

LAWYERS TITLE INS. CORP.
ONE PROFESSIONAL CENTER
SUITE 215
CROWN POINT, IN 46307

SPECIAL WARRANTY DEED

THIS INDENTURE WITNESSETH, That CAPITAL SENIOR LIVING COMMUNITIES, L.P., a Delaware limited partnership, formerly known as Retirement Living Tax-Exempt Mortgage Fund Limited Partnership ("Grantor"), CONVEYS AND SPECIALLY WARRANTS to CAPITAL SENIOR LIVING PROPERTIES, INC., a Texas corporation ("Grantee"), for the sum of Ten Dollars (\$10.00) and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the real estate in Lake County, State of Indiana (the "Real Estate"), commonly known as 7250 Arthur Boulevard, Merrillville, and more particularly described as follows:

See Exhibit "A" attached hereto and incorporated herein by reference.

Subject only to those matters listed on Exhibit "B" attached hereto and incorporated herein by reference (the "Permitted Exceptions").

The warranties of title which accompany this conveyance (subject, however, to the foregoing exceptions) are limited solely to the lawful claims of persons owning or claiming by, through or under Grantor during the time Grantor owned the Real Estate, but not otherwise.

The undersigned person executing this Special Warranty Deed on behalf of Grantor represents and certifies that he is fully empowered to execute and deliver this Warranty Deed for and on behalf of Grantor; Grantor has all requisite capacity to convey the Real Estate; and all necessary action for the making of this conveyance has been taken and done.

Grantor certifies that no Indiana Gross Income Tax is due and payable as a result of the transfer effected hereby.

IN WITNESS WHEREOF, Grantor has executed this deed this 3 day of Nov, 1997.

FILED FOR TAXATION SUBJECT
TO A REVERSE TRUST
DEC 12 1997

CAPITAL SENIOR LIVING COMMUNITIES, L.P.,
a Delaware limited partnership

By: Retirement Living Communities, L.P., its general Partner

By: Capital Retirement Group, Inc.,
its general Partner

By: David R. Brickman
David R. Brickman, Vice President

Merrillville, Indiana

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2000
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97086004

STATE OF INDIANA
LAKE COUNTY
RECORD
NOV 15 11:12 AM '97
PROFESSIONAL CENTER

STATE OF TEXAS)
) SS:
COUNTY OF DALLAS)

Before me, a Notary Public in and for said County and State, personally appeared David R. Brickman, a Vice President of Capital Retirement Group, Inc., the general partner of Retirement Living Communities, L.P., the general partner of Capital Senior Living Communities, L.P., a Delaware limited partnership, which was formerly known as Retirement Living Tax-Exempt Mortgage Fund Limited Partnership, who acknowledged the execution of the foregoing Special Warranty Deed for and on behalf of said limited partnership, and who, having been duly sworn, stated that any representations therein contained are true.

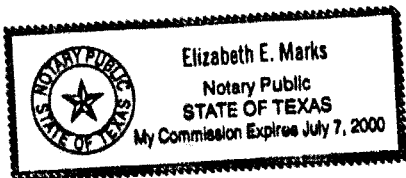
Witness my hand and Notarial Seal this 3RD day of NOVEMBER 1997.

My commission expires:

July 7, 2000

Signature *Elizabeth E. Marks*

Printed ELIZABETH E. MARKS
Notary Public



Resident of DALLAS County, TX

THIS DEED PREPARED BY: David A. Shelton, Esq., LOWE GRAY STEELE & DARKO, Bank One Tower, 111 Monument Circle, Suite 4600, Indianapolis, Indiana 46204 - Telephone No. (317) 236-8020.

AFTER RECORDING RETURN DEED TO: 14160 Dallas Parkway, Suite 300, Dallas, TX 75240, Attn: David R. Brickman, Esq.

SEND TAX BILLS TO: 14160 Dallas Parkway, Suite 300, Dallas, TX 75240, Attn: Robert Hollister.

Exhibit "A"

(Legal Description)

Parcel 1: (Fee Simple)

A parcel of land in the South half of the Northeast Quarter of Section 17, Township 35 North, Range 8 West of the Second Principal Meridian in the Town of Merrillville, Lake County, Indiana, being more particularly described as follows: Commencing at the Northeast corner of said Section 17; thence South 0 degrees 04 minutes 02 seconds West 1,321.79 feet along the East line of said Section 17, to the Point of Beginning, said point being the Northeast corner of the South half of the Northeast Quarter of said Section 17; thence continuing along said last mentioned course 1,321.79 feet to the Southeast corner of the South half of the Northeast Quarter of said Section 17; thence North 89 degrees 46 minutes 13 seconds West 100.00 feet along the South line of the South half of the Northeast Quarter of said Section 17; thence North 0 degrees 04 minutes 02 seconds East 350.00 feet; thence North 89 degrees 46 minutes 13 seconds West 580.10 feet; thence North 39 degrees 00 minutes 00 seconds West 353.23 feet; thence North 40 degrees 00 minutes 00 seconds East 907.81 feet to the North line of the South half of the Northeast Quarter of said Section 17; thence South 89 degrees 50 minutes 37 seconds East 320.00 feet along the North line of the South half of the Northeast Quarter of said Section 17 to the Point of Beginning; less the 10-foot strip lying in the right-of-way for 73rd Avenue along the southernmost boundary of such Parcel 1.

Parcel 2: (Fee Simple)

A Parcel of land in the South 1/2 of the Northeast 1/4 of Section 17, Township 35 North, Range 8 West of the Second Principal Meridian, in the Town of Merrillville, Lake County, Indiana, being more particularly described as follows: Commencing at the Northeast corner of said Section 17; thence South 0 degrees 04 minutes 02 seconds West 2,643.58 feet along the East line of said Section 17 to the Southeast corner of the South 1/2 of the Northeast 1/4 of said Section 17; thence North 89 degrees 46 minutes 13 seconds West 100.00 feet along the South line of the South 1/2 of the Northeast 1/4 of said Section 17 to the Point of Beginning; thence continuing along said last mentioned course 500.00 feet; thence North 0 degrees 04 minutes 02 seconds East 200.00 feet; thence North 28 degrees 00 minutes 00 seconds West 170.25 feet; thence South 89 degrees 46 minutes 13 seconds East 580.10 feet; thence South 0 degrees 04 minutes 02 seconds West 350.00 feet to the Point of Beginning, Excepting therefrom the South 10 feet.

Parcel 3: (As to Easement Rights Only)

Non-exclusive right of way and easement for access, utility and drainage over and across the following described property: A parcel of land in the South half of the Northeast quarter of Section 17, Township 35 North, Range 8 West of the Second Principal Meridian, in the Town of Merrillville, Lake County, Indiana, being more particularly described as follows: Commencing at the Northeast corner of said Section 17; thence South 0 degrees 04 minutes 02 seconds West 2,643.58 feet along the East line of said Section 17 to the Southeast corner of the South half of the Northeast quarter of said Section 17; thence North 89 degrees 46 minutes 13 seconds West 600.00 feet along the South line of the South half of the Northeast quarter of said Section 17 to the Point of Beginning; thence continuing along said last mentioned course 1,446.82 feet to a point that is 600.00 feet

CONTINUED

LEGAL DESCRIPTION CONTINUED

East of the Southwest corner of the Northeast quarter of said Section 17; thence North 0 degrees 00 minutes 00 seconds West 1,236.42 feet to the South line of the North 5 rods of the West 80 rods of the said South half; thence South 89 degrees 50 minutes 37 seconds East 720.00 feet; thence North 0 degrees 00 minutes 00 seconds West 82.50 feet along the East line of the North 5 rods of the West 80 rods; thence South 89 degrees 50 minutes 37 seconds East 1,008.32 feet along the North line of the South half of the Northeast quarter of said Section 17; thence South 40 degrees 00 minutes 00 seconds West 907.81 feet; thence South 39 degrees 00 minutes 00 seconds East 353.23 feet; thence South 28 degrees 00 minutes 00 seconds East 170.25 feet; thence South 0 degrees 04 minutes 02 seconds West 200.00 feet to the Point of Beginning.

As granted in a certain easement agreement dated October 9, 1985 and recorded October 18, 1985 as Document No. 824907.

Exhibit "B"

(Permitted Exceptions)

1. Real estate taxes and assessments not delinquent.
2. Zoning and building code ordinances and regulations which are applicable to the Real Estate and have not been violated
3. Encumbrances which are shown on the Land Title Survey of the Real Estate prepared by Plumb Tuckett & Associates, Inc., as Job No. S94601, and dated July 5, 1994.
4. Rights of tenants, as tenants only, in possession under unrecorded leases.
5. Mortgage from Capital Senior Living Communities, LP to Bank One Texas, N.A., dated July 29, 1994 and recorded August 1, 1994 in Instrument No. 94054609; and assigned to Lehman Brothers Holdings, Inc. dba Lehman Capital, a Division of Lehman Brothers Holdings, Inc. by assignment dated June 30, 1997 and recorded July 10, 1997 in Instrument No. 97044592; and modified by Modification and Extension of Lien, dated June 30, 1995 and recorded July 26, 1995 in Instrument No. 95041757; and again modified by Second Modification and Extension of Lien, dated June 30, 1997 and recorded July 10, 1997 in Instrument No. 97044593.
6. Financing Statement showing Capital Senior Living Communities, L.P., as debtor, and Bank One, Texas, NA, as secured party, filed August 1, 1994 and carrying Statement File No. 94002626, and assigned to Lehman Brothers Holdings, Inc., dba Lehman Capital, a Division of Lehman Brothers Holding, Inc., by assignment recorded July 10, 1997 and carrying Statement File No. 97002530 in the Office of the Recorder of Lake County, Indiana.
7. Rights of the public for highway purposes in and to that portion of the Real Estate lying within the bounds of 73rd Avenue, as shown in Instrument recorded July 5, 1972 as Instrument No. 155455.
8. Easement granted to Illinois Bell Telephone Company, its lessees, successors and assigns, as set forth in Instrument No. 129821 and Instrument No. 131043.
9. Non-exclusive perpetual easement for access, utilities and drainage, as reserved and set forth in Instrument No. 824907.

Exhibit "B"

(Permitted Exceptions)
(Continued)

10. Easement for underground Electrical Lines, Communication Lines, and Gas Mains, granted to Northern Indiana Public Service Company and Indiana Bell Telephone Company and to their successors and assigns, as set forth in Instrument No. 888841.
11. Declaration of Covenants, Conditions, Restrictions, Charges and Liens for Towne Square, as set forth in Instrument No. 850044.
12. Non-Exclusive right-of-way and easement for access, utility and drainage, as granted in a certain Grant of Easement dated September 11, 1991 and recorded September 16, 1991 as Document No. 91046553, subject to the terms and provisions contained in said Grant of Easement.