

# QUARTERLY UPDATE

## CWS CAPITAL PARTNERS LLC

*CWS Capital Partners LLC*

# CWS

### CALENDAR OF EVENTS

**September 2, 2024**

Labor Day Holiday  
CWS Offices Closed

**September 16, 2024**

3<sup>rd</sup> Quarter 2024  
Estimated Tax Payments Due

**October 15, 2024**

2023 Tax Return Extensions Due

**October 25, 2024**

3<sup>rd</sup> Quarter 2024  
Quarterly Reporting Packages Mailed

**November 28-29, 2024**

Thanksgiving Holiday and Day After  
CWS Offices Closed

**December 25, 2024**

Christmas Holiday  
CWS Offices Closed

**January 1, 2025**

New Year's Day Holiday  
CWS Offices Closed

**CWS**  
Enhancing Lives  
**55**  
Years

[www.cwscapital.com](http://www.cwscapital.com)

# R.I.P

## BILL WILLIAMS

*By Gary Carmell*



The world lost a force of nature in the passing of Bill Williams on June 13, 2024. Bill co-founded CWS in 1969 with Jim Clayton after the two of them met at an Indian Guides outing, and both came to learn that they had read the same book about how to create wealth in real estate. Being young men of ambition and action, they decided to turn their mutual interest into a side business as they were both engineers at the time. They raised money from friends and family and bought a small apartment

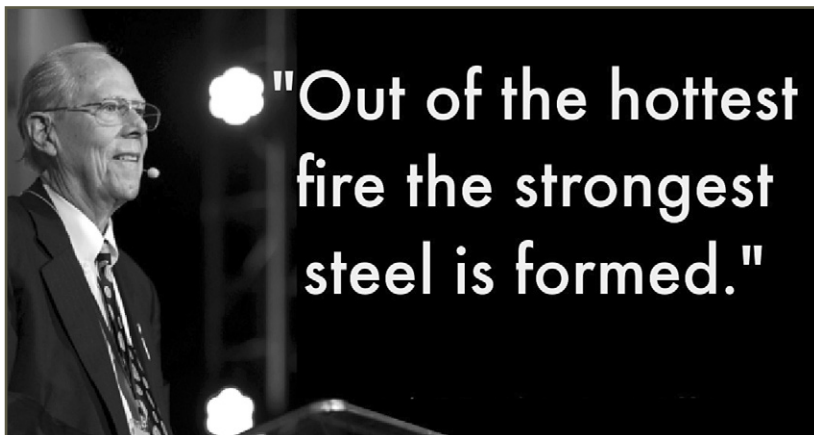
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community in Orange County, California. They eventually discovered mobile home parks, and from then on, that was their focus. Steve Sherwood joined in 1977 to help scale the company, and CWS was off to the races.

When I joined the firm in 1987, we were one of the largest owner/operators of manufactured housing communities in the country. With the creation of the RTC in the wake of the S&L debacle in the late 1980s we began to diversify and grow in the apartment space. When I started, we had approximately \$250 million in manufactured

housing communities. Fast forward 37 years, and we have over 100 apartment communities and one manufactured housing community with an aggregate value in excess of \$5 billion. We have done our best to grow wisely over the years, and while we have definitely had our bumps in the road, given that we utilize leverage and real estate is cyclical, overall, we're proud of the returns we have generated for our investors and the difference we have helped make in many of their lives.

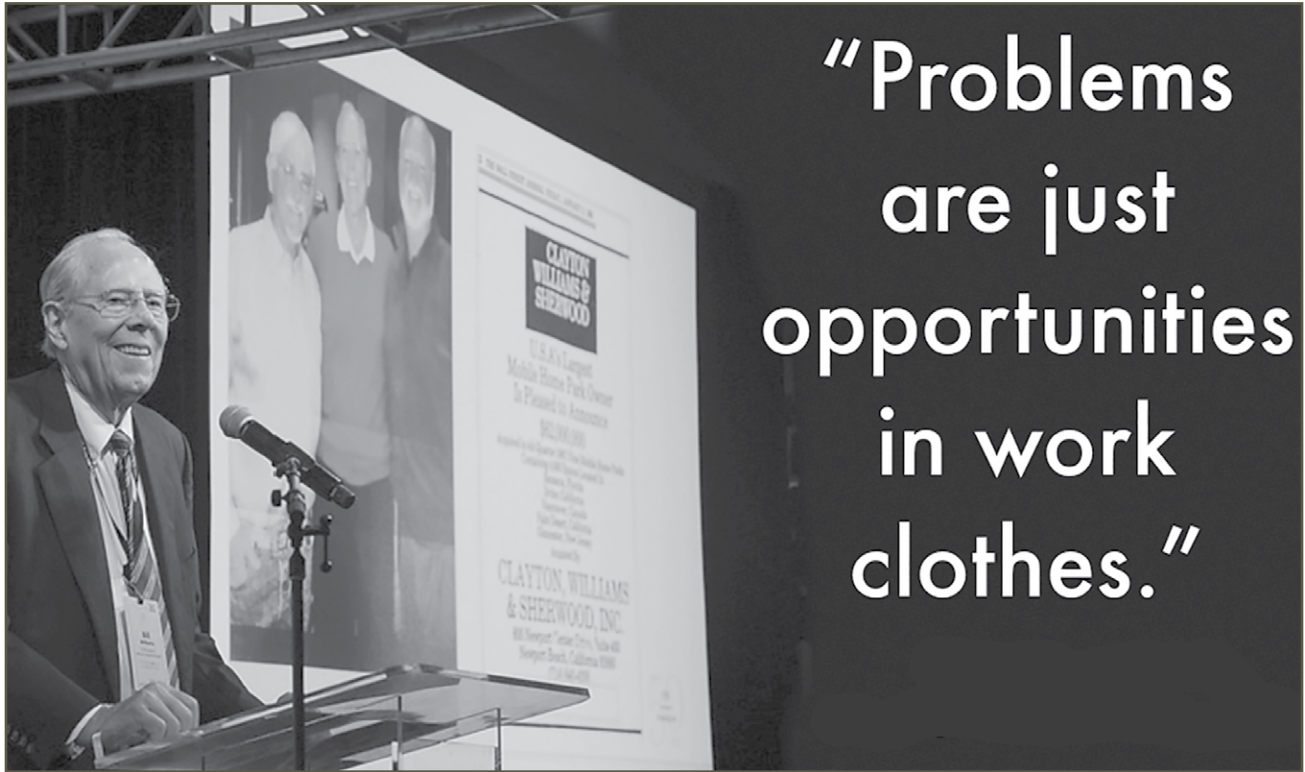


I bring all of this up because, although Bill stepped back from the day-to-day at CWS in the late 1990s, his approach to business, life, relationships, and incredible optimism and cheerful nature have had a profound impact on us. Bill had several maxims he liked to share with us.

*One of them was, "Out of the hottest fire, the strongest steel is formed."*

One of the advantages of having started my career at CWS and staying there ever since is that I experienced numerous cycles. The worst of these was when I first started in 1987. It was ugly and far worse for us than 2001-3, 2007-9, and what we're contending with today. It really did feel existential at the time. I was young and naive, but I could definitely sense the pressures building as properties needed cash, the government took over the company's primary lender and our line of credit was called, investor challenges were mounting, and at times, it felt like the walls were caving in.

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Despite all of these incredible difficulties, Bill never showed any outward pessimism or despair. As he liked to say,

*"Problems are just opportunities in work clothes."*

He really believed this and lived it. He knew that if we could be communicative and transparent with our investors and our lenders that, we could buy ourselves enough time to not only right the ship but also take advantage of incredible opportunities that were forming as a result of the carnage left behind by the collapse of the savings and loan industry. The combination of Bill's optimism and ability to instill confidence in our investors, even in the most trying of times, and Steve's brilliant engineering mind that could craft very creative and effective strategies and financial structuring to address and solve problems enabled CWS to not only work ourselves out of each and every challenge, but turn them into opportunities and spearhead the growth of our apartment business. Their perseverance was dogged and taught me the power of focus and determination, especially when times are challenging. It also showed how valuable having partners is during such times because you know you're not alone and you can divide and conquer.

I'm now at the age where when I look back at times in my life when I was younger and influenced by others, and realize that I am now older than these individuals were back then. I know that sounds confusing, so let me use an example. When I started at CWS in 1987,

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Bill was 55 years old, and I had just turned 22. At the end of this month I will be 59, older than Bill was when I first met him, which seems hard to believe when I really think about it. On the other hand, it also shows the impact that I can still have on others, especially those quite a bit younger than me, as Bill had on me and Steve Sherwood continues to do for me to this day. Bill has made me realize that it's never too late to be of service to others.



I lost my father to melanoma when I was 33, and he was 67. It was a big blow as I really looked up to him and loved him very much. There was so much he never got to see in the aftermath of his passing that I know he would have enjoyed. These include knowing my kids, seeing my career advancement, sharing about wonderful

experiences I had, confiding in him about the challenges I face, and the list goes on. I learned a lot from him, especially about being incredibly dedicated to one's craft and having a mastery mindset. His loss was mitigated ever so slightly by having such incredible CWS mentors in my life from early adulthood.

I was so fortunate to have started my career at CWS under the tutelage of the three principals and founders, Jim Clayton, Bill Williams, and Steve Sherwood. Although I interacted with Jim, by the time I started he was far less active than Bill and Steve were.

Bill was 17 years older than Steve and Steve is 17 years older than I am and the next generation of CWS leaders is roughly 17 years younger than Mike Engels (my other partner, along with Steve) and me.



Gary Carmell, Jim Clayton, Steve Sherwood



Left to right: Mike Engels, Steve Sherwood, Bill Williams, Gary Carmell

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I really learned the power of partnership in watching Bill and Steve operate and the importance of having younger, talented people in the fold to lead the company in the future. It's natural when one gets older that he or she has one foot on the brake in order to protect what one has built and created. When one is younger, on the other hand, it's more natural for him or her to have one foot on the gas because they want to grow and build. It's always important to balance risk and reward and to use experience to help avoid

making costly decisions but to also be open minded to the energy, creativity, and hunger that comes from those who are young and ambitious. This served Bill and Steve well and I think has continued to do so for CWS as new generations have been brought into key leadership positions.

Bill had so many admirable qualities but one that everyone who knew him always loved was how voracious of a learner he was. He loved life and had an insatiably curious mind. He particularly enjoyed studying those who were the most successful in any field in which he took an interest. He served on our advisory board for many years and he would often say that if there's a company we admire, we should reach out to one of their leaders and ask to meet to learn what has contributed to their success. As Steve Jobs would often say, one is rarely turned down when such an effort is made and what one can learn from such interactions can be life changing. There's virtually no downside in reaching out and the potential upside is unlimited.

Bill had a great intuitive feel for people and real estate. He was a great admirer of Warren Buffett and he shared a number of his great character traits and skills. Bill was an excellent communicator and writer who could distill complex topics into very relatable, bite-sized pieces that our investors could understand. He was far better at this than me as I have a tendency to over-present and get more complex than most people want. I tend to present

### It started with a trailer park

First investment turns to fortune for partnership

By Sandra Morris  
The Register

**A** lot of thousands of other Californians in the 1960s, Bill Williams and Jim Clayton dreamed of making a fortune from buying and selling real estate. Clayton, Williams and Clayton turned a casual conversation at a 1964 Indian Casino meeting into a \$15,000 down payment on a 15-unit apartment building in Huntington Beach.

The year soon became disillusioned with the role of apartment houses in Southern California. They sold their first investment in 1970 — a year after its purchase — and acquired a non-down trailer court in 1971.

By the early 1970s, Clayton and Williams had found their niche — purchasing mobile home parks across the nation. They added a third general partner, Steve Sherwood, in 1973.

Today, the firm of Clayton, Williams and Sherwood owns and operates 17 mobile home parks valued at \$10 million. The three partners pool their funds in a survey published last October in *Business Week*, the national business weekly, that said the Orange County investment group is the sixth-largest owner of mobile home parks in the nation.

Clayton, Williams and Sherwood, no longer work, respectively, for Santa Cruz, Cochran Tire & Rubber Co. and Westinghouse Electric. They had quit their engineering jobs by the late 1970s to devote their energies full-time to their firm.

In 1980, the partners relocated from longtime offices in Fountain Valley to Suite 400 in the new California Federal Building, across from Fashion Island, in Newport Beach. The office services about 300 limited partners — investors who

electrical systems work.

Lack of accurate mobile home parks has spurred the partners to develop their own in the past five years. Williams said the group currently has four parks under construction in the Midwest. Sherwood claims the investment

Steve Sherwood, left, and Bill Williams of Clayton, Williams and Sherwood.

Back together the partners

**B**ill Williams, a Huntington Harbour resident, and Steve Sherwood credit their success to a conservative, risk-averse philosophy of buying mobile home parks that are already making money in high-growth areas.

Sherrwood park is in Hemet, said Williams.

Some people invest in one or two parks every two years and others invest in every mobile home park the group buys. Sherwood said the three general partners invest in every project in varying amounts, ranging from 10 to 50 percent of a total project cost.

About 80 percent of the investors in every project are repeat clients, said Williams. About 70 new limited partners were obtained last year through "word-of-mouth," he said, and the investment group doesn't advertise its services.

A limited partnership, said Sherwood, allows people to form a group and pool their money to buy property. A typical park on today's market, he said, will cost \$8.5 million and require a \$2.5 million down payment.

"We can get positive cash flow from day one for an individual with \$2.5 million to \$3 million," he said.

Sherwood cited several success stories, including a Huntington Beach high school teacher who invested \$75,000 over a seven-year period and is now a millionaire.

One mobile home park in the group was a Dallas mobile home park in 1979 for \$1 million. It sold earlier this year for \$10 million.

The partners, however, aim for a lower return.

"Our maximum criteria for a five-year period, representing a 9-to-12 percent annual cash flow," said Sherwood. "It's all that you just need to cover the mortgage in value 10

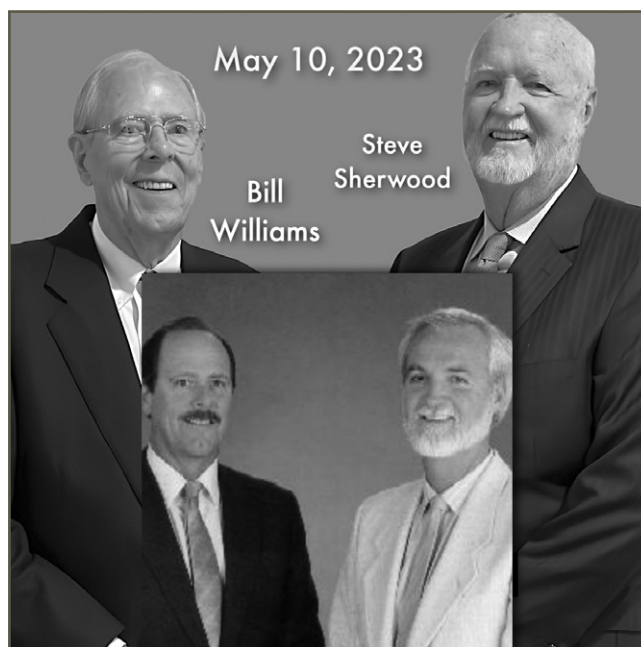
to the most sophisticated in the audience whereas Bill was the opposite, and I think he was more effective than I at getting his key points across in memorable ways.

In addition to Bill's thirst for knowledge and incredible optimism, he was remarkably fit and committed to staying healthy. He would swim and lift weights most days at his house. He skied into his early 80s and he took up golf much later in life and came to love playing the sport and doing so quite adeptly. Golf kept Bill engaged with others, mentally focused by practicing it regularly and helping him stay healthy. Bill loved life. It's as simple as that. He loved being around people who felt the same and who were making a difference in their respective fields as well as in philanthropy (or both). Golf was an avenue for him to live life with joy and vigor.

I discussed earlier the powerful partnership between Bill and Steve, but nothing could compare to the one he and Bobbitt, his wife of 69 years, built and grew together. Bobbitt was as instrumental as anyone in helping CWS grow because she was such a connector and brought so many investors into the fold at CWS. She was a school teacher and because of their trust in Bobbitt many other teachers came to invest their hard earned savings with CWS. Fortunately many of them experienced success with their investments which provided them many more options for their lives. Some of them even became the proverbial millionaire next door largely because of CWS.



Bobbitt Williams



Bill loved Bobbitt and Bobbitt was the most loyal, dedicated, and fiercely protective wife and mother I have ever known. She has had her share of physical challenges over the years and, yet, she would never let these stand in the way of her enjoying her life and bringing joy to others. Bill did everything he could to help make Bobbitt's life more comfortable and he always did so with a smile and positive attitude.

I always felt so fortunate to be included in their holiday lunches and parties. Their home was like a salon, bringing together so many interesting and successful people. It was such an honor to be included and something I hope to emulate in some ways in the years ahead. My heart breaks for Bobbitt because her relationship with Bill was central to her life. It gave her energy, purpose, and she brought her boundless love and caring that emanated from her marriage to so many others and made the world such a better place because of it. It truly was a case of one plus one equals far more than two.

I could go on and on but I hope by now you can ascertain how important Bill was to me, and so many others, especially at CWS. Given Bill's love of Warren Buffett I thought it would be fitting to end with a Buffett story.

A few years ago I had the privilege to be invited to a small event in Omaha in which Warren Buffett spoke. He didn't start off by talking about investing, the markets, how to make money, or anything in the realm of material things. Rather, the first thing he spoke about was how one of the most important people in his life had just passed away. It was Tom Murphy who ran Capital Cities ABC. Buffett admired him so much. He said that he was the type of person he never wanted to let down or disappoint and that if you could surround yourself with those types of people then you couldn't help but be a better, kinder, more caring and successful person. This is how I felt about Bill.



Bill and Bobbitt Williams with members of the Williams Family at the CWS 50th Anniversary

Rest in peace, Bill. You truly left the world a much better place than you found it. My deepest condolences to Bobbitt, your three sons, and your incredibly fortunate grandchildren to have a grandfather like you.

Rest in Peace  
**Byron "Bill" Lee Williams**  
1932 – 2024