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FAT

THIS DOCUMENT PREPARED BY AND
AFTER RECORDING RETURN TO:
Nicole R. Ament, Esquire
Brownstein Hyatt & Farber, P.C.
410 Seventeenth Street, Suite 2200
Denver, Colorado 80202
Telephone: (303) 223-1100

Current Property Owner: N'Tandem Properties, L.P.

Property Owner subsequent
to recordation of this Deed: ARC III, L.L.C.

Tax Parcel Numbers: 71-11-2; 71-11-296; 71-11-273

Davidson County DEEDWARR
Recvd: 02/24/04 14:02 5pgs
Fees:28.00 Taxes:10676.87
20040224-0020911

SPECIAL WARRANTY DEED

THIS SPECIAL WARRANTY DEED, effective as of the 18 day of February 2004,

BETWEEN:

N'Tandem Properties, L.P., a Delaware limited partnership, having an office at 150 North Wacker Drive, Suite 900, Chicago, Illinois 60606, hereinafter referred to as Grantor;

AND

ARC III, L.L.C., a Delaware limited liability company, having an office at 600 Grant Street, Suite 900, Denver, Colorado 80203, c/o Affordable Residential Communities, Attention: Scott L. Gesell, hereinafter referred to as Grantee.

WITNESSETH:

That the Grantor in consideration of Ten ($10.00) Dollars, lawful money of the United States, and other good and valuable consideration, paid by the Grantee, does hereby grant and release and convey unto the Grantee, the heirs or successors and assigns of the Grantee forever,

ALL THAT CERTAIN plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the City of Nashville, County of Davidson, State of Tennessee, having an address at 1508 Dickerson Park, Nashville, Tennessee 37207, and more particularly described on Exhibit A annexed hereto and made a part hereof, being the same property conveyed to N'Tandem Properties, L.P. by deed from Windsor Park Properties 3, of record in Instrument No. 200006230062865, Register's Office for Davidson County, Tennessee;

SUBJECT to all easements, covenants, restrictions and other matters of record affecting the above described premises.

TOGETHER with all right, title and interest, if any, of the Grantor in and to any streets and roads abutting the described premises to the center lines thereof;

TOGETHER with the appurtenances and all the estate and rights of the Grantor in and to said premises;

TO HAVE AND TO HOLD the premises herein granted unto the Grantee, the heirs or successors and assigns of the Grantee forever. The Grantor will warrant and forever defend the right and title to the above described property unto Grantee against the lawful claims of all persons owning, holding or claiming by, through or under Grantor, other than and subject to claims arising from or under easements, covenants, restrictions and other matters of record.

IN WITNESS WHEREOF, the Grantors have executed this instrument on the date set forth in the acknowledgment below but to be effective for all purposes as of the date first above written.

N'TANDEM PROPERTIES, L.P.,
a Delaware limited partnership

By: Keystone Properties LLC,
a Delaware limited liability company
its General Partner

By: Hometown Communities Limited Partnership,
a Maryland limited partnership,
its Sole Member

By: Hometown Communities, L.L.C.,
a Maryland limited liability company,
its General Partner

By: Hometown Residential Manager, L.L.C.,
a Delaware limited liability company,
its Manager

By: _____
Name: _____
Title: _____

Patrick C. Zilis
Senior Vice President

WITNESSES:

Print Name: Jacquelyn F Lazo.
Jacquelyn F Lazo.

Print Name: Suzanne G. Dragoo
SUZANNE G. DRAGOO

3017/Shady Hills/Tennessee
7916\11\834418.1

STATE OF ILLINOIS

COUNTY OF COOK

Before me, a Notary Public in and for this State, on this 10 day of Feb., 2004, personally appeared Patrick C. Gilligan to me known (or proved to me on the basis of satisfactory evidence), to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its Senior V P and acknowledged to me that in that capacity he executed the same as the free and voluntary act and deed of Hometown Residential Manager, L.L.C., a Delaware limited liability company, the Manager of Hometown Communities, L.L.C., a Maryland limited liability company, the General Partner of Hometown Communities Limited Partnership, a Maryland limited partnership, the Sole Member of Keystone Properties LLC, a Delaware limited liability company, the General Partner of N'TANDEM PROPERTIES, L.P., a Delaware limited partnership, for the uses and purposes therein set forth.

My Commission Expires: 8-1-04

Gloria L Kofl

Print Name of Notary Public: GLORIA L. KOFL
Notary Public for the State of Illinois

(AFFIX SEAL OR STAMP)

OFFICIAL SEAL
GLORIA L KOFL
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES

SEND TAX BILLS TO:

Grantee
c/o Affordable Residential Communities
600 Grant Street, Suite 900
Denver, Colorado 80203
Attention: Scott L. Gesell

AFFIDAVIT OF VALUE

I, or we, hereby swear or affirm that to the best of affiant's knowledge, information and belief, the actual consideration for this transfer or value of the property transferred, whichever is greater, is $ 2,885,641.00, which amount is equal to or greater than the amount which the property transferred would command at a fair voluntary sale.

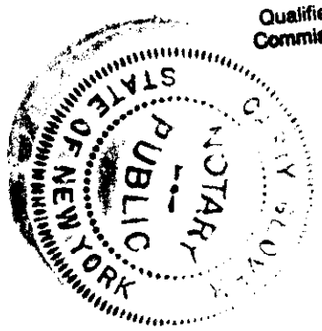
AFFIANT

SUBSCRIBED AND SWORN TO before me this 17th day of February, 2004.

Notary Public

My Commission Expires:

CARLY GLOVER
NOTARY PUBLIC, State of New York
No. 01GL6084050
Qualified in Westchester County
Commission Expires Dec. 2, 2006



3017/Shady Hills/Tennessee
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EXHIBIT A

Being a parcel of land situated in Nashville, Davidson County, Tennessee said parcel being more particularly described by metes and bounds according to a survey by Dale & Associates, Inc., dated September 23, 1986 (Job No. 86218) as follows:

Beginning at a point situated in the Westerly margin of Dickerson Pike said point being the Northeast corner of the Dickerson Road partnership subdivision, as recorded in Plat Book 6250, page 187, said Register's Office.

Thence, leaving said road N 84 deg. 27 min. 03 sec. W, a distance of 222.39 feet to an iron rod;

Thence, S 05 deg. 48 min. 23 sec. W, a distance of 33.83 feet to an iron rod;

Thence, N 83 deg. 53 min. 22 sec. W, a distance of 50.03 feet to an iron rod;

Thence S 03 deg. 17 min. 33 sec. W, a distance of 180.88 feet to an iron rod situated in the Northerly line of the Metropolitan Government Shwab School Property;

Thence, along said line N 83 deg. 48 min. 41 sec. W, a distance of 1,073.64 feet to an iron rod;

Thence, leaving said line N 08 deg. 14 min. 06 sec. W, a distance of 460.85 feet to an iron rod;

Thence, N 44 deg. 51 min. 46 sec. E, a distance of 492.99 feet to an iron rod;

Thence, S 84 deg. 28 min. 17 sec. E, a distance of 814.49 feet to an iron rod;

Thence, S 86 deg. 48 min. 18 sec. E, a distance of 357.41 feet to an iron rod situated in the westerly margin of Dickerson Pike;

Thence, with said margin of Dickerson Pike S 08 deg. 39 min. 16 sec. W, a distance of 635.94 feet to a spike in the asphalt;

Thence, around a curve to the right having a central angle of 00 deg. 08 min. 25 sec. having a radius of 2,819.00 feet a total distance of 6.91 feet to the point of beginning and containing 24.89 acres of land, more or less.

Being the same property conveyed to N'Tandem Properties, L.P. by Deed from Windsor Park Properties 3, a California limited partnership of record in Instrument No. 200006230062865, Register's Office for Davidson County, Tennessee.