

CONTINENTAL COMMUNITY RESIDENT HOMEOWNERS ASSOCIATION, INC.

• 15 Magnolia Lane  
Wildwood, Florida 32785

MARCH 17, 1989

TO RESIDENTS AND PROPERTY OWNERS WITHIN CONTINENTAL COUNTRY CLUB:

In our UPDATE of February 20, 1989 we advised you of our plan to attempt to purchase Continental Country Club from Redman Industries. We told you that we had arranged with Community Resources Corporation (CRC), on a contingency basis to begin negotiations with Redman.

After receiving the financial information supplied by Redman, CRC came up with a proposed price. This was discussed at great length with the CCRHA Board of Directors and an agreement was finally reached as to the offer to be made to Redman.

The offer was made and was promptly rejected by Fred Babb. He made a counter offer that we also rejected. There was much discussion between Babb and CRC and they reached an impasse. To break the stalemate Babb came to CRC's headquarters in Clearwater on March 9, 1989 and spent the day discussing the issues.

The following day CRC presented the latest proposal to the Board of Directors. After all day discussion with us and two more meetings with Babb, who had come to CRC, an agreement was reached.

Tentatively it was agreed that we would acquire all of the assets of Continental Country Club except the Emerson property, the unsold lots in Phase I and II and the 18 acres across from the entrance on Route 44.

We would purchase the water and sewer facilities, the golf course, Phase III, the clubhouse, restaurant, pool, tennis and shuffle board courts, the administration buildings and all of the machinery and equipment.

Within these parameters, CRC presented a sales contract to Redman. Redman in turn made their modifications and returned their version to CRC. This revision was reviewed in depth by CRC, their attorney, Joe Gaynor, our attorney Chris Jayson and members of the Board on March 21, 1989. Changes were made and it will be returned to Redman for their approval. Negotiations are still going on.

WE DO NOT HAVE AS OF THIS DATE A SIGNED SALES AGREEMENT, AND UNTIL WE DO, NOTHING WILL HAPPEN.

Unlike buying a home or a car where you inspect first and then buy, you generally put the property under contract first and then do your inspections. However, it is critical to understand that the contract is not binding to the buyer and you may elect to "get out" if you don't like what you discover during the inspection period.

The items investigated during the inspection period are the following:

1. Financial -- All books and records of the owner are inspected for reliability and accuracy by certified public accountants.
2. Engineering-- The condition of the sewer & water systems, construction of club house, the golf course etc. are inspected for condition and obsolescents by a civil engineer.
3. Survey -- A new survey is prepared and certified to show the exact area of land that is being purchased to determine if it concurs with the agreement.
4. Appraisal -- An appraisal is performed by the lending institution to determine "appraised value".
5. Miscellaneous -- Pool pumps, air conditioning in club house will be inspected as well as vehicles, lawn equipment and other mechanical items.

It is critical to understand that all important items relative to the operation will be inspected and if any of the conditions are not acceptable, the buyer may "get out" of the contract during this inspection period, or if the buyer desires, he may ask the owner to remedy or fix the problems, and, if the owner is agreeable, continue with the purchase.

The main reasons behind this approach are the facts that it is extremely expensive to perform this inspection without knowing you have come to an agreement with the owner and that he is sincere in his offer to sell. In addition, Redman will not agree to an inspection until they have an acceptable contract in their hands.

If we are unable to raise the necessary funds, we may also "get out" of the contract.

Our present plan calls for the formation of a non-profit corporation in which each member will receive a stock certificate that will go with the land that he owns. With the non-profit entity, there is no Federal Securities registration required since no income, assets or property of the Corporation will be distributed to the members. All income will remain within the Corporation and will go towards debt reduction, reserves or reduction in the O & M fee.

We plan to structure the Corporation in such a manner that will make membership in the Corporation attractive to golfers and non-golfer alike. The details are being worked out at the present time.

We think that this is an opportunity (probably the only one we will have) to control our own destiny. We have been in litigation since February 1985, and there is no end in sight. Yes, the courts have decided mostly in our favor, but there is still the CCC motions before Judge Aulls concerning the O & M that was to become effective last October and clarification of the Final Judgment that are still to be heard. We may have a retroactive payment to make. The same scenario will happen again this year. CCC will publish an O & M number, we will hire a CPA (if CCC will let us look at their books), our attorneys will go back to Judge Aulls, and we will wait again. It is a never ending cycle.

CCC or any developer will also continue to get around the court's decisions. For an example, to avoid the no profit, no interest and no depreciation edicts in the Final Judgment, CCC sub-contracted most of the O & M. The Public Service Commission may also allow them profit, interest and depreciation and everything else in the water and sewer rates that they will set soon.

It is our feeling that CCC will be sold this year. Redman is not in the business of owning and running communities like ours and they are in need of cash to reduce the high debt that the new owners acquired when they purchased Redman.

Tom Grizzard has brochures out across the nation that depicts CCC as a good investment for profitable future development.

If we do not act now, we lose a chance to determine our own destiny.

If our Corporation succeeds in acquiring the park we will be protecting the \$40 million plus investment that we have. We will be the management and we will preserve the life style that we planned when we moved to CCC.

The peace of mind, the dollars saved, the control and the elimination of the continual O & M battle are reasons enough to purchase. As long as someone else owns the place and wants to make money, he will find the way to do so.

It is also in our plan that the refund amounts in the John T. Allen, Jr. Trust Account be determined and the distribution of these funds be made as quickly as possible to coincide with the sale of our corporate shares. This will require action by Judge Aulls.

When the sales agreement is signed and we can present all of the facts to you, we and CRC will hold a series of meetings in the Magnolia Room. You will be invited to attend with your immediate neighbors. Your Block Captain will advise you of the date and time. In the event that you are unable to attend your scheduled meeting, you may attend a meeting of your choice. The schedule will be posted.

The meetings are open to everyone; this affects everyone. It is important that you attend one of these meetings, to have your questions answered as to how the purchase will effect you and your life style. CRC will conduct the meetings with members of the Board of Directors in attendance. Everyone must attend.

We had hoped to have these meetings scheduled before our Snow Bird neighbors fly north-- we hope to catch most of them before they go. However, if you are away from CCC now, or plan to be in the next few weeks, please make sure that you leave an address and a telephone number at the CCRHA office so that we can get in touch with you if necessary. This applies to members, non-members, anyone who owns property in CCC.

Our attorney, Chris Jayson, has been aware of the progress made in the negotiations that have been taking place. Chris has said all along "the only rational solution to the continuing problem is for the residents to buy the place. That's just the way it is". At the General Meeting scheduled for Wednesday March 29, 1989 at 7:00 P.M. in the Wildwood High School gym, Chris Jayson will be our main speaker. He will bring us up to date on the legal situation including the JTA Trust Account. He will also give us his opinion on the need, legality and practicability of our planned purchase. Everyone is invited.

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

CONTINENTAL COMMUNITY RESIDENT HOMEOWNERS ASSOCIATION, INC.  
• 15 Magnolla Lane  
Wildwood, Florida 32785

GENERAL MEMBERSHIP MEETING  
7:00 P.M. WEDNESDAY MARCH 29, 1989  
WILDWOOD HIGHSCHOOL GYMNASIUM

ALL MEMBERS SHOULD ATTEND THIS MEETING TO ELECT THREE DIRECTORS AND TO VOTE ON PROPOSED CHANGES IN THE BYLAWS. THERE WILL BE A DISCUSSION OF THE PROPOSED PURCHASE OF CONTINENTAL COUNTRY CLUB BY THE RESIDENTS. CHRIS JAYSON WILL REVIEW THE LEGAL SITUATION AND COMMENT ON THE PROPOSED PURCHASE OF CONTINENTAL.

Here is a short review of the proposed changes in the Bylaws:

ARTICLE III MEMBERSHIP DUES & ASSESSMENTS

The proposed change makes not only a bonafide owner of a manufactured home eligible for membership but also makes an owner of a lot eligible for membership.

To acquire and maintain the status of "member in good standing" one must (A) pay the annual dues and (B) pay within 30 days all assessments imposed after the date of joining the Association.

The terms "member, members, and membership" as used in all Articles are intended and shall be interpreted to mean members in good standing.

Dues are due and payable on January 1st of each year. The fiscal year of the Association shall begin January 1 and end December 31 of each year.

OLD ARTICLE IV BECOMES PART OF ARTICLE III

NEW ARTICLE IV WHICH WAS OLD ARTICLE V HAS BEEN CLARIFIED:

A recall meeting requirement of 10% of the membership has been changed to 20%

OLD ARTICLE VI DUTIES OF OFFICERS HAS BEEN RENUMBERED ARTICLE V

OLD ARTICLE VII FUNCTIONS OF THE BOARD HAS BEEN RENUMBERED AS ARTICLE VI AND GIVEN A NEW TITLE RESPONSIBILITIES OF THE BOARD OF DIRECTORS

It clarifies the responsibilities of the Board in such things as meetings with other organizations, persons or corporate entities and having discussions on subjects that pertain to the interests of members of this Association

ARTICLE XII BECOMES ARTICLE XI AMENDMENTS TO CONSTITUTION AND BYLAWS.

Amendments to the constitution and bylaws will require a two-thirds(2/3) vote of the members (instead of the two-thirds (2/3) vote of the members present at a General Membership Meeting.

ARTICLE XI BECOMES ARTICLE X AND CLAIPIES THE FILLING OF VACANCIES ON THE BOARD.

The term of office for members of the Board of Directors shall be three years. The Board shall appoint and/or fill any/all vacancies occurring during their current term (s). Appointees shall serve until the next regular election, at which time the unexpired term (s) will be placed on the ballot and filled by a vote of the membership in accordance with the regulations specified herein.

ARTICLE VIII BECOMES ARTICLE VII VOTING RIGHTS

~~The present bylaws state that a majority of members in good standing constitutes a quorum. This would be changed to say that 35% of the members of the Association shall constitute a quorum. "Good standing" is eliminated.~~

ELECTION OF THREE MEMBERS OF BOARD OF DIRECTORS

Three members of the Board of Directors will be elected and the list of nominees is shown below. A resume on each nominee will be available at the meeting.

Those on the list presented by the Nominating Committee are as follows:

DAVID CANAVAN    GEORGE DAVIDSON (running for re-election)    DUANE GALSTAD  
JEAN KNOLLE (running for re-election)    EVELYN HEROY    EDWARD KRAFT.

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

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