drive • Avon Park • Florida • 33825
Manager (941) 385-7727 Sales (941) 385-7559 1-800-468-8794 FAX (941) 385-5646

7. Any outstanding fees, fines or refunds up to August 31, 2000 are the responsibility of the seller, and any after that are the responsibility of CWS Communities LP.

8. Tariff Sheets with CWS Communities d/b/a Crystal Lake Club as the utility.

9. Notices of application were past out door to door, placed in the local newspaper "The News Sun" and sent to the attached government bodies. Avidavits are all attached as well.

10. We were not aware of pre-approval needed, due to the fact it was a tax free transfer, not a sale. Contract was not conditioned upon Public Service Commission's approval. This transfer was part of a very large exchange whereby CWS Communities LP exchanged three large apartment complexes for six manufactured housing communities.

CRYSTAL LAKE
Club

Affidavit

February 23, 2000

To Whom It May Concern:

I Patricia Towle have delivered a notice of application regarding the transfer of ownership of our water and sewer utility companies to CWS Communities, LP DBA: Crystal Lake Club in accordance with Section 367.045 (1) (a), Florida Statutes, and rule 25-30.030, Florida Administrative Code, door to door to every resident of Crystal Lake Club .

Patricia Towle

Witness Gena Larison

533 E. Crystal Lake Drive • Avon Park • Florida • 33825
Manager (941) 385-7727 Sales (941) 385-7559 1-800-468-8794 FAX (941) 385-5646

Legal Notice
(Section 367.071, Florida Statutes)

Notice is hereby given on February 29, 2000, pursuant to Section 367.071, Florida Statutes, of the application for a transfer of Water Certificate no. 525-W and Wastewater Certificate no. 454-S held by Crystal Lake Club from Crystal Lake Community Limited Partnership, Diamond Valley Associates, LTD and Friendly Village Lancaster to CWS Communities LP, DBA Crystal Lake Club, providing service to the following territory in Highland's county, Florida; Crystal Lake Club, Section 2, Township 34S, Range 28E.

Any objection to the said application must be made in writing and filed with the Director, Division of Records and Reporting, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within thirty (30) days from the date of this notice. At the same time, a copy of said objection should be mailed to the applicant whose address is set forth below. The objection must state the grounds for the objection with particularity.

CWS Communities LP, DBA Crystal Lake Club
533 E. Crystal Lake Dr.
Avon Park, FL 33825

533 E. Crystal Lake Drive • Avon Park • Florida • 33825
Manager (941) 385-7727 FAX (941) 385-5646

CRYSTAL LAKE
Club

Affidavit

RECEIVED
MAR 3 - 2000
Florida Public Service Commission
Division of Water and Wastewater

February 23, 2000

To Whom It May Concern:

The attached list of names and addresses were sent a notice of application regarding the transfer of ownership of our water and sewer utility companies to CWS Communities, LP DBA: Crystal Lake Club in accordance with Section 367.045 (1) (a), Florida Statutes, and rule 25-30.030, Florida Administrative Code by regular mail.

Gena F Larison

Witness – Amie Fitch

533 E. Crystal Lake Drive • Avon Park • Florida • 33825
Manager (941) 385-7727 Sales (941) 385-7559 1-800-468-8794 FAX (941) 385-5646

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CWS Communities LP, DBA Crystal Lake Club
533 E. Crystal Lake Dr.
Avon Park, FL 33825

LIST OF WATER AND WASTEWATER UTILITIES IN HIGHLANDS COUNTY

(VALID FOR 60 DAYS)
01/18/2000-03/17/2000

UTILITY NAME	MANAGER
HIGHLANDS COUNTY	
BUTTONWOOD BAY UTILITIES, INC. (WS387) % ROSE, SUNDSTROM & BENTLEY, LLP 2548 BLAIRSTONE PINES DRIVE TALLAHASSEE, FL 32301-5915	MARTIN S. FRIEDMAN (850) 877-6555
C & H UTILITIES, INC. (SU526) P. O. BOX 1088 SEBRING, FL 33871-1088	WENDELL L. FAIRCLOTH (941) 471-1400
C & H UTILITIES, INC. (WU649) P. O. BOX 1088 SEBRING, FL 33871-1088	WENDELL L. FAIRCLOTH (941) 471-1400
COUNTRY CLUB OF SEBRING (WS654) 4800 HAW BRANCH ROAD SEBRING, FL 33872-4706	R. GREG HARRIS (941) 382-8538
CREOLA, INC. (SU658) P. O. BOX 1346 SEBRING, FL 33871-1346	DAVID L. HICKMAN (941) 385-0981
CRYSTAL LAKE CLUB (WS636) % CLAYTON, SHERWOOD, WILLIAMS 2500 MAITLAND CENTER PARKWAY, STE. 105 MAITLAND, FL 32751-4165	JOE SHERWOOD (407) 660-0050
DAMON UTILITIES, INC. (WS551) 47 LAKE DAMON DRIVE AVON PARK, FL 33825-8902	LISA DAVIS (941) 453-0773
FAIRMOUNT UTILITIES, THE 2ND, INC. (SU648) P. O. BOX 488 AVON PARK, FL 33826-0488	ROGER E. MILLER (941) 385-8542
FLORIDA WATER SERVICES CORPORATION (WS618) P. O. BOX 609520 ORLANDO, FL 32860-9520	BRIAN P. ARMSTRONG (407) 598-4152
HARDER HALL - HOWARD, INC. (SU644) 122 EAST LAKE DRIVE BLVD. SEBRING, FL 33872-5018	PAUL E. HOWARD (941) 382-8725

LIST OF WATER AND WASTEWATER UTILITIES IN HIGHLANDS COUNTY

(VALID FOR 60 DAYS)
01/18/2000-03/17/2000

UTILITY NAME	MANAGER
HIGHLANDS COUNTY (continued)	
HEARTLAND UTILITIES, INC. (WU566) P. O. BOX 1991 SEBRING, FL 33871-1991	HOWARD SHORT (941) 655-4300
HIGHLANDS RIDGE ASSOCIATES, INC. (WS672) 3003 EAST FAIRWAY VISTA DRIVE AVON PARK, FL 33825-6001	ROB REED (941) 471-9976
HIGHLANDS UTILITIES CORPORATION (SU299) 720 U.S. HIGHWAY 27 SOUTH LAKE PLACID, FL 33852-9515	DIXON PUGH (941) 465-1296
HOLMES UTILITIES, INC. (WU760) 760 HENSCRATCH ROAD LAKE PLACID, FL 33852-8397	DANIEL HOLMES (941) 465-6044 OR -6911
LAKE JOSEPHINE WATER (WU349) 760 HENSCRATCH ROAD LAKE PLACID, FL 33852-8397	DARALD E. PUGH (941) 465-2916
LAKE PLACID UTILITIES, INC. (WS709) % UTILITIES, INC. 200 WEATHERSFIELD AVENUE ALTAMONTE SPRINGS, FL 32714-4099	DONALD RASMUSSEN (407) 869-1919
LANDMARK ENTERPRISES, INC. (SU686) 62 LAKE HENRY DRIVE LAKE PLACID, FL 33852-6000	DAVID S. PLANK (941) 382-3030
PLACID LAKES UTILITIES, INC. (WU193) 2000 JEFFERSON AVENUE, NORTH LAKE PLACID, FL 33852-9749	ROLAND TOBLER (941) 465-0345
SEBRING RIDGE UTILITIES, INC. (WS345) 3625 VALERIE BLVD. SEBRING, FL 33870-7814	CHRISTOPHER F. MILLER (941) 385-8542

LIST OF WATER AND WASTEWATER UTILITIES IN HIGHLANDS COUNTY

(VALID FOR 60 DAYS)
01/18/2000-03/17/2000

UTILITY NAME | MANAGER

GOVERNMENTAL AGENCIES

CENTRAL FL. REGIONAL PLANNING COUNCIL
P.O. BOX 2089
BARTOW, FL 33831

CLERK, BOARD OF COUNTY COMMISSIONERS, HIGHLANDS COUNTY
590 SOUTH COMMERCE AVENUE
SEBRING, FL 33870-3867

DEP SOUTH DISTRICT
2295 VICTORIA AVE., SUITE 364
FORT MYERS, FL 33901

MAYOR, CITY OF AVON PARK
110 EAST MAIN STREET
AVON PARK, FL 33825-3945

MAYOR, CITY OF SEBRING
368 SOUTH COMMERCE AVENUE
SEBRING, FL 33870-3606

MAYOR, TOWN OF LAKE PLACID
50 PARK DRIVE
LAKE PLACID, FL 33852-9693

S.W. FLORIDA WATER MANAGEMENT DISTRICT
2379 BROAD STREET
BROOKSVILLE, FL 34609-6899

SO. FLORIDA WATER MANAGEMENT DISTRICT
P.O. BOX 24680
WEST PALM BEACH, FL 33416-4680

LIST OF WATER AND WASTEWATER UTILITIES IN HIGHLANDS COUNTY

(VALID FOR 60 DAYS)
01/18/2000-03/17/2000

UTILITY NAME	MANAGER

STATE OFFICIALS

STATE OF FLORIDA PUBLIC COUNSEL
C/O THE HOUSE OF REPRESENTATIVES
THE CAPITOL
TALLAHASSEE, FL 32399-1300

DIVISION OF RECORDS AND REPORTING
FLORIDA PUBLIC SERVICE COMMISSION
2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FL 32399-0850

News-Sun, Inc.

2227 U.S. 27 SOUTH
Published three (3) times weekly
SEBRING, HIGHLANDS COUNTY, FLORIDA

STATE OF FLORIDA,
COUNTY OF HIGHLANDS:

Before the undersigned authority personally appeared **Tim Thompson** who on oath says that he is Publisher of the **News-Sun**, a tri-weekly newspaper published at Sebring, in Highlands County, Florida; that the attached copy of advertisement, being a Proof of Publication in the matter of

Legal Notice

was published in said newspaper in the issue(s) of

February 25, 2000

Affiant further says the **News-Sun** is a newspaper published at Sebring, in Highlands County, Florida, and that the said newspaper has heretofore been continuously published in said County, Florida, Wednesday, Friday and/or Sunday and has been entered as a second class mail matter at the post office in Sebring, in said county, Florida, for a period of one year next preceding the first publication of the attached copy of advertisement; and affiant further says that he has neither paid nor promised any person, firm or corporation any discount, rebate, commission or refund of the purchase of securing this advertisement of publication in the said newspaper.

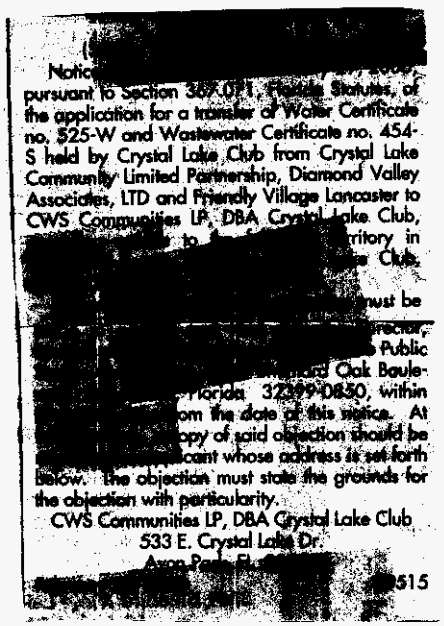
Tim Thompson, Publisher

Swore to and subscribed before me

this 25th day of Feb.

A.D. 2000

DENISE W. KNUDTSON
Notary Public, State of Florida
My comm. expires Nov. 24, 2000
Comm. No. CC003854


pursuant to Section 367.071, Florida Statutes, of the application for a transfer of Water Certificate no. 525-W and Wastewater Certificate no. 454-S held by Crystal Lake Club from Crystal Lake Community Limited Partnership, Diamond Valley Associates, LTD and Friendly Village Lancaster to CWS Communities LP, DBA Crystal Lake Club,
Club.
must be
Public
Florida 32259-0850, within
om the date of this notice. At
opy of said objection should be
icant whose address is set forth
below. The objection must state the grounds for the objection with particularity.
CWS Communities LP, DBA Crystal Lake Club
533 E. Crystal Lake Dr.

REAL ESTATE EXCHANGE AND CONTRIBUTION AGREEMENT
(Crystal Lake Club)

THIS REAL ESTATE EXCHANGE AND CONTRIBUTION AGREEMENT (this "Agreement") is entered into as of March 6, 1998, by and between CRYSTAL LAKE COMMUNITY, L.P., (d/b/a in Florida as Crystal Lake Community, Limited Partnership), DIAMOND VALLEY ASSOCIATES, LTD. and FRIENDLY VILLAGE LANCASTER ASSOCIATES, LTD., each, a California limited partnership (individually and collectively, as the context may require, "Owner"), and CWS Communities LP, a Delaware limited partnership ("Operating Partnership").

ARTICLE I

PROPERTY; CONTRIBUTION VALUE

1.1 Property. Subject to the terms and conditions of this Agreement, Owner agrees to sell and contribute to Operating Partnership, and Operating Partnership agrees to purchase and acquire from Owner, all of the following property (collectively, the "Property"):

(a) The "Real Property," being the land legally described on Exhibit A attached hereto, comprising the manufactured home community commonly known as Crystal Lake Club, located in Avon Park, Florida, together with (i) all improvements located thereon other than improvements which are the property of tenants ("Improvements"), (ii) all and singular the rights, benefits, privileges, easements, tenements, hereditaments, and appurtenances thereon or in anywise appertaining to such real property, and (iii) without warranty, all right, title, and interest of Owner in and to all strips and gores and any land lying in the bed of any street, road or alley, open or proposed, adjoining such real property.

(b) The landlord's interest in the "Leases," being all leases of all or any portion of the Real Property or the Improvements.

(c) The "Tangible Personal Property," being all equipment, machinery, furniture, furnishings, supplies and other tangible personal property (including the mobile home or homes occupied by the on-site management personnel, but excluding accounts receivable of Owner or debts owed to Owner, other than accrued rents and other items expressly prorated pursuant to this Agreement) owned by Owner, and Owner's interest in any such property leased by Owner, now or hereafter located in and used in connection with the operation, ownership or management of the Real Property.

(d) The "Intangible Personal Property," being all of Owner's intangible personal property related to the Real Property and the Improvements, including, without limitation: all trade names and trade marks associated with the Real Property and the Improvements, including Owner's rights

and interests in and to the name of the Property (but without warranty as to such name) ; the plans and specifications and other architectural and engineering drawings for the Improvements; warranties; contract rights related to the construction, operation, ownership or management of the Real Property; governmental permits, approvals and licenses (to the extent assignable); tenant lists and correspondence; all records and promotional materials relating to the Property; and telephone exchange numbers (to the extent assignable).

1.2 Contribution Value and Equity Allocation. The contribution value for the Property (the "Contribution Value") is [redacted]. This transaction is an exchange of real property pursuant to Paragraph 5.2. At Closing, the parties shall make adjusting payments so that the equity of the Operating Partnership in the exchange property acquired pursuant to Paragraph 5.2 is equal to the equity of the Owner in the Property. A party's equity in a property is reduced by the outstanding balance of any mortgage encumbering such property that is being assumed or paid in full by the other party at the Closing and by any closing adjustments charged to such party. Any cash payments with respect to the Owner's equity shall be payable at Closing in immediately available funds, to the parties listed, and in accordance with the allocations provided for, in a schedule (the "Cash Payment Schedule") to be delivered by Owner to Operating Partnership not less than 10 days prior to the Closing (as hereinafter defined). The balance of the equity remaining after making such cash payments, and after adjusting such balance for the prorations and credits herein provided for, shall be payable in "Class A Units", as such term is defined in the Contribution Agreement (defined in Paragraph 1.2 below) (for purposes hereof, "Units"), valued at $10 per Unit, to be distributed by Operating Partnership to the parties (the "Unit Takers") listed, and in accordance with the percentages set forth, in a schedule (the "LP Unit Schedule") to be delivered by Owner to Operating Partnership not less than 10 days prior to the Closing; provided however that any Unit Takers must be "CWS General Partners", as such term is defined in the Contribution Agreement. The foregoing notwithstanding, it shall be a condition to payment of any portion of the Contribution Value in Units that Owner shall have obtained the unanimous written consent of its partners (both general and limited) to such partial payment in Units to the Unit Takers and the general partners of Owner shall have certified to Operating Partnership in writing that such unanimous consent has been obtained. If Owner has not obtained such unanimous consent and delivered such certificate on or before the date which is 10 business days prior to the Closing Date , the Contribution Value, as adjusted hereunder, shall be paid entirely in cash or in a combination of cash and by assumption of debt as provided above, and no Units shall be issued.

1.3 Contribution Agreement. This Agreement is one of the "Property Purchase Contracts" referred to in that certain Contribution Agreement of even date with this Agreement, among Security Capital U.S. Realty, a Luxembourg corporation, Security Capital Holdings S.A., a Luxembourg corporation (collectively, "Security Capital"), Clayton, Williams & Sherwood, Inc., a California corporation ("CWS"), Operating Partnership and the other parties named therein ("Contribution Agreement").

1.4 Earnest Money. Not later than 5 business days after the execution of this Agreement by both parties, Operating Partnership shall deposit with Chicago Title Insurance Company, 700 South Flower Street, Los Angeles, California ("Escrow Agent"), the sum of $[redacted] (being 2% of

Contribution Value). Unless the Closing Date has been scheduled by written notice from Owner to Operating Partnership, on or before the date which is one year after the date of this Agreement (or the next business day if such date is not a business day), Operating Partnership shall deposit with Escrow Agent, as additional earnest money, the sum of $[redacted] (being 1% of the Contribution Value). Such deposits, together with any interest earned thereon, are referred to in this Agreement as the "Earnest Money". At Closing, the Earnest Money shall be refunded to Operating Partnership or applied to payment of the Contribution Value, as directed by Operating Partnership. If this Agreement terminates for any reason other than a default by Operating Partnership, the Earnest Money shall be refunded to Operating Partnership in full. In the event of a default by Operating Partnership, the provisions of Paragraph 9.3 shall govern with respect to the Earnest Money. The Earnest Money shall be held and disbursed by the Escrow Agent pursuant to Article IX of this Agreement.

1.5 Earnout. If the conditions set forth in attached Exhibit B are met, on or before February 15, 2000, Operating Partnership shall pay to Owner the Earnout Payment as determined pursuant to Exhibit B. Such amount shall be payable in or a combination of cash and Units, valued at $10 per Unit, and any such Units shall be distributed to the Unit Takers as provided in Paragraph 1.2. The obligations of Operating Partnership under this Paragraph to pay the Earnout Payment, if any, shall survive Closing. If the Closing Date occurs at a point in 1999 such that the Earnout Amount can be reasonably estimated based on available year-to-date figures: (i) Owner and Operating Partnership may mutually agree (but neither party shall be bound to so agree) upon the amount of the Earnout Payment, in which case such agreed amount shall be added to the Contribution Value paid at Closing and there shall be no subsequent Earnout Payment; or (ii) Operating Partnership may agree (but shall not be required to agree) to pay all or a portion of the estimated Earnout Payment at Closing, subject to adjustment between the parties upon final determination of the Earnout Amount.

ARTICLE II

INSPECTION

2.1 Delivery of Specified Documents. Owner represents and warrants to Operating Partnership that it has delivered or caused to be delivered to Operating Partnership all of the following (the "Property Information"):

(a) Partnership Agreement. A true and correct copy of the agreement of limited Partnership of Owner and all amendments thereto.

(b) Rent Roll. A current rent roll and delinquency report ("Rent Roll") for the Property identifying all Leases in effect.

(c) Financial Statements. Operating statements of the Property for the 36 months preceding this Agreement, annual financial statements (balance sheet, and results of operation) for

Owner for 1995 and 1996 and quarterly financial statements for the first two quarters of 1997 (collectively, the "Financial Statements").

(d) Budgets. A copy of any operating budgets of Owner for the current fiscal year.

(e) Tax Statements; Tax Consultant. To the extent in Owner's possession or reasonably available to Owner, copies or a summary of ad valorem tax statements relating to the Property for the current year or other current tax period (if available) and for the 24 months preceding the date of this Agreement, together with the name and address of Owner's property tax consultant, if any.

(f) Lease Forms. Owner's standard lease form.

(g) Loss History. To the extent in Owner's possession or reasonably available to Owner, the insurance loss history report for the Property for the 12 months preceding the date of this Agreement.

(h) Utility Bills. To the extent in Owner's possession or reasonably available to Owner, utility bills for the Property for the 12 months preceding the date of this Agreement.

(i) Personal Property Inventory. An inventory (the "Personal Property Inventory") of the Tangible Personal Property owned or leased by Owner, including any owned mobile homes.

(j) Business Licenses and Permits. A copy of the business licenses and/or permits currently in effect for the Property.

(k) Contracts. A list, together with true and correct copies, of all service, supply, equipment rental, and other contracts related to the operation of the Property ("Service Contracts").

(l) Maintenance Records. To the extent in Owner's possession or reasonably available to Owner, all available maintenance work orders in excess of $5,000 for the Property for the 12 months preceding this Agreement.

(m) List of Capital Improvements. To the extent in Owner's possession or reasonably available to Owner, a list of all capital improvements in excess of $5,000 performed on the Property within the 24 months preceding this Agreement.

(n) Environmental Reports. Any existing environmental reports in Owner's possession or reasonably available to Owner related to the Property (the "Environmental Reports").

(o) Existing Title and Survey. To the extent in Owner's possession or reasonably available to Owner, a copy of Owner's existing title insurance policy and any existing ALTA "as-built" survey of the Property.

(p) Prospectus. A true and correct copy of the prospectus and all related marketing brochures and other information and documents currently on file for the Property with the Division

of Florida Land Sales, Condominiums, and Mobile Homes of the Florida Department of Business Regulation (collectively, the "Prospectus").

During the pendency of this Agreement Owner shall provide Operating Partnership with any document described above and coming into Owner's possession, or becoming reasonably available to Owner or produced by Owner after the initial delivery of the Property Information. Owner shall provide Operating Partnership with (i) an updated Rent Roll for the Property, dated as of the last day of the month, for each month during the pendency of this Agreement and (ii) Operating Statements and Financial Statements as they are produced in accordance with Owner's existing financial reporting practices.

2.2 Access. During the pendency of this Agreement, Owner shall provide to Operating Partnership reasonable access to the Property and the books and records of Owner for the purpose of conducting surveys, architectural, engineering, geotechnical and environmental inspections and tests (including sampling), and any other inspections, studies, or tests reasonably required by Operating Partnership. Operating Partnership shall keep the Property free and clear of any liens and will indemnify, defend, and hold Owner harmless from all claims and liabilities asserted against any of them or against Owner or the Property as a result of any such entry by Operating Partnership, its agents, employees or representatives. If any inspection or test disturbs the Property, Operating Partnership will restore the Property to the same condition as existed prior to any such inspection or test. Owner shall provide to Operating Partnership and its agents, employees, and representatives a continuing right of reasonable access to the Property during the pendency of this Agreement for the purpose of examining and making copies of all books and records and other materials relating to the Property in Owner's or the Manager's possession and Operating Partnership shall have the right to conduct a "walk-through" of the Property prior to the Closing upon appropriate notice to tenants as permitted under the Leases. In the course of its investigations, Operating Partnership may make inquiries to third parties, including, without limitation, tenants, lenders, contractors, property managers, parties to Contracts and municipal, local and other government officials and representatives, and Owner consents to such inquiries. Representatives of Owner shall have the right to be present during such inquiries and with respect to any inquiries to tenants, such inquiries shall be made by and through Owner. The obligations of the Operating Partnership under this paragraph shall survive the termination of the Agreement.

ARTICLE III

REPRESENTATIONS, WARRANTIES AND COVENANTS

3.1 Representations, Warranties and Covenants With Respect to Owner. As a material inducement to Operating Partnership to execute this Agreement and to consummate the transactions contemplated hereunder, Owner makes the following representations, warranties and covenants to and for the benefit of Operating Partnership:

(a) Owner. Each of the partnerships constituting Owner has been duly formed and is validly existing as a California limited partnership, is in good standing in the State of California, and is duly qualified to do business in the state where the Property is located.

(b) Authorization and Consent; No Contravention. Subject to any applicable requirement of the Florida Mobile Home Act, the execution, delivery and performance by Owner of, under, or as contemplated by, this Agreement have been, duly authorized, require no action by or in respect of, or filing with, any governmental body, agency or official, and, do not require any consent (other than consents of partners in Owner already obtained or contravene or constitute (with or without the passage of time or notice or both) a default under any provision of applicable law or regulation or of the organizational documents and agreements of Owner or of any agreement, judgment, injunction, order, decree or other instrument binding upon Owner.

(c) Binding Effect. This Agreement has been duly and properly executed and does and will constitute the valid and binding obligation of Owner, enforceable in accordance with its terms, subject to bankruptcy and similar laws affecting the remedies or recourse of creditors generally.

(d) Conflicts and Pending Actions or Proceedings. There is no agreement to which Owner is a party or binding on Owner which is in conflict with this Agreement. There is no action or proceeding pending or to Owner's knowledge threatened, relating to the Property or Owner which would impair Owner's ability to convey the Property to Operating Partnership in accordance with this Agreement or to which Operating Partnership or the Property would be subject after Closing, including, without limitation, any applicable fair housing or landlord tenant legislation.

(e) Service Contracts. The list of Service Contracts delivered to Operating Partnership pursuant to this Agreement is true, correct, and complete as of the date of its delivery. Neither Owner nor, to Owner's knowledge, any other party is in default under any such Service Contract.

(f) No Rights of Acquisition. Owner has not granted any rights, options, rights of first refusal or any other agreements of any kind, which are currently in effect, to purchase or to otherwise acquire the Property or any part thereof or any interest therein;

(g) Financial Statements. The Financial Statements delivered to Operating Partnership as part of the Property Information are true, correct and complete in all material respects as of the respective dates thereof, have been prepared in accordance with generally accepted accounting principles (except that any such unaudited statements do not include footnotes required by GAAP), consistently applied, and present fairly the financial condition of Owner and the results of operations for the periods shown therein (provided that quarterly and other interim statements are made on an accrual basis subject to year end adjustment). The Financial Statements do not contain any untrue statement of material fact or omit to state

any facts that would be material or would be necessary to make the statements therein not misleading in light of the circumstances in which they are provided.

(h) Tangible Personal Property. (i) The Personal Property Inventory is an accurate listing of Owner's Tangible Personal Property. Owner is the owner of good title to the Tangible Personal Property shown on the Personal Property Inventory (or is the lessee/vendee under equipment leases or conditional sale contracts of such Tangible Personal Property as identified in the Personal Property Inventory); (ii) all equipment leases and conditional sales contracts, if any, are to the knowledge of Owner, valid and subsisting, and in full force and effect, without default and without modification except as set forth in the Personal Property Inventory; and (iii) Owner's title to such Tangible Personal Property is free and clear of any and all liens, security interests, conditions, restrictions, agreements, encumbrances or the like, filed or unfiled, except those exceptions, if any, identified in the Personal Property Inventory, any title report or UCC search obtained by Operating Partnership.

(i) Permits. Owner has obtained and holds all material permits, licenses, consents, certificates, orders and approvals from governmental authorities (collectively, the "Permits") which are necessary to the use and operation of the Property. To Owner's knowledge, Owner is in compliance in all material respects with the terms of the Permits.

(j) Condemnation. Owner has not received any written notice of a threatened or pending condemnation with respect to the Property and to the knowledge of Owner, no such condemnation, eminent domain or similar proceedings are pending or threatened.

(k) Notice of Special Assessments. Owner has not received written notice of, nor does Owner have any knowledge of, any pending or threatened liens, special assessments, impositions or increases in assessed valuations to be made against the Property by any governmental authority, except as may be disclosed in any title report obtained by Operating Partnership.

(l) Environmental. Owner has not received written notice of, nor does Owner have knowledge of, (i) any violation of Environmental Laws related to the Property or (ii) the presence or release of Hazardous Materials on or from the Property in violation of any Environmental Laws, except as disclosed in the Environmental Reports. The term "Environmental Laws" includes without limitation the Resource Conservation and Recovery Act ("RCRA") and the Comprehensive Environmental Response Compensation and Liability Act and other federal laws governing the environment as in effect on the date of this Agreement together with their implementing regulations and guidelines as of the date of this Agreement, and all state, regional, county, municipal and other local laws, regulations and ordinances that are equivalent or similar to the federal laws recited above or that purport to regulate Hazardous Materials. The term "Hazardous Materials" includes petroleum, including crude oil or any fraction thereof, natural gas, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel (or mixtures of natural gas or such synthetic gas), and

any substance, material waste, pollutant or contaminant listed or defined as hazardous or toxic under any Environmental Law.

(m) Rent Roll. All information set forth in any Rent Roll delivered to Operating Partnership is true, correct, and complete in all material respects as of its date. Except as disclosed in writing in the Property Information, there are no leasing or other commissions due, nor will any become due, in connection with any Leases, and no understanding or agreement with any party exists as to payment of any leasing commissions or fees regarding future leases or as to the procuring of tenants. To Owner's knowledge, except as disclosed in the Property Information, no tenants have asserted nor are there any defenses or offsets to rent accruing under the Leases and no default or breach exists on the part of any tenant. Owner has not received any written notice of any default or breach on the part of the landlord under any Lease, nor, to Owner's knowledge, does there exist any such default or breach on the part of the landlord.

(n) Notice of Violations or Defects. Owner has not received written notice, nor does Owner have knowledge: that the Property or the use thereof violates any governmental law or regulation or any covenants or restrictions encumbering the Property; of any material physical defect in the improvements located on the Property; or from any insurance company or underwriter of any defect that would materially adversely affect the insurability of the Property or cause an increase in insurance premiums. Without limiting the generality of the foregoing, Owner has not received written notice that any of the Property or the use or operation of the Property violates any requirement of the Florida Mobile Home Act, as currently in effect (the "Florida Act"), and to the knowledge of Owner, the Property and its operation complies in all material respects with the requirements of the Florida Act.

(o) Independent Unit. To the knowledge of Owner, the Property is an independent unit which does not now rely on any facilities (other than facilities of municipalities or public utilities) located on any property that is not part of the Property or subject to a perpetual easement appurtenant to the Property to fulfill any municipal or other governmental requirement, or for the furnishing to the Property of any essential utilities (including drainage facilities, catch basins, and retention ponds). To the knowledge of Owner, no other building or other property that is not part of the Property relies upon any part of the Property to fulfill any municipal or other governmental requirement, or to provide any essential building systems or utilities.

(p) Property Information. Owner has delivered to Operating Partnership, or will have delivered to Operating Partnership within the time period required under Section 2.1, all of the Property Information in Owner's possession or reasonably available to Owner.

3.2 Operating Partnership's Representations and Warranties. As a material inducement to Owner to execute this Agreement and consummate the transactions contemplated hereunder, Operating Partnership represents and warrants to and for the benefit of such parties that:

(a) Existence and Power. Operating Partnership has been duly formed and is validly existing and in good standing as a limited partnership under the laws of the State of Delaware and is duly qualified in all other jurisdictions where such qualification is necessary to carry on its business as now conducted.

(b) Authorization; No Contravention. The execution, delivery and performance by Operating Partnership of, under, or as contemplated by, this Agreement has been duly authorized, require no action by or in respect of, or filing with, any governmental body, agency or official, and does not contravene or constitute (with or without the passage of time or notice or both) a default under any provision of applicable law or regulation or of the organizational documents and agreements of Operating Partnership or of any agreement, judgment, injunction, order, decree or other instrument binding upon Operating Partnership.

(c) Binding Effect. This Agreement has been duly authorized and properly executed and does and will constitute the valid and binding obligation of Operating Partnership enforceable in accordance with its terms, subject to bankruptcy and similar laws affecting the remedies or recourse of creditors generally.

(d) Pending Actions. There is no action or proceeding pending or, to the best of Operating Partnership's knowledge, threatened which would, if adversely determined, have a material adverse effect on or impair Operating Partnership's ability to execute, deliver and perform under this Agreement.

3.3 Notice of Changes. Owner shall promptly advise Operating Partnership in writing if, subsequent to the date of this Agreement and prior to the Closing, Owner becomes aware of any fact or circumstance which would render any of the representations and warranties set forth in Paragraph 3.1 no longer true or correct in any material respect. If such fact or circumstance is not the result of fraud or intentional misrepresentation, or the breach by Owner of an obligation under this Agreement, the resulting modification to the applicable warranty or representation shall not be deemed to be a breach by Owner or to cause a default hereunder. If on or before Closing, Owner is unable to resolve such change in facts or circumstances so as to render accurate the representation or warranty as originally made, Operating Partnership may, as its sole and exclusive remedy, either: (i) accept a modified representation or warranty and acquire the Property as provided herein without reduction in the Contribution Value with respect to such matter (and Operating Partnership's election to so proceed shall constitute a waiver of any claim with respect such modified representation or warranty), or (ii) elect to terminate this Agreement by notice to Owner in which case the Earnest Money shall be returned to Operating Partnership.

3.4 Survival of Representation and Warranties; Limitation of Damages. The representations and warranties of each party in this Article III shall be deemed remade as of the Closing, except to the extent modified pursuant to Paragraph 3.3 or otherwise qualified in such party's certificate as to representations and warranties required to be delivered at Closing under Article IV. The representations, warranties and indemnifications contained in this Agreement, as so modified or qualified, shall survive Closing and shall not be deemed to be merged into or waived by the instruments of such Closing; provided, however, that except as provided below, such

representations, warranties and indemnities shall survive only for a period of one (1) year after the Closing Date, and, the party to whom the representation or warranty was made (the "Warrantee") shall have the right to bring an action thereon against any party making such representation or warranty (the "Warrantor") only if the Warrantee has given the Warrantor written notice within such applicable one (1) year period setting forth the nature and basis of its claim. Each of Operating Partnership, on the one hand, and Owner, on the other hand, agrees to indemnify, defend and hold harmless its Warrantee from and against any loss, cost, damage or expense (including reasonable attorneys' fees) incurred by Warrantee arising out of the breach or inaccuracy of any such representation or warranty by Warrantor. The foregoing notwithstanding, Operating Partnership shall not be entitled to enforce this indemnity with respect to any claim or claims which do not exceed $25,000 in the aggregate. Such limitation is intended to be a limitation on the right to bring an action for enforcement and not a limitation on the amount of recovery. For example, if Operating Partnership has aggregate claims in the amount of $26,000, Operating Partnership shall be entitled to recover the full amount of such claims, subject to the limitation provided in the following sentence. Owner's aggregate maximum liability for a breach of any of the representations and warranties set forth in subparagraphs (e) through (p) of Paragraph 3.1 shall be limited to an amount equal to 5% of the Contribution Value; provided that the foregoing limitation shall not apply in the case of fraud or intentional misrepresentation or to any of Owner's other representations and warranties hereunder. Anything in this Agreement to the contrary notwithstanding, liability for any breach of the representations and warranties in subparagraphs (b) and (d) of Paragraphs 3.1 with respect to consents or actions by limited partners of Owner, shall be governed by and subject to the applicable provisions of the Contribution Agreement.

3.5 Owner's Knowledge. As used in this Agreement, "Owner's knowledge", "knowledge of Owner" or similar phrases mean the actual knowledge of any of Byron L. Williams, Steven J. Sherwood, or Joseph Sherwood, after reasonable inquiry to the onsite property manager of the Property.

3.6 AS IS, WHERE IS. EXCEPT AS SET FORTH IN THIS AGREEMENT OR IN ANY DOCUMENT EXECUTED PURSUANT TO OR IN CONNECTION WITH THIS AGREEMENT, THIS SALE AND CONVEYANCE IS MADE ON AN AS-IS WHERE-IS BASIS AND SELLER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, AS TO MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY, THE STATE OF REPAIR OF THE PROPERTY, OR WITH RESPECT TO SOIL CONDITIONS OR THE PRESENCE OR RELEASE OF HAZARDOUS MATERIALS. OPERATING PARTNERSHIP HEREBY EXPRESSLY WAIVES RIGHTS OF CONTRIBUTION AND INDEMNITY AGAINST OWNER UNDER ENVIRONMENTAL LAWS. HOWEVER, THIS DISCLAIMER AND WAIVER DOES NOT EFFECT AN ASSUMPTION OF ANY LIABILITY BY OPERATING PARTNERSHIP OR AN INDEMNITY OF OWNER WITH RESPECT TO ANY THIRD PARTY LIABILITY.

ARTICLE IV

OPERATIONS PRIOR TO CLOSING

4.1 Operations Prior to Closing. During the pendency of this Agreement, Owner shall operate and manage the Property in the ordinary course of business in accordance with past practice (including performing regular maintenance, maintaining insurance coverages as required hereunder, performing obligations under the Leases and Service Contracts, and paying debts and obligations as they accrue and become payable).

4.2 Leases. During the pendency of this Agreement, except in the ordinary course of business in accordance with past practices and on the same basis as other tenants, Owner shall not enter into any new Leases or amend any existing Leases. All Leases entered into during this Agreement shall be on Owner's standard lease form delivered to Operating Partnership, shall be for terms of not less than one year (except as otherwise approved in writing by Operating Partnership), and shall not include any concessions or discounts other than those generally offered to prospective tenants prior to the date of this Agreement or as otherwise approved by Operating Partnership in writing, such approval not to be unreasonably withheld or delayed. During the pendency of this Agreement, Owner shall provide Operating Partnership with monthly activity and occupancy reports showing all leasing activity during the previous month.

4.3 Contracts. Except for Service Contracts entered into in the ordinary course of business, consistent with past practices, and which are terminable upon not more than 30 day's notice, during the pendency of this Agreement, Owner shall not enter into any new Service Contract or materially amend or modify any existing Service Contract.

4.4 Listings and Other Offers. Except as may be required by law, Owner will not: list the Property with any broker or otherwise solicit or make or accept any offers to sell or assign the Property, engage in any discussions or negotiations with any third party with respect to the sale, assignment or other disposition of the Property, or enter into any contracts or agreements (other than this Agreement) regarding any sale, assignment or other disposition of the Property.

4.5 Intentionally Omitted

4.6 Property Insurance and Damage.

(a) Insurance. During the pendency of this Agreement, Owner agrees to maintain property insurance satisfying the following requirements: (i) the provider(s) of such insurance must be licensed in the state where the Property is located and must have a rating from AM Best of not less than "A- VII" (or an equivalent rating from a nationally recognized insurance rating agency in the event that AM Best ceases to provide insurance company ratings); (ii) such property insurance must provide "all-risk" coverage for the full replacement cost of the Improvements and Tangible Personal Property, with all of the Additional Property Coverages (defined below) and with deductibles, and limits for Additional Property Coverages, reasonably satisfactory to Operating Partnership; and (iii) such insurance shall not be subject to any co-insurance limits or exclusions. As used in this paragraph, "Additional Property Coverages" means boiler and machinery; newly acquired or newly constructed property; debris removal; trees and shrubs; hostile fire; flood and

earthquake. Owner shall furnish certificates evidencing such insurance to Operating Partnership from time to time upon request.

(b) Damage. In the event of any casualty damage to the Property during the pendency of this Agreement which is not material damage (as defined below), Owner shall proceed with repair and restoration of such damage in the ordinary course. In the event of any material damage to or destruction of the Property or any portion thereof, Operating Partnership may, at its option, terminate this Agreement by notice to Owner given within 10 days after Owner notifies Operating Partnership of such damage or destruction (and if necessary the Closing Date shall be extended to give Operating Partnership the full 10-day period to make such election). If Operating Partnership does not so terminate this Agreement, or in the event of casualty loss which is not material damage, and provided that repairs have not been completed as of the Closing Date, at Closing Owner shall assign to Operating Partnership its rights to receive any insurance proceeds (including any rent loss insurance applicable to any period on and after the Closing Date) due Owner as a result of such damage or destruction and Operating Partnership shall receive a credit at Closing equal to the sum of (i) any deductible, uninsured or coinsured amount under said insurance policies which has not been funded by Owner and applied to repair and restoration (ii) any insurance proceeds previously collected by Owner with respect to such loss and not applied to repair and restoration. In such event, Owner will cooperate with Operating Partnership in obtaining the insurance proceeds and settlement agreements from Owner's insurers. So long as Owner maintains the insurance required under subparagraph (a), above, Operating Partnership shall not be entitled to any credit at closing for casualty loss in excess of that provided above. However, if Owner fails to maintain such coverages, with respect to any casualty damage which has not been fully repaired and restored prior to Closing, Operating Partnership shall be entitled to a credit at Closing in the amount of any shortfall between the amount of any insurance proceeds actually paid or payable and assigned or transferred to Operating Partnership, and the reasonable cost to complete the repair. "Material damage" and "materially damaged" means damage reasonably exceeding 2 percent of the Purchase Price to repair or which, in Operating Partnership's reasonable estimation, will take longer than 90 days to repair.

4.7 Condemnation. In the event any proceedings in eminent domain are contemplated, threatened or instituted by any body having the power of eminent domain with respect to all of the Property or any material portion thereof, Operating Partnership may, at its option, by notice to Owner given within 10 business days after Owner notifies Operating Partnership of such proceedings (and if necessary the Closing Date shall be extended to give Operating Partnership the full 10 business day period to make such election): (i) terminate this Agreement and the Earnest Money shall be immediately returned to Operating Partnership, or (ii) proceed under this Agreement. If Operating Partnership does not terminate this Agreement as provided above or if the taking is for less than a material portion of the Property, Owner shall, at the Closing, assign to Operating Partnership its entire right, title and interest in and to any condemnation award, and Operating Partnership shall have the right to participate with Owner during the pendency of this Agreement to negotiate and otherwise deal with the condemning authority in respect of such matter and any agreement or settlement with the condemning authority shall be subject to the Operating Partnership's reasonable approval.

ARTICLE V

CLOSING

5.1 Closing Date. The closing ("Closing") under this Agreement shall occur on a business day designated by Owner upon not less than 15 business day's prior written notice to Operating Partnership; but in no event later than December 31, 1999 (the "Outside Closing Date")subject to any extension necessary for the Operating Partnership to close under a contract for the exchange property executed before such date. The actual date of Closing is called the "Closing Date". The actual date of Closing is called the "Closing Date".

5.2 Exchange. This transaction shall be consummated as a simultaneous exchange of the Property for other real property designated by Owner and reasonably satisfactory to Operating Partnership that is not a mobile home park or a manufactured home community. If the exchange property is not owned by Operating Partnership at the time of its designation. Operating Partnership will use commercially reasonable efforts to acquire the exchange property pursuant to a contract reasonably satisfactory to Owner and Operating Partnership. At the Closing, the Operating Partnership will execute and deliver appropriate deeds and assignments and make other deliveries as required in order to vest its title and ownership of the exchange property in Owner. Owner is not obligated to close if Owner has not located and designated an exchange property or if Operating Partnership has not executed a contract for the exchange property by the Outside Closing Date. Closing costs in connection with the conveyance of the exchange property to the Owner shall be borne in accordance with local custom.

5.3 Method of Closing. At Operating Partnership's election, Closing shall occur either through an escrow with the Escrow Agent or as a so called "New York Style" closing at the offices of the Escrow Agent or at another location mutually satisfactory to Operating Partnership and Owner.

5.4 Conditions to the Parties' Obligations to Close. In addition to all other conditions set forth herein, the obligation of each of Owner and Operating Partnership to consummate the transactions contemplated hereunder, shall be contingent upon the following:

(a) The representations and warranties contained herein made for the benefit of such party shall be true and correct in all material respects as of the Closing Date, as originally made hereunder. For purposes of this clause (a) only, a representation that is limited to a party's knowledge or notice shall be false if the factual matter that is the subject of the representation is false notwithstanding any lack of knowledge or notice to the party making the representation;

(b) As of the Closing Date, the other party shall have performed their respective obligations hereunder and all deliveries to be made by or on behalf of such parties at Closing shall have been tendered;

(c) There shall exist no pending or threatened actions, suits, arbitrations, claims, attachments, proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings, against the other party hereunder that would materially and adversely affect such other party's ability to perform its obligations under this Agreement;

(d) There shall exist no pending or threatened action, suit or proceeding before or by any court or administrative agency which seeks to restrain or prohibit, or to obtain damages or a discovery order with respect to, this Agreement or the consummation of the transactions contemplated hereby or thereby; and

(e) The "Closing" shall have occurred under the Contribution Agreement concurrently with or prior to the Closing hereunder.

(f) At the Closing, the Title Company shall have committed to issue the Title Policy without exception to Florida Statutes Section 723.071 without condition or any assurance provided by any party.

5.5 Conditions to Operating Partnership's Obligation to Close. In addition to the conditions set forth in Section 5.3 and to all other conditions set forth herein, the obligation of Operating Partnership to consummate the transactions contemplated hereunder, shall be contingent upon the following:

(a) There shall exist no pending or threatened actions, suits, arbitrations, claims, attachments, proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings, against or with respect to any portion of the Property to which Operating Partnership or the Property would be subject after Closing and that would materially and adversely affect the operation or value of the Property;

(b) There shall exist no pending or threatened action, suit, arbitration, claim or proceeding by any partner (a "Partner Action") of Owner (i) seeking to challenge or enjoin the transactions contemplated hereby, or to revoke or invalidate any consent by such party to the transactions contemplated hereby or (ii) alleging any breach of fiduciary duty by the general partner or partners of Owner. The foregoing notwithstanding, Operating Partnership shall not be entitled to terminate this Agreement due to a Partner Action if by the Closing Date, (X) such matter has been dismissed or fully resolved or settled in a binding manner which permits the transactions contemplated by this Agreement to proceed as provided herein and which does not create or impose any liability or cost upon Operating Partnership or the Property or any entity which will be acquired or merged into Operating Partnership or its affiliates pursuant to the Contribution Agreement, and (Y) all appeal periods with respect thereto have expired without appeal having been made. Provided that Owner is diligently seeking resolution of such Partner Action, the Closing Date shall be extended for a reasonable period to allow such cure, but in no event longer than 90 days. Operating Partnership agrees to consult with Owner before terminating this Agreement due to a failure of the condition set forth in this subparagraph.

(c) At Closing, Chicago Title Insurance Company (the "Title Company") shall have issued (or irrevocably committed to issue), an ALTA (or other form required by state law) Owner's Title Policy or Policies of Title Insurance (the "Title Policy"), insuring Operating Partnership as owner of good, marketable and indefeasible fee simple title to the Property, subject only to Permitted Exceptions, with extended coverage and with a non-imputations endorsement (if available in the sate in which the Property is located) and such endorsements as Operating Partnership may reasonably require. "Permitted Exceptions" means liens for real estate taxes not yet due and payable, rights of tenants under the Leases, any matters caused by Operating Partnership or its agents and the matters listed on attached Exhibit C. Any exception for the right of purchase under Florida Statutes Section 723.071 shall not be a Permitted Exception.

(d) There shall be no Material Adverse Changes in any condition of or affecting the Property not caused by Operating Partnership or its contractors, employees, affiliates or other related or similar parties, that has occurred after the date hereof. As used in this Paragraph, a "Material Adverse Changes" means any changes in any matter or condition with respect to the Property or its operation after the date of this Agreement, including any dumping or release of Hazardous Materials or non-compliance with legal requirements, which Operating Partnership, in the exercise of commercially reasonable and non-arbitrary discretion, determines would cost in excess of $250,000 in the aggregate to remedy or would reduce the value of the Property by more than $250,000 in the aggregate (increases in operating costs or reductions in income shall be capitalized at an 8.0% cap rate for purposes of determining such reduction in value). The foregoing notwithstanding, Operating Partnership shall not be entitled to terminate this Agreement due to a Material Adverse Change if Owner cures such matter or condition to Operating Partnership's reasonable satisfaction prior to Closing. Provided that such matter is reasonably susceptible of cure and Owner commences such cure prior to the Closing Date and thereafter diligently proceeds with cure, the Closing Date shall be extended for a reasonable period to allow such cure, but in no event longer than 90 days.

5.6 Conditions to Owner's Obligation to Close. In addition to the conditions set forth in Section 5.3 and to all other conditions set forth herein, the obligation of Owner to consummate the transactions contemplated hereunder, shall be contingent upon the following: There shall exist no pending or threatened action, suit, arbitration, claim or proceeding by any limited partner (a "Limited Partner Action") of Owner (i) seeking to challenge or enjoin the transactions contemplated hereby, or to revoke or invalidate any consent by such party to the transactions contemplated hereby or (ii) alleging any breach of fiduciary duty by the general partner or partners of Owner. The foregoing notwithstanding, Owner shall not be entitled to terminate this Agreement due to a Limited Partner Action if by the Closing Date, (X) such matter has been dismissed or fully resolved or settled in a binding manner which permits the transactions contemplated by this Agreement to proceed as provided herein and which does not create or impose any liability or cost upon Owner or any of its general partners, and (Y) all appeal periods with respect thereto have expired without appeal having been made. Owner agrees to consult with Operating Partnership before terminating this Agreement due to a failure of the condition set forth in this Paragraph.

5.7 Termination for Failure of Condition. So long as a party is not in default hereunder, if any condition to such party's obligation to proceed with the Closing hereunder has not been satisfied as of the Closing Date, such party may, in its sole discretion, (i) terminate this Agreement

by delivering written notice to the other parties on or before the Closing Date, (ii) elect to extend the Closing until such condition is satisfied, or (iii) waive such condition in writing and proceed with the Closing hereunder. In the event such party elects to close, notwithstanding the nonsatisfaction of such condition, there shall be no liability on the part of any other party hereto for breaches of representations and warranties of which the party electing to close had actual knowledge at the Closing.

5.8 Owner's Closing Deliveries. Four business days in advance of Closing, Owner shall deposit with the Escrow Agent and at the Closing, Owner shall deliver, or cause to be delivered, to Operating Partnership the following, in the form specified or otherwise in form and substance satisfactory to Operating Partnership:

(a) Deed. A limited warranty deed (warranting title against any party claiming by or through Owner) with respect to the Real Property, in form provided for under the law of the state where the Real Property is located, or otherwise in conformity with the custom in such jurisdiction and mutually satisfactory to the parties, executed and acknowledged by Owner, conveying to Operating Partnership good, indefeasible and marketable fee simple title to the Real Property, subject only to the Permitted Exceptions (collectively, the "Deed").

(b) Bill of Sale and Assignment of Leases and Contracts. A Bill of Sale and Assignment of Leases and Contracts in the form of Exhibit D attached hereto (the "Assignment"), executed and acknowledged by Owner, vesting in Operating Partnership good title to the property described therein free of any claims, except for the Permitted Exceptions to the extent applicable.

(c) State Law Disclosures. Such disclosures and reports as are required by applicable state and local law in connection with the conveyance of real property.

(d) FIRPTA. A Foreign Investment in Real Property Tax Act affidavit executed by Owner, certifying that Owner is a US Taxpayer.

(e) Certificate Regarding Representations and Warranties. A certificate duly executed by Owner certifying to Operating Partnership that all of Owner's representations and warranties set forth in this Agreement are true and correct as of the Closing Date, except to the extent expressly disclosed in such certificate.

(f) Authority. Evidence of the existence, organization and authority of Owner and of the authority of the persons executing documents on behalf of Owner reasonably satisfactory to the Title Company.

(g) Additional Documents. Any additional documents that Operating Partnership or the Title Company may reasonably require for the proper consummation of the transactions contemplated by this Agreement, including any documents required under the Contribution Agreement, affidavit of title, seller's gap undertaking, evidence of authority, and such affidavits, certificates and indemnities from Owner and/or its general partners as the Title Company may require for issuance of a non-imputation endorsement.

5.9 Operating Partnership's Closing Deliveries. Four business days in advance of Closing (except that the Exchange Value shall be deposited one business day in advance of Closing) Operating Partnership shall deposit with the Escrow Agent and at the Closing, Operating Partnership shall deliver or cause to be delivered the following:

(a) Contribution Value. (i) Certificates evidencing or other appropriate transfer instruments with respect to the Units; and (ii) the cash portion of the Contribution Value, by Federal wire transfer.

(b) Bill of Sale and Assignment of Leases and Contracts. The Assignment, executed by Operating Partnership.

(c) Additional Documents. Any additional documents that Owner or the Title Company may reasonably require for the proper consummation of the transactions contemplated by this Agreement, including any documents required under the Contribution Agreement, evidence of authority and a purchaser's gap undertaking.

5.10 Closing Statements. At least four business days prior to the Closing Date, Owner and Operating Partnership shall deposit with the Escrow Agent executed closing statements consistent with this Agreement in a form reasonably satisfactory to Owner, Operating Partnership and Escrow Agent.

5.11 Possession; Management. Owner shall deliver possession of the Property to Operating Partnership at the Closing subject only to the Permitted Exceptions. Owner agrees to cooperate with Operating Partnership to transition management of the Property to Operating Partnership at Closing and to terminate any existing management agreement effective as of the Closing Date. At Closing, Owner shall pay all fees or cost reimbursements owed to any property manager for periods prior to the Closing.

5.12 Delivery of Books and Records. Immediately after the Closing, Owner shall deliver Operating Partnership or make available at the Property to the extent in Owner's possession or reasonably available to Owner: the original Leases; copies or originals of all books and records of account, contracts, copies of correspondence with tenants and suppliers, receipts for deposits, unpaid bills and other papers or documents which pertain to the Property; all advertising materials, booklets, keys and other items, if any, used in the operation of the Property; and, if in Owner's possession or control, the original "as-built" plans and specifications and all other available plans and specifications.

5.13 Notice to Tenants. Owner and Operating Partnership shall deliver to each tenant immediately after the Closing a notice regarding the sale in such form as may be required by applicable state law.

ARTICLE VI

PRORATIONS; CLOSING COSTS

6.1 Prorations. The items in this Paragraph 6.1 shall be prorated between Owner and Operating Partnership as of the close of the day immediately preceding the Closing Date:

(a) Taxes and Assessments. General real estate taxes and assessments imposed by governmental authority ("Taxes") and any assessments by private covenant constituting a lien or charge on the Property not yet due and payable. If the Closing occurs prior to the receipt by Owner of the tax bill for the calendar year or other applicable tax period in which the Closing occurs, Operating Partnership and Owner shall prorate Taxes for such calendar year or other applicable tax period based upon 105% of the most recent ascertainable assessed values and tax rates.

(b) Collected Rent. All collected rent and other income (and any applicable state or local tax on rent) under Leases in effect on the Closing Date. Owner shall be charged with any rentals collected by Owner before Closing but applicable to any period of time after Closing. Uncollected rent and other income shall not be prorated. After Closing, Operating Partnership shall use reasonable efforts, in the ordinary course of business, to collect any rent owed for periods prior to Closing by continuing tenants of the Property, but Operating Partnership shall not be obligated to engage a collection agency or take legal action to collect any delinquencies, or to seek collections from any former tenants. Operating Partnership shall remit to Owner the balance, if any, of any such delinquent rent actually collected, after applying any collections first to obligations owing Operating Partnership for its period of ownership and to costs of collection. Owner shall not have the right to seek collection of any rents delinquent for any period prior to the Closing unless the tenant has vacated the premises under the Lease before the Closing Date and the Lease is not assigned to Operating Partnership.

(c) Utilities. Utilities, including water, sewer, electric, and gas, based upon the last reading of meters prior to the Closing. Owner shall endeavor to obtain meter readings on the day before the Closing Date, and if such readings are obtained, there shall be no proration of such items. Owner shall pay at Closing the bills therefor for the period to the day preceding the Closing, and Operating Partnership shall pay the bills therefor for the period subsequent thereto. If any utility company will not issue separate bills, Operating Partnership will receive a credit against the Purchase Price for Owner's portion and will pay the entire bill prior to delinquency after Closing. If Owner has paid any utilities no more than 30 days in advance in the ordinary course of business, then Operating Partnership shall be charged its portion of such payment at Closing.

(d) Leasing Commissions. On or before the Closing Date, Owner shall pay in full all leasing commissions and locator's and finder's fees due to leasing or other agents for each Lease entered into prior to the Closing Date.

(e) Fees and Charges under Service Contracts. Fees and charges under such of the Service Contracts as are assigned to and assumed by Operating Partnership at the Closing, on the basis of the periods to which such Service Contracts relate.

6.2 Final Adjustment After Closing. In the event that final bills are not available or cannot be issued prior to Closing for any item being prorated under Paragraph 6.1, then Operating Partnership and Owner agree to allocate such items, in the case of real estate taxes, as expressly provided above, and in all other cases, based upon fair and equitable estimates of such bills. The parties agree to adjust such prorations after Closing based upon the actual bills, final adjustment to be made as soon as reasonably possible after the Closing. Payments by either party in connection with the final adjustment shall be made in cash and shall be due within 30 days of written notice.

6.3 Tenant Deposits. All tenant security deposits (and interest thereon if required by law or contract to be earned thereon) shall be transferred or credited to Operating Partnership at Closing. As of the Closing, Operating Partnership shall assume Owner's obligations related to tenant security deposits, but only to the extent they are properly credited and transferred to Operating Partnership.

6.4 Utility Deposits. Owner shall receive a credit for the amount of refundable deposits, if any, with utility companies that are transferable and that are assigned to Operating Partnership at the Closing.

6.5 Certain Actions. The Operating Partnership agrees to assume and pay the costs of defense (but not indemnity or hold harmless) on behalf of the Owner and its constituent partners with respect to any claim asserted against any of them arising under Florida Statutes Section 723.071 related to this transaction. Operating Partnership shall select the law firm in such defense which shall be subject to the Owner's and its general partner's reasonable approval. Operating Partner, Owner and general partners shall consult and cooperate with each other in such action, and owner and general partner shall not unreasonably withhold their consent to any settlement of such action.

6.6 Sales, Transfer, and Documentary Taxes. Any sales, gross receipts, compensating, documentary, excise, transfer, deed or similar taxes and fees imposed in connection with this transaction under applicable state or local law shall be paid by Owner; provided that Operating Partnership shall pay the cost of any mortgage taxes or document stamps with respect to any financing.

6.7 Other Closing Costs. Owner shall pay the base premium for the Title Policy, any search or examination fees, and the cost of any endorsements necessary to insure over exceptions which are not Permitted Exceptions. Operating Partnership shall pay the cost of any other endorsements required by Operating Partnership. Fees and charges of the Escrow Agent shall be borne one half each by Owner and Operating Partnership. Operating Partnership shall pay the cost of recording the Deed and Owner shall pay the cost of recording any releases of unpermitted title exceptions. Each party shall be responsible for its own legal fees.

6.8 Wages. Owner shall pay the wages, and the employment taxes and fringe benefits applicable thereto, payable to employees of Owner as of their discharge on the Closing Date.

6.9 Commissions. If this transaction is closed, Owner shall pay a finder's fee to Castlewood Brokerage Joint Venture, a California joint venture ("Broker") in the amount of 3% of the Contribution Value (not including any Earnout Payment). If the Closing does not occur for any reason, no such fee shall be paid or payable. Broker is an

independent contractor and is not authorized to make any agreement or representation on behalf of either party.

6.10 Owner's Obligations. Other than those obligations of Owner expressly assumed by Operating Partnership hereunder or expressly agreed to in writing by Operating Partnership, Owner shall pay and discharge any and all liabilities of each and every kind arising out of or by virtue of the conduct of its business before and as of the Closing Date on or related to the Property, and no other expense related to the ownership or operation of the Property shall be charged to or paid or assumed by Operating Partnership, whether allocable to any period before or after the Closing.

ARTICLE VII

DEFAULT AND REMEDIES

7.1 Owner's Default. To the extent available, Operating Partnership shall be entitled to the remedy of specific performance in the event of a default by Owner hereunder. In addition, if this transaction fails to close as a result of Owner's intentional and willful default, Operating Partnership shall be entitled to such remedies for breach of contract against Owner as may be available at law or in equity.

7.2 Operating Partnership's Default. **IF THIS TRANSACTION FAILS TO CLOSE DUE TO THE DEFAULT OF OPERATING PARTNERSHIP, THEN OWNER'S SOLE REMEDY IN SUCH EVENT SHALL BE TO TERMINATE THIS AGREEMENT AND TO RECEIVE THE EARNEST MONEY AS LIQUIDATED DAMAGES, OWNER WAIVING ALL OTHER RIGHTS OR REMEDIES IN THE EVENT OF SUCH DEFAULT BY OPERATING PARTNERSHIP. THE PARTIES ACKNOWLEDGE THAT OWNER'S ACTUAL DAMAGES IN THE EVENT OF A DEFAULT BY OPERATING PARTNERSHIP UNDER THIS AGREEMENT WILL BE DIFFICULT TO ASCERTAIN, AND THAT SUCH LIQUIDATED DAMAGES REPRESENT THE PARTIES' BEST ESTIMATE OF SUCH DAMAGES. THE FOREGOING NOTWITHSTANDING, IF THIS TRANSACTION FAILS TO CLOSE AS A RESULT OF OPERATING PARTNERSHIP'S INTENTIONAL AND WILLFUL DEFAULT, OWNER SHALL NOT BE LIMITED TO THE AMOUNT OF LIQUIDATED DAMAGES PROVIDED ABOVE AND OWNER SHALL BE ENTITLED TO SUCH REMEDIES FOR BREACH OF CONTRACT AGAINST OPERATING PARTNERSHIP AS MAY BE AVAILABLE AT LAW OR IN EQUITY.**

_____ _____

initials of person signing for Operating Partnership **initials of person signing for Owner**

ARTICLE VIII

MISCELLANEOUS

8.1 Parties Bound. No party may assign this Agreement without the prior written consent of the other parties, and any such prohibited assignment shall be void; provided that Operating Partnership may assign this Agreement in whole or in part without the consent of the Owner to an Affiliate. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the respective legal representatives, successors, assigns, heirs, and devisees of the parties. For the purposes of this paragraph, the term "Affiliate" means (a) an entity that directly or indirectly controls, is controlled by or is under common control with Operating Partnership, (b) an entity at least a majority of whose economic interest is owned by Operating Partnership, or (c) a trust formed by Security Capital Holdings SA or Security Capital U.S. Realty; and the term "control" means the power to direct the management of such entity through voting rights, ownership or contractual obligations.

8.2 Headings. The article and paragraph headings of this Agreement are for convenience only and in no way limit or enlarge the scope or meaning of the language hereof.

8.3 Invalidity. If any portion of this Agreement is held invalid or inoperative, then so far as is reasonable and possible the remainder of this Agreement shall be deemed valid and operative, and effect shall be given to the intent manifested by the portion held invalid or inoperative. The failure by any party to enforce against another any term or provision of this Agreement shall be deemed not to be a waiver of such party's right to enforce against such other party the same or any other such term or provision.

8.4 Governing Law. This Agreement shall, in all respects, be governed, construed, applied and enforced in accordance with the law of the State of Maryland without giving effect to principles of conflicts of laws, except to the extent that the law of any jurisdiction in which the Property is located is mandatorily applicable.

8.5 Brokers. Each of Owner and Operating Partnership represents and warrants to the other that it has not dealt with any broker, finder or intermediary in connection with the transaction completed by this Agreement, other than the Broker identified in Paragraph 6.9. Owner shall indemnify and hold Operating Partnership harmless from and against any claim by Broker for a brokerage commission, finder's fee or similar compensation. Each of Owner and Operating Partnership shall indemnify and hold harmless the other party from and against any claim for a brokerage commission, finder's fee or similar compensation by any party other than Broker based on the actions, representations or deeds of such warrantor.

8.6 No Third Party Beneficiary. This Agreement is not intended to give or confer any benefits, rights, privileges, claims, actions or remedies to any person or entity as a third party beneficiary.

8.7 Entirety and Amendments. This Agreement (together with the Contribution Agreement and the documents executed concurrently therewith) embodies the entire agreement between the parties as to the subject matter hereof and supersedes all prior agreements and understandings relating to the transactions contemplated hereby, other than the Contribution

Agreement and agreements executed in connection therewith. This Agreement may be amended or supplemented only by an instrument in writing executed by the party against whom enforcement is sought.

8.8 Execution in Counterparts. This Agreement may be executed in any number of counterparts, and by each party hereto on separate counterparts, each of which shall be deemed to be an original, and all of such counterparts shall constitute one Agreement. To facilitate execution of this Agreement, the parties may execute and exchange counterparts of the signature pages by telephone facsimile.

8.9 Further Assurances. In addition to the acts and deeds recited herein and contemplated to be performed, executed and/or delivered by any party hereto at the Closing, the parties hereto each agree to perform, execute and/or deliver or cause to be performed, executed and/or delivered, but without any obligation to incur any additional liability or expense, on or after the Closing, any and all further acts, deeds and assurances as may be reasonably necessary to consummate the transactions contemplated hereby.

8.10 Time. Time is of the essence in the performance of each and every term, condition and covenant contained in this Agreement.

8.11 Confidentiality. Between the date hereof and the date which is two years after the Closing Date, no party hereto will release or cause to be released, any press notices, publicity (oral or written) or advertising promotion relating to, or otherwise announce or disclose or cause to be announced or disclosed, in any manner whatsoever, the terms, conditions or substance of this Agreement or the transactions contemplated hereunder without first obtaining the written consent of the other parties hereto; provided, however, that without the consent of the other parties hereto, following the Closing Operating Partnership may issue a press release announcing such transactions. In addition, the foregoing shall not preclude any party from discussing the substance or any relevant details of such transactions with or among its partners or any of its or their attorneys, accountants, professional consultants, lenders, or any accommodation party in connection with a 1031 exchange, or in the case of Operating Partnership, any prospective lender, partner or investor, as the case may be, or prevent any party hereto from complying with laws, rules, regulations and court orders.

8.12 Attorneys' Fees. Should any party employ attorneys to enforce any of the provisions hereof, the party losing in any final judgment agrees to pay the prevailing party all reasonable costs, charges and expenses, including attorneys' fees and disbursements, expended or incurred in connection therewith whether at trial, on appeal or on petition for review.

8.13 Use of Pronouns. The use of the neuter singular pronoun to refer to a party shall be deemed a proper reference, even though such party may be an individual, Operating Partnership or a group of two or more individuals. The necessary grammatical changes required to make the provisions of this Agreement apply in the plural sense where appropriate and to either partnerships or individuals (male or female) shall in all instances be assumed as though in each case fully expressed.

8.14 Notices. Any notice, request, instruction or other document to be given hereunder by a party hereto shall be in writing and shall be delivered to the parties at the following addresses:

If to the Owner:	c/o Clayton, Williams & Sherwood 800 Newport Center Drive, Suite 400 Newport Beach, California 92660 Telephone: 714/640-4200 Facsimile: 714/640-4931 Attn: Mr. Steven J. Sherwood, Inc.
With a copy to:	Riordan & McKinizie 695 Town Center Drive Suite 1500 Costa Mesa, California 92626 Telephone: 714/229-2618 Facsimile: 714/549-3244 Attn: Mr. Michael J. Whalen, Esq.
And with a copy to:	Riordan & McKinizie 300 South Grand Avenue 29th Floor Los Angeles, California 90071 Telephone: 213/229-8410 Facsimile: 213/229-8550 Attn: Mr. Aaftab Esmail, Esq.
If to Operating Partnership:	CWS Communities Trust 11 South LaSalle Street, Second Floor Chicago, Illinois 60603 Facsimile: 312/345-5888 Attention: Caroline S. McBride
With a copy to:	Mayer, Brown & Platt 190 South LaSalle Street Chicago, Illinois 60003 Telephone: 312/701-8619 Facsimile: 312/706-8711 Attn: Mr. John C. Huff, Esq.

The above addresses may be changed by written notice to the other party; provided, however, that no notice of a change of address shall be effective until actual receipt of such notice. Any such notice or other communication shall be deemed to have been given, (i) when received if given in person or by courier or a courier service, (ii) on the date of transmission if sent by telex, facsimile or other wire transmission or (iii) three business days (seven business days for overseas mail) after being deposited in the U.S. mail, certified or registered mail, postage prepaid.

8.15 Construction. The parties acknowledge that the parties and their counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any exhibits or amendments hereto.

8.16 Survival. Subject to the provisions of Section 3.5, the provisions of this Agreement that contemplate performance after the Closing and the obligations of the parties not fully performed at the Closing shall survive the Closing and shall not be deemed to be merged into or waived by the instruments of Closing.

8.17 Florida Disclosure Requirement. Florida law requires the following disclosure to be given to the Operating Partnership of property in Florida. Owner has not made an independent inspection of the Property to determine the presence of conditions which may result in radon gas; however, Owner is not aware of any such condition. Certain building methods and materials have been proven to reduce the possibility of radon gas entering the building:

> "RADON GAS: Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit."

ARTICLE IX

EARNEST MONEY PROVISIONS

9.1 Investment and Use of Funds. The Escrow Agent shall invest the Earnest Money in government insured interest-bearing accounts or other investments satisfactory to Operating Partnership, shall not commingle the Earnest Money with any funds of the Escrow Agent or others, and shall promptly provide Operating Partnership with confirmation of the investments made. If the Closing under this Agreement occurs, the Escrow Agent shall deliver the Earnest Money to, or upon the instructions of, Operating Partnership on the Closing Date. Provided such supplemental escrow instructions are not in conflict with this Agreement as it may be amended in writing from time to time, Owner and Operating Partnership agree to execute such supplemental escrow instructions as may be appropriate to enable Escrow Agent to comply with the terms of this Agreement.

9.2 Termination. If Operating Partnership elects to terminate this Agreement pursuant to Paragraph 5.7, Escrow Agent shall pay the entire Earnest Money to Operating Partnership one business day following receipt of written notice of such termination from Operating Partnership (or within such longer time as may be required to liquidate the current investments). No notice to Escrow Agent from Owner shall be required for the release of the Earnest Money to Operating Partnership by Escrow Agent under this Section. The Earnest Money shall be released and delivered to Operating Partnership from Escrow Agent upon Escrow Agent's receipt of the such termination notice, despite any objection or potential objection by Owner. Owner agrees it shall have no right

to bring any action against Escrow Agent which would have the effect of delaying, preventing, or in any way interrupting Escrow Agent's delivery of the Earnest Money to Operating Partnership pursuant to this paragraph, any remedy of Owner being against Operating Partnership, not Escrow Agent.

9.3 Other Terminations. Upon a termination of this Agreement by Operating Partnership or Owner (the "Terminating Party") other than as described in Section 9.2, the Terminating Party may give written notice to the Escrow Agent and the other party (the "Non-Terminating Party") of such termination and the reason for such termination. Such request shall also constitute a request for the release to the Terminating Party of the Earnest Money. The Non-Terminating Party shall then have five business days in which to object in writing to the release of the Earnest Money to the Terminating Party. If the Non-Terminating Party provides such an objection, then the Escrow Agent shall retain the Earnest Money until it receives written instructions executed by both Owner and Operating Partnership as to the disposition and disbursement of the Earnest Money, or until ordered by final court order, decree or judgment, which is not subject to appeal, to deliver the Earnest Money in accordance with such notice, instruction, order, decree or judgment.

9.4 Interpleader. Owner and Operating Partnership mutually agree that in the event of any controversy regarding the Earnest Money, unless mutual written instructions are received by the Escrow Agent directing the Earnest Money's disposition, the Escrow Agent shall not take any action, but instead shall await the disposition of any proceeding relating to the Earnest Money or, at the Escrow Agent's option, the Escrow Agent may interplead all parties and deposit the Earnest Money with a court of competent jurisdiction in which event the Escrow Agent may recover all of its court costs and reasonable attorneys' fees. Owner or Operating Partnership, whichever loses in any such interpleader action, shall be solely obligated to pay such costs and fees of the Escrow Agent, as well as the reasonable attorneys' fees of the prevailing party in accordance with the other provisions of this Agreement.

9.5 Liability of Escrow Agent. The parties acknowledge that the Escrow Agent is acting solely as a stakeholder at their request and for their convenience, that the Escrow Agent shall not be deemed to be the agent of any of the parties, and that the Escrow Agent shall not be liable to any of the parties for any action or omission on its part taken or made in good faith, and not in disregard of this Agreement, but shall be liable for its negligent acts and for any loss, cost or expense incurred by Owner or Operating Partnership resulting from the Escrow Agent's mistake of law respecting the Escrow Agent's scope or nature of its duties. Owner and Operating Partnership shall jointly and severally indemnify and hold the Escrow Agent harmless from and against all costs, claims and expenses, including reasonable attorneys' fees, incurred in connection with the performance of the Escrow Agent's duties hereunder, except with respect to actions or omissions taken or made by the Escrow Agent in bad faith, in disregard of this Agreement or involving negligence on the part of the Escrow Agent.

9.6 Escrow Fee. Except as expressly provided herein to the contrary, the escrow fee, if any, charged by the Escrow Agent for holding the Earnest Money or conducting the Closing shall be paid by one-half each by Owner and Operating Partnership.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement on the day and year first above written.

Owner:

CRYSTAL LAKE COMMUNITY, L.P., a California limited partnership (d/b/a in Florida as Crystal Lake Community, Limited Partnership)

By: Clayton, Williams & Sherwood Financial Group 88, a California corporation
Its: General Partner

By: _____
Steven J. Sherwood, President

By: _____
Byron L. Williams, Secretary

DIAMOND VALLEY ASSOCIATES, LTD., a California limited partnership

By: Clayton, Williams & Sherwood Financial Group 88, a California corporation
Its: General Partner

By: _____
Steven J. Sherwood, President

By: _____
Byron L. Williams, Secretary

FRIENDLY VILLAGE LANCASTER ASSOCIATES, LTD.,
a California limited partnership

By: Clayton, Williams & Sherwood Financial Group 88,
a California corporation
Its: General Partner

By: _____
Steven J. Sherwood, President

By: _____
Byron L. Williams, Secretary

Operating Partnership:

CWS COMMUNITIES LP
a Delaware limited partnership

By: CWS COMMUNITIES TRUST
a Maryland real estate investment trust,
its general partner

By: _____
Name: Donald E Myers
Title: Sr. Vice President

Escrow Agent has executed this Agreement in order to confirm that the Escrow Agent shall hold the Earnest Money and the interest earned thereon, in escrow, and shall disburse the Earnest Money, and the interest earned thereon, pursuant to the provisions of Article IX.

CHICAGO TITLE INSURANCE COMPANY

By:_____
Name: Sharon Yarber
Title: Vice President

EXHIBITS

Exhibit A	Legal Description
Exhibit B	Earnout Calculation
Exhibit C	Permitted Exceptions
Exhibit D	Bill of Sale and Assignment of Leases and Contracts

EXHIBIT A

(CRYSTAL LAKE)

PARCEL A:

A portion of Section 2, Township 34 South, Range 28 East, Highlands County, Florida, being more particularly described as follows: Commence at the Southeast corner of Section 2, Township 34 South, Range 28 East; thence North 1°08'50" West and along the East line of said section a distance of 242.14 feet; thence North 89°48'08" West a distance of 2042.29 feet for Point of Beginning; thence continue North 89°48'08" West a distance of 1897.96 feet to a point in the centerline of Memorial Drive (State Road No. 17-A); thence North 01°30'39" West and along the centerline of Memorial Drive a distance of 374.17 feet; thence North 88°36'40" East a distance of 1898.91 feet; thence South 01°16'18" East a distance of 426.72 feet to Point of Beginning. Less and Except the West 50.00 feet for right-of-way.

PARCEL B:

All that part of the Southeast 1/4 and the Southeast 1/4 of the Northeast 1/4 of Section 2, Township 34 South, Range 28 East, lying West of the A.C.L. Railroad right-of-way together with that part of Lots 9 thru 14, inclusive, of Warren and Monday Subdivision as recorded in Plat Book 1, page 10, Highlands County records, lying within the following described boundary.

Commence at the Southeast corner of Section 2, Township 34 South, Range 28 East, Highlands County, Florida, run thence North 1°08'50" West along the line between Section 1 and 2 for 242.14 feet for a Point of Beginning, thence North 89°48'08" West 3940.25 feet to intersect the centerline of S.R. S-17A, thence North 1°30'39" West along said centerline 374.17 feet, thence North 88°36'40" East, 1898.91 feet, thence North 1°16'18" West and parallel with the West line of said Southeast 1/4 for 1926.23 feet to intersect the North line of said Southeast 1/4 (being also the South line of said Warren and Monday Subdivision), thence North 20°20'23" West, 899.56 feet to a point herein designated point "A" which is the Westerly end of a control line along Lake Denton, thence continue North 20°20'23" West 30.00 feet more or less, to the shore of Lake Denton, thence Easterly along the meanders of Lake Denton, 370.00 feet more or less to intersect the North line of Lot 9 of Warren and Monday Subdivision, thence North 88°38'32" East 50.00 feet more or less along said North line to a point on the aforesaid control line which bears North 68°29'12" East, 417.65 feet from said Point "A", thence continue North 88°38'32" East along said North line of Lot 9, 626.48 feet to intersect the East line of the Southwest 1/4 of the Northwest 1/4 of the Northeast 1/4, thence North 1°12'34" West, 331.46 feet to the Northwest corner of the Southeast 1/4 of the Northeast 1/4, thence North 88°38'48" East along North line of the Southeast 1/4 of the Northeast 1/4 220.95 feet to the Westerly right-of-way line of the A.C.L. Railroad right-of-way, thence South 18°16'58" East along said Westerly right-of-way line, 3746.87 feet to the East line of Section 2, thence South 1°08'50" East along the section line 149.60 feet to the Point of Beginning.

EXHIBIT A

(CRYSTAL LAKE)

THE FOREGOING PARCEL A AND PARCEL B BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

All that part of the Southeast 1/4 and the Southeast 1/4 of the Northeast 1/4 of Section 2, Township 34 South, Range 28 East, lying West of the A.C.L. Railroad Right-of-Way together with that part of Lots 9 thru 14, inclusive, of Warren and Monday's Subdivision as recorded in Plat Book 1, page 10, Highlands County Records, lying within the following described boundary:

Commence at the Southeast corner of Section 2, Township 34 South, Range 28 East, Highlands County, Florida; run thence North 1°08'50" West along the line between Section 1 and 2 for 242.14 feet to a Point of Beginning; thence North 89°48'08" West 3940.25 feet to intersect the centerline of S.R. S-17A; thence North 1°30'39" West along said centerline, 374.17 feet; thence North 88°36'40" East, 1898.91 feet; thence North 1°16'18" West and parallel with the West line of said Southeast 1/4 for 1926.23 feet to intersect the North line of said Southeast 1/4 (also being the South line of said Warren and Monday's Subdivision); thence North 20°20'23" West, 899.56 feet to a point herein designated as Point "A" which is the Westerly end of a control line along Lake Denton; thence continue North 20°20'23" West, 30 feet more or less, to the shore of Lake Denton, thence Easterly along the meanders of Lake Denton, 370.00 feet more or less to intersect the North line of Lot 9 of Warren and Monday Subdivision; thence North 88°38'32" East, 50.00 feet more or less along said North line to a point on the aforesaid control line which bears North 68°29'12" East, 417.65 feet from said Point "A"; thence continue North 88°38'32" East along said North line of Lot 9, 626.48 feet to intersect the East line of Southwest 1/4 of the Northeast 1/4; thence North 1°12'34" West, 331.46 feet to the Northwest corner of the Southeast 1/4 of the Northeast 1/4; thence North 88°38'48" East along North line of the Southeast 1/4 of the Northeast 1/4, 220.95 feet to the Westerly Right-of-Way line of the A.C.L. Railroad Right-of-Way; thence South 18°16'58" East along said Westerly Right-of-Way line, 3746.87 feet to the East line of Section 2; thence South 1°08'50" East along the Section line, 149.60 feet to the Point of Beginning.

EXHIBIT B

Earnout Calculation

1. DEFINITIONS. For purposes of this Exhibit B the following capitalized terms shall have the meanings ascribed to them in this Paragraph 1:

"1999 Gross Revenue" means gross revenue received from tenants of the Property for calendar year 1999, including rent, utility charges and other lease pass-throughs, and income derived from services provided to tenants. In determining 1999 Gross Revenue, the following assumptions and adjustments shall apply:

(i) Utility or service charges which are billed directly to tenants by public or private utility or service providers will not be included in either gross revenue or operating expenses. Collections from tenants with respect to utility and service charges which are billed to the Property (rather than to individual tenants) will be included in gross revenue.

(ii) Revenues from sources other than leases or tenant services, such as interest on bank accounts, will not be included in gross revenue for purposes hereof.

"1999 NOI" means 1999 Gross Revenue less 1999 Operating Expenses.

"1999 Operating Expenses" means total operating expenses for the Property for calendar year 1999, including, without limitation, management fees, marketing expenses, tenant incentives, leasing commissions, repair and maintenance expenses, costs of utilities, personal property taxes, real property taxes, and insurance costs. Operating expenses do not include the Operating Partnership's general corporate overhead or depreciation. In determining 1999 Operating Expenses, the following assumptions and adjustments shall apply:

(ii) If the Property is self-managed by the Operating Partnership for any portion of 1999, Operating Expenses shall include an assumed management fee equal to 3% of gross revenue for such period.

(iii) Real estate and property taxes with respect to the Property shall be the greater of (a) the actual amount of such taxes assessed for 1999, if tax statements or assessed values and levy rates are available or (b) an amount reasonably estimated for such calendar year by an independent tax consultant selected by the Operating Partnership.

(iii) Insurance costs shall include costs of all insurance coverages with respect to the Property in accordance with the Operating Partnership's required standards, including costs of property, general liability, and rent loss insurance. To the extent that any such insurance is carried under blanket policies applicable to more then one property, such cost shall be the cost allocated to the Property by the

Operating Partnership in accordance with its standard accounting and cost allocation methods.

(iv) Annual costs of capital improvements and repairs will be deemed to be $85 per pad site.

"NOI Floor" means $859,194, being 103% of projected net operating income for calendar year 1998.

"Cap Rate" means 8.48%.

"Earnout Payment" means the lesser of (i) the Maximum Earnout Amount; and (ii) the amount determined pursuant to the following formula:

$$\frac{\text{(1999 NOI - NOI Floor)}}{\text{Cap Rate}}$$

"Maximum Earnout" means $[redacted], being the difference between projected 1999 NOI, capitalized at the Cap Rate, and the Contribution Value payable at Closing.

2. Determination of Earnout Payment. An Earnout Payment shall be payable only in the event that 1999 NOI exceeds the NOI Floor. In no event shall the Earnout Payment exceed the Maximum Earnout shown above. Except as may be expressly provided in this Exhibit, the 1999 Gross Revenue and 1999 Operating Expenses shall be determined in accordance with generally accepted accounting principals and the Operating Partnership's standard accounting practices and methods including year-end cut-off dates, and treatment of delinquencies and uncollectibles. In the event of any dispute as to 1999 NOI, the determination of the Operating Partnership's independent auditors shall control.

EXHIBIT C

PERMITTED EXCEPTIONS

(CRYSTAL LAKE CLUB, FLORIDA)

All exceptions set forth on Schedule B - Section 2 of Chicago Title Insurance Commitment No. 509747106 of October 31, 1997, except:

Exception Nos.: 1, 2(a-f), 3, 4 and 12

EXHIBIT D

BILL OF SALE AND ASSIGNMENT OF LEASES AND CONTRACTS

This instrument is executed and delivered as of the ____ day of _____, 199___ pursuant to that certain Agreement of Purchase and Sale ("Agreement") dated _____, 199___, by and between _____, a _____ ("Owner"), and _____, a _____ ("Operating Partnership"), covering the real property described in Exhibit A attached hereto ("Real Property").

1. Sale of Personalty. For good and valuable consideration, Owner hereby sells, transfers, sets over and conveys to Operating Partnership the following:

(a) Tangible Personalty. All of the furniture, fixtures, equipment, interior appliances, machines, apparatus, supplies and tangible personal property of every nature and description (excluding accounts receivable of Owner or debts owed to Owner, other than accrued rents under the Leases) and all replacements thereof now owned by Owner (including any interest in such property that is leased by Owner) and located in or on the Real Property, except any such personal property belonging to tenants under the Leases, including, without limitation, all of the personal property described on Exhibit B attached hereto; and

(b) Intangible Personalty. All the right, title and interest of Owner in and to any and all of the intangible personal property related to the Real Property, including, without limitation, all trade names and trademarks associated with the Real Property including Owner's interest in the names of the mobile home park comprising the Real Property (but without warranty as to such name), the plans and specifications and other architectural and engineering drawings for the Real Property and improvements located on the Real Property; warranties; contract rights related to the construction, operation, ownership or management of the Real Property (but excluding Owner's obligations under contracts except those expressly assumed in this instrument); governmental permits, approvals and licenses to the extent assignable; and telephone exchange numbers (if assignable).

2. Assignment of Leases and Contracts. For good and valuable consideration, Owner hereby assigns, transfers, sets over and conveys to Operating Partnership, and Operating Partnership hereby accepts the following:

(a) Leases. All of the landlord's right, title and interest in and to the tenant leases ("Leases") covering the Real Property, as set forth on the Rent Roll attached hereto as Exhibit C, which Owner certifies is true and correct in all material respects as of the date stated thereon, and Operating Partnership hereby assumes all of the landlord's obligations under the Leases arising from and after the Closing Date (as defined in the Agreement) but as to the landlord's obligations with regard to security deposits and other deposits only to the extent the security deposits have been transferred or credited to Operating Partnership;

(b) Service Contracts. The service contracts described in Exhibit D attached hereto (the "Service Contracts"), and Operating Partnership hereby assumes the obligations of Owner under such service contracts arising from and after the Closing Date.

3. Warranty. Except with respect to the names of the mobile home park comprising the Real Property, Owner hereby represents and warrants to Operating Partnership that it is the owner of the property described above, that such property is free and clear of all liens, charges and encumbrances other than the Permitted Exceptions (as defined in the Agreement), and Owner warrants and defends title to the above-described property unto Operating Partnership, its successors and assigns, against any person or entity claiming, or to claim, the same or any part thereof by, through or under Owner, subject only to the Permitted Exceptions as defined in the Agreement.

4. Indemnification. Owner shall defend, indemnify and hold harmless Operating Partnership from and against any liability, damages, causes of action, expenses, and attorneys' fees incurred by Operating Partnership by reason of the failure of Owner to fulfill, perform, discharge, and observe its obligations with respect to the Leases or the Service Contracts, arising or payable on or before the date hereof. Operating Partnership shall defend, indemnify and hold harmless Owner from and against any liability, damages, causes of action, expenses, and attorneys' fees incurred by Owner by reason of the failure of Operating Partnership to fulfill, perform, discharge, and observe its obligations with respect to the Leases or the Service Contracts, arising or payable after the date hereof.

IN WITNESS WHEREOF, the undersigned have caused this Bill of Sale and Assignment of Leases and Contracts to be executed as of the date written above.

Owner:

By:
Name:
Title:

Operating Partnership:

By:
Name:
Title:

[ACKNOWLEDGMENTS]

Fourth Revised Sheet No. 19.0
Cancels Third Revised Sheet No. 19.0

NAME OF COMPANY: CWS Communities LP d/b/a Crystal Lake Club

WATER TARIFF

RESIDENTIAL SERVICE
RATE SCHEDULE RS

AVAILLABILITY - Available throughout the area served by the Company.

APPLICABILITY - For water service to all customers for which no other Schedule applies.

LIMITATIONS - Subject to all of the Rules and Regulations of this tariff and General Rules Regulations of the Commission.

BILLING PERIOD - Monthly

RATE -

Meter Sizes	Base Facility Charge
5/8" x ¾"	$ 2.78
¾"	$ 4.16
1"	$ 6.94
1 ½"	$ 13.87
2"	$ 22.19
3"	$ 44.40
4"	$ 69.37
6"	$138.76
Gallonage Res	$ 1.29

MINIMUM CHARGE- Base Facility Charge

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

EFFECTIVE DATE - January 14, 2000

Michele Davis
ISSUING OFFICER

TYPE OF FILING - 1999Price Index

Regional Director
TITLE

Fourth Revised Sheet No. 18.0
Cancels Third Revised Sheet No. 18.0

NAME OF COMPANY: CWS Communities LP d/b/a Crystal Lake Club

WASTEWATER TARIFF

RESIDENTIAL SERVICE
RATE SCHEDULE RS

AVAILLABILITY - Available throughout the area served by the Company.

APPLICABILITY - For water service to all customers for which no other Schedule applies.

LIMITATIONS - Subject to all of the Rules and Regulations of this tariff and General Rules Regulations of the Commission.

BILLING PERIOD - Monthly

RATE -

Meter Sizes	Base Facility Charge
5/8" x ¾"	$ 3.63
¾"	$ 5.44
1"	$ 9.06
1 ½"	$ 18.11
2"	$ 28.99
3"	$ 57.97
4"	$ 90.58
6"	$181.15
Gallonage Charge Per 1,000 Gallons (Maximum charge of 6,000 gallons)	$ 1.42

MINIMUM CHARGE- Base Facility Charge

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

EFFECTIVE DATE - January 14, 2000

Michele Davis
ISSUING OFFICER

TYPE OF FILING - 1999Price Index

Regional Director
TITLE