

CONTINENTAL COMMUNITY RESIDENT HOMEOWNERS ASSOCIATION, INC.

• 15 Magnolia Lane
Wildwood, Florida 32785

April 24, 1989

UPDATE UPDATE UPDATE UPDATE UPDATE UPDATE UPDATE UPDATE

1. EARNEST MONEY: There has been some concern expressed about the recent newspaper article which stated the earnest money in the amount of \$100,000.00 will have to be paid and that it is non-refundable. By May 18th we will have made our decision as to whether or not we will go through with our plan to purchase CCC. All of the engineering and financial studies will have been made, we will have enough down payment cash, the bank will have completed its studies and will have made its loan commitment and we will have received and approved the cash flow prepared by David Logan. ONLY THEN WILL EARNEST MONEY BE PAID. This is exactly the same situation as when you bought your home here at CCC or when you purchased a home up North; after you had made your decision to buy, you made a payment to bind the agreement. This is "EARNEST MONEY", or as it is called in some areas, "Hand" money which becomes part of the final settlement.

To this point in the transaction, Redman has not had a binding commitment from us that we will go through with the purchase. The contracts do not become a reality until we show good faith by depositing the agreed upon funds. In the 45 day period of study, Redman will have provided all of the information and data for our experts that we required. We will have reviewed it all and will have made our decision. After this has been done, Redman must take some action. He must arrange (and pay for) a survey, a title search and other necessary legal requirements which will probably cost more than the \$100,000.00 earnest money that we will have deposited.

In the 75 days following May 18th, the attorneys will be preparing the necessary documents. If something is found in the survey, the title search or other data that is incorrect and Redman can not or will not correct, the earnest money will be returned to us.

2. CONTRACT LANGUAGE: There also has been concerns expressed about certain words and phrases in the purchase agreements. In every legal document, people who have had experience in these matters tell us, there are always words or phrases that may not be specific or clear and may require further explanation. The people who prepare the documents know the intent of the word or phrase, but they may not always explain them completely. The intent must always be considered. Before the contract was signed, Chris Jayson had approved it. In addition, we questioned the meaning of a number of the words and phrases. For example - the term "Non-transferred property" in the Memorandum Of Understanding refers ONLY to the developed lots in Phase I and Phase II. It does not mean the Emerson property or the 17 acres across Route 44. We also attempted, in a prior UPDATE, to clarify the office space situation -- we must provide office space for Redman's real estate agent (presently Tom Grizzard) until all Phase I and Phase II lots are sold. However, the agent will pay rent and a share of the real estate commission for the use of the space. This income will be part of our projected cash flow.

Incidentally, the first person to ask for a copy of the contract was Bill McNeill who is an attorney. He was unhappy that all of the appendices were not attached, but felt the contract was a good one and well prepared. He talked to David Bernstein, one of our attorneys, and was satisfied that the appendices were being prepared.

Those words and phrases that could be misunderstood or misinterpreted were called to the attention of Joe Gaynor, our attorney, when we first studied the contract. He, and Redman's attorney Doug Gross, who also recognizes the problem, are presently working on a clarification of the terms. When this become available we will publish the revised words and phrases.

3. NEWSPAPER ARTICLE- APRIL 21st: There are some misquotes in this article.
- Hal Treat says that his wife Joan was misquoted and did not have to DEMAND a copy of the contract as stated in the paper. She had received a copy from Harry Johnson who had requested and received a copy from a Board member at the Homeowners office.
 - Hal Treat further stated that he felt Jayson & Allen should have negotiated the sale and that he does not know or trust CRC because he feels that they are working for Redman. He also stated that he feels that we should buy the place, but this is not the way to do it. He had no suggestions as to how we should go about it. Hal did agree to meet with Bob Abel, President of CRC, next week.

(over)

- c. Charles Noll never made the statement that Abel was asked to "negotiate the sale because his company had more experience in selling mobile home parks than Jayson". In the first place, Abel's Company's experience is buying mobile home parks -- not selling them. Before we ever contacted CRC, we had talked to Chris Jayson; he knew the firm, the lawyers who represented them and had had some prior dealings with them. Chris said "go ahead, it's worth a try". This is what we told the reporter. We furnished him with copies of everything we had; he is allowed to print anything he wishes.
4. GROUP MEETINGS: Bob Abel met with a group of residents on Friday April 21st at the home of Roy Hagberg. There were about 16 men present. Their main concerns were
 - a. The price was too high.
 - b. Words and phrases within the contract were not clear as to their intent.
 - c. The golf portion of the plan is not good.
 - d. That the cash flow would not cover the debt service.
 - e. Other

Mr. Abel discussed all of the issues with them. We do not know if he answered these concerns to their satisfaction. He did assure them that they, and everyone else, will be entitled to review the cash flow numbers when they are completed by David Logan. Roger Hefler, who was quoted in the newspaper, attended the meeting and had his questions answered.

5. QUESTIONS: If you have any questions or if someone passes on to you a story that they heard that puts any doubts at all in your mind, please call a Board member. If he or she cannot give you an answer immediately, they will get an answer for you.

Another wrap-up session is planned for Thursday April 27th from 9:00 A.M. until 4:00 P.M. in the Magnolia Room. The attorneys will be there along with the CRC people and the Board of Directors.

If you have any questions, please arrange to attend.

BOARD OF DIRECTORS
C.C.R.H.A., INC.