TARA BRIDGE CROSSING APARTMENTS
CLAYTON COUNTY, GEORGIA

Piedmont Realty Advisors
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June 22, 1987

PIEDMONT REALTY ADVISORS
1150 CONNECTICUT AVENUE, N. W.
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WASHINGTON, D. C. 20036

202-822-9000

June 22, 1987

Mr. Ronald A. Hughes
Assistant Vice President
USF&G
100 Light Street
Baltimore, Maryland 21202

Re: Tara Bridge Crossing Apartments
Clayton County, Georgia
H.U.D. Program Investment

Dear Mr. Hughes:

Enclosed for your review is information on Tara Bridge Crossing Apartments, a 220-unit project being developed by a joint venture of National Housing Partnership, Inc. and Maschmeyer-Pollack, Inc. in Clayton County, Georgia. The proposed structure for this investment uses a combination of H.U.D. insured debt in the amount of $8,200,000 plus an equity joint venture in the amount of $975,000 for a total investment of $9,175,000. USF&G will receive a coupon rate on the debt of 8.50% (8.75% before GNMA fee) that is fully insured by the U.S. Government, a cumulative preferred return on the equity contribution of 9.5%, and will participate in 50% of net cash flow and 50% of residual value at sale. In addition to the information contained in this report USF&G will receive copies of H.U.D. application and processing materials, thereby providing full documentation of a second underwriting process. The signed application letter is presented as Exhibit 1.

THE PROPERTY

Location - The subject site is located in unincorporated Clayton County north of the intersection of Highway 138 and the recently completed 138 spur which connects Highway 138 with Tara Boulevard (U.S. Route 19 and 41). (See Exhibit 2.) Tara Boulevard is a major north/south four-lane arterial road for south Atlanta which intersects Interstate 75 three miles north of the subject, and I-75 runs to Hartsfield Airport (eight miles north of the subject) and downtown Atlanta (15 miles north of the subject). Highway 138 is a two-lane road that runs east/west and connects Tara Boulevard with Highway 85, another major north/south artery. The site's location at this intersection will provide excellent access throughout the south Atlanta area as well as high visibility for drive-by traffic (see Exhibit 3).

Retail activity in the area is focused mainly along Tara Boulevard which contains a varied mix of shopping centers and free standing establishments. Southlake Mall is the regional shopping center for the area, located at Jonesboro Road and I-75, four miles northeast of the subject (see Exhibit 4). Several specialty malls are also located at this intersection. Additionally, just south of the subject across the Highway 138 spur is a recently completed community center anchored by Kroger. K-Mart is currently negotiating for a site in this center although plans are not yet definite.

Employment in the area is provided by Hartsfield Airport, Clayton General Hospital, Clayton Government Complex, Southlake Mall, several industrial parks, and the many small businesses along Tara Boulevard. Exhibit 5 is a list of the major employers in south Atlanta, and Exhibit 5A is a map of these employment locations.

Adjacent land uses for the site are predominantly single family residential to the west along Highway 138. Along the northwest edge of the site are Jester Creek and Flint River which provide a water amenity and wooded open space at the rear of the project. East of the site is a graded vacant lot that is zoned for office development. South of the subject across Highway 138 are the new Kroger Center, satellite retail stores and a graded site for the proposed K-Mart. Along the southern edge of the site are small parcels that most likely will be developed as convenience retail (see Exhibit 6).

The Site -- The subject site is a 28-acre parcel that is heavily wooded and gently rolling. The northwestern edge of the site fronts on Jesters Creek and the Flint River. The flood plain created by these tributaries covers approximately 12 acres of the site, leaving a net of 16 acres available for development. The flood plain also contains a 150-foot easement for a major natural gas transmission line, although the line is underground. The flood plain and easement actually provide an amenity for the project by providing open space for the residents. All utilities are available at the site, and the proposed improvements conform with applicable zoning.

The Improvements -- The improvements will consist of 220 apartment units in 19 two and three story buildings of eight to sixteen units each. Construction will incorporate concrete slab foundations with wood frame construction, lightweight concrete floor decking on the second levels, vinyl lap siding and fiberglass shingles on the exterior. A representative picture of a similarly constructed project is presented as Exhibit 7. The project will feature a swimming pool, clubhouse, and a tennis court oriented towards the front of the project, and a recreation area with jogging trails will be located toward the rear of the project to take advantage of the open area. The project will also feature exercise facilities, a laundry room and 454 open parking spaces for a ratio of in excess of 2.0 per unit (see Exhibit 8).

The individual units will include wall to wall carpeting, patios or balconies, double insulated walls between units, double pane windows throughout, gas heat and electric air conditioning which will be separately metered. All units will have wallpapered accent walls in the kitchen and bath, frost-free refrigerators with ice makers, dishwashers and disposals. All two and three-bedroom units will feature washer/dryer connections.

Fireplaces will be featured in 58 of the units. Unit mix and square footage for the project are summarized in Exhibit 9, and the project's floor plans are shown in Exhibit 10.

The Budget -- The project budget is presented as Exhibit 11. The site cost $900,000, or about $4,100 per unit, a very competitive figure for south Atlanta. However, due to the flood plain and heavy woods, site development costs are budgeted at $960,000 or $4,360 per unit. The construction contract totals $4,722,000, or $21,460 per unit, and $1,200 per unit will be spent on landscaping.

H.U.D. processing requirements cause certain soft costs to be higher than conventionally financed projects. Construction interest is budgeted to carry the project through break-even occupancy, longer than the certificate of occupancy funding date for conventional projects. Developer's fees of $500,000 represent 5.5% of total costs and will be split between National Housing Partnership, Inc. and the local development partner. Financing fees of $375,000 represent slightly more than 4.0% of total costs, reflecting the higher costs of H.U.D. coinsurance and H.U.D. inspection fees. Total project costs are budgeted at $9,175,000, or $41,704 per unit and $47.83 per square foot. This is an acceptable figure for the south Atlanta market.

Conclusion -- The Tara Bridge Apartments will be well located within the growing south Atlanta market with excellent proximity and access to transportation, shopping and employment. The site's location on the recently opened Highway 138 spur will provide very good drive-by exposure which will be an asset for lease-up and long term occupancy. Additionally, the twelve acres of open space on the site combined with water features at the rear of the project will create a sense of spaciousness and privacy for the community.

THE MARKET OVERVIEW

The five-county metropolitan Atlanta area has a total population of approximately 1.9 million and has been growing at a steady rate of 2.2% per year. The north Atlanta market has been the focus for most of the commercial and residential development over the past few years although south Atlanta is growing in importance due to relatively less expensive land and the rapidly growing economic base located in south Atlanta.

The economic engine for the south metro area is Hartsfield Airport. With 38,000 employees, Hartsfield is the largest employer in the state, and related transportation and distribution firms substantially broaden this employment base. Clayton County has experienced job growth of over 10% per year for the past five years, and this trend is projected to continue. Additional background demographic information on Clayton County is summarized in Exhibit 12.

The apartment market in Clayton County was stagnant from 1976 through 1984, with no new additions to the rental stock during this period. In recognition of the increasing employment base in the area and the fact that most other Atlanta markets were seriously overbuilt, multi-family developers focused in on south Atlanta in 1984. Approximately 3,800 units in 15 projects have been completed since that time (see Exhibit 13). Almost 2,600 of these units were added in 1986 alone, with 1,450 of the new units being located in the Garden Walk area in northwestern Clayton County.

This surge in development created softness in the market, and rental concessions are still common. This softness is particularly evident in the northeastern portion of the County where much of the 10-15 year old rental stock is located. As these tenants moved out and upgraded to the newer projects, vacancies rose from 5% in 1985 to 12% in 1986.

However, all but two of the new projects have been leasing steadily at 12-15 units per month since completion. (The two problem properties, Old Mill and The Advantages, have unusual design concepts and are owned by financially troubled developers.) The overall market absorbs about 200 units per month, and only 252 units are currently under construction in the County. The vacancy rate in northeastern Clayton County has stabilized, indicating that new leasing activity is net new absorption, rather than migration out of old projects. Overall, the many new projects have created good leasing momentum for the area, and the modest amount of new development should allow Tara to come on the market at a time of firming occupancies and rental rates.

Competitive Properties -- The projects included in the survey of competitive properties (Exhibit 14) are typical of the new garden apartment developments in Clayton County. They are typically one and two-bedroom units in two and three story buildings of wood frame construction. All utilities are separately metered, and selected units feature washer/dryers, fireplaces or vaulted ceilings. Project amenities generally include a pool/jacuzzi, clubhouse and recreation building. None of the projects offer covered parking.

The Garden Walk area has been a very competitive market due to over 1,400 units coming on line in 1986. Projects have been leasing steadily however, with Park Walk experiencing a waiting list, and Brook Stone leasing 25-30 units per month. Overall occupancy for this area is approximately 80% and firming, with only 164 new units currently under construction. Rents in this area range from $400 to $430 for a one-bedroom unit and $500 to $530 for two bedrooms.

Due to their location, the most direct competition for Tara Bridge will come from Summerwind, Springlake and Claridge Park. Summerwind is located on Tara Boulevard two miles north of the subject. Completed in 1984, it was the first new project in the area and was 100% occupied upon certification of occupancy. A 252-unit second phase is currently under construction and leasing at 15 units per month. Springlake and Clairidge Park are neighboring properties on Nolan Road. They have leased between 10-20 units per month although they have little drive-by exposure. Spring Lake recently increased rents by $25 per month, indicating strength in the market but move-in specials continue.

Tara's competitive position in this market is mid-range. Tara will offer comparable amenities and interior features, and pro-forma rents in the middle of the market. Additionally, Tara's drive-by exposure will be far greater than comparable projects. Overall, Tara Bridge is well located and priced correctly for this market.

THE BORROWER/DEVELOPER

The borrowing entity will be a general partnership to be formed. The general partner will be a joint venture between National Housing Partnerships, Inc., and Mashmeyer-Pollack, Inc. An affiliate of USF&G will be a limited partner in the borrowing entity.

National Housing Partnership, Inc. (NHP) is a full-service, privately-held residential real estate development and management company. Authorized by Congress in 1968 to stimulate the production of low and moderate income projects, NHP has developed over $4 billion worth of real estate with 80,000 rental units in over 700 properties. With the current trend towards privatization of government functions, NHP has shifted its emphasis in the past few years away from subsidized housing and towards for profit development. In March, 1986 NHP and its various partnership interests were reorganized as NHP, Inc. and received an equity infusion of $37 million from Berkshire Hathaway (Warren Buffett) and Weyerhauser Real Estate Company. NHP, Inc. had revenues of $56.1 million in fiscal 1986 with net income of $11.4 million. Exhibit 15 provides financial highlights on NHP, Inc.

NHP typically operates as an umbrella corporation that forms joint ventures with local development partners. NHP provides financing and centralized supervision to developers who are experienced but lack the financial statements necessary to secure financing for major projects. The local partner usually gets the majority of development fees, and a modest residual ownership position. The local development partner for Tara Bridge is Maschmeyer-Pollack, Inc., a corporation held by W. Michael Maschmeyer and Marc S. Pollack.

Mr. Maschmeyer received his undergraduate degree from Georgia Tech University and an MBA from the University of Tennessee where he also became a member of the faculty in Corporate Finance, Real Estate Finance, and Investment Theory. While at Realty Research Corporation (a subsidiary of Hooker Barnes) from 1973 to 1975, Mr. Maschmeyer served as a general partner responsible for the acquisition and syndication of various real estate investments. From 1975 to 1980 he was a partner with the tax planning firm FIS, and from 1980 to 1984 he worked with Sequoyah Equities, a firm he founded for apartment investment and syndication.

Marc S. Pollack, President of Maschmeyer-Pollack, Inc. received his undergraduate degree from Emory University and his master's degree from Georgia State University. He worked with Arthur Rubloff as an investment broker from 1980 to 1983 when he became involved with Resource Equities Corporation as a general partner for investment syndications.

Maschmeyer-Pollack, Inc. (MPI) was formed in 1984 for the development of new apartment properties. To date MPI has developed and leased two projects: Webb Bridge, 164 units in Alpharetta, Georgia, and Tucker Apartments, 264 units in Tucker, Georgia. Both projects are very similar to the subject property in terms of size and construction, and the experience gained in their development will be directly transferrable to Tara Bridge.

Overall, MPI has many years of experience in Atlanta's multi-family market and a limited but favorable track record in development. MPI is backed with the institutional resources and financial statements of NHP, Inc., providing USF&G with a strong financial partner for the transaction.

RISK/RETURN

This proposed investment will use the forward committed H.U.D. debt plus equity format, whereby a H.U.D. insured first mortgage in the amount of approximately $8,200,000 will be combined with an equity joint venture contribution of $975,000 from USF&G. The debt portion of the investment will receive an 8.75% mortgage rate with amortization on a 40-year schedule. After allowing for a 25 basis point fee for GNMA reinsurance, the debt will yield an 8.50% GNMA coupon rate with 100% of the interest and principal insured with the full faith and credit of the U.S. Government.

At this time, GNMA market rates are approximately 10.0% and 10 year treasury bonds are 8.50%. Although both securities are backed with the full faith and credit of the U.S. Government, GNMA's offer a higher yield due to the fact that as mortgage securities they have an uncertain prepayment date, while Treasuries are date-specific and eliminate reinvestment risk for the investor. The proposed investment addresses this spread between GNMA's and Treasuries by incorporating a 10-year lock on the mortgage. In this way the mortgage has full government backing and a much more specific payoff date than typical GNMA's, and the GNMA rate for this investment should be compared more directly with the 8.50% 10-year Treasury rate. Additionally, this investment program as approved by USF&G proposed to receive a coupon rate on the debt of approximately 90% of 10-year Treasuries. This investment provides fully 100% of the 10-year Treasury rate.

Another feature of the mortgage portion of the investment is the yield maintenance formula that will be used if NHP elects to prepay the loan at its one-time option in year eight (see application letter, Exhibit B). The formula provides for reinvestment of any prepayment proceeds in two year Treasuries, with any deficit in yield to be made up by the borrowing partnership as a prepayment penalty. This creates a 10-year security with the full faith and credit of the U.S. Government which minimizes the spread between Treasuries rates and the mortgage investment.

In the equity joint venture, USF&G would commit to fund $975,000 at the same time the mortgage is funded, approximately 18 months from the date of this report. There is no earnout provision for this equity, however NHP, Inc. will provide a corporate guarantee to fund any deficits for 24 months after funding. After this guarantee period expires, USF&G and NHP will fund deficits 50-50, and if either party fails to contribute, the non-contributing partner will be diluted.

In return for this equity contribution, USF&G will become a limited partner in the borrowing entity and receive a 9.5% cumulative preferred return on the equity funded, 50% of net cash flows and 50% of the cash proceeds at sale. The unpaid cumulative preferred return, if any, may not dilute NHP's residual share below 35%.

The estimated yield on the equity investment is 25.7% assuming 5% inflation, 5% vacancy, and 35% expenses ($2,000 per unit in today's dollars) (See Exhibit 16.) This very attractive equity return is made possible by the high leverage created by the underlying mortgage. The estimated yield for the total capital (debt and equity) is 11.88% under this scenario.

An important feature of the H.U.D. investment structure is its ability to provide acceptable returns even in a low inflation/high vacancy environment. Exhibit 17 is a "worst case" scenario: assuming 2% inflation, 10% vacancies, and 39% operating expenses ($2,100 per unit in today's dollars). This scenario also assumes that USF&G contributes 100% of cash flow deficits after NHP's guarantee period expires. Given these very pessimistic assumptions, the debt yield remains 8.50% (after GNMA fees), equity receives 8.86%, and total capital earns 8.77%.

CONCLUSION AND RECOMMENDATION

Due to the attractive returns and unusually low risks provided by this investment, Piedmont Realty Advisors recommends that subject to receipt of a firm commitment to insure from the coinsuring lender, USF&G issue a commitment to fund a H.U.D. insured first mortgage of $8,200,000 and an equity joint venture of $975,000 under the terms and conditions outlined in Exhibit 1. If you have any questions, please call me

Sincerely,

William C. Hunter

WCH:clg
Enclosures

EXHIBITS

List of Exhibits
Tara Bridge Crossing Apartments

Exhibit 1
APPLICATION LETTER

PIEDMONT REALTY ADVISORS
1150 CONNECTICUT AVENUE, N. W.
SUITE 705
WASHINGTON, D. C. 20036

202-822-9000

April 21, 1987

Lisa Kolker Max
National Housing Partnership
1225 Eye Street, N.W.
Washington, D.C. 20005

Re: H.U.D. Coinsured Mortgage
Tara Bridge Apartments
Clayton, Georgia

Dear Lisa:

Piedmont Realty Advisors is prepared to recommend to its client's Real Estate Investment Committee that it issue a commitment for a participating first mortgage on the above captioned property subject to the following terms and conditions:

Property: Tara Bridge Apartments, a 220-unit apartment project containing approximately 205,000 net rentable square feet in 23 two-story buildings of wood frame construction. The project will include a swimming pool, tennis court, clubhouse, storage buildings, and at least 330 parking spaces.

Location: Highway 138 and 138 spur, one-half mile west of Tara Blvd., Land Lots 210 and 211, 13th District, Clayton County, Georgia.

Land Area: Approximately 28 acres gross, approximately 16 acres net of gas line easement and flood plain.

Borrower: A limited partnership to be formed by National Corporation for Housing Partnerships in conformance with the terms outlined in Exhibit A.

Lender: USF&G Realty Company

Loan Amount: $8,200,000. This is a best estimate of the loan amount H.U.D. underwriting will allow. This amount will be subject to change upon issuance of a firm commitment to insure and upon final cost certification. If the firm commitment to insure is for less than ~~95%~~ of this
97.5%

LK LKM

acceptable HUD

estimated loan amount, the amount may be deemed unacceptable by Borrower, and Borrower may withdraw from the terms of this Letter of Application, and receive back its fee. The maximum loan amount will be no greater than 2.5% above $8,200,000. If it is, lender may withdraw and our fee is returned.

dk

LLM

H.U.D. Mortgage Rate: 8.75%

Loan Constant: 9.78%, which includes mortgage insurance premiums and amortization.

Term: 40 Years

Amortization: Forty-year schedule, as required by H.U.D.

Call Option: Subject to conforming with H.U.D. regulations at time of funding, Lender has right to call loan due anytime after the 10th loan year. Lender will give Borrower six months written notice of intent to call the loan. Lender acknowledges that failure to repay principal in accordance with this call option does not constitute a default under H.U.D. insurance.

Prepayment: Subject to conforming with H.U.D. regulations at time of funding, there will be no prepayment through year 10, a prepayment fee of 1% of the outstanding loan balance in years 11 through 15 and no prepayment fee in year 16 and thereafter. There will be no prepayment fee if Lender exercises its call option.

Lender will allow a one-time option to prepay the loan on the eighth anniversary of initial funding. Borrower shall provide six months written notice of intent to prepay. The prepayment fee for this one time option shall be the greater of 1) 2.0% of the outstanding loan balance, or; 2) an amount determined by the yield maintenance formula described in Exhibit B.

Additional Interest

A. Operations: In conjunction with the equity joint venture described in Exhibit A, Lender will receive 50% of the project's cash flow available for distribution as defined in Exhibit C. Lender reserves the right to allocate participations between the mortgage and joint venture in any way, but in any event the total participations will equal 50%.

B. Sale or Refinancing: In conjunction with the equity joint venture described in Exhibit A, Lender will receive 50% of sales proceeds available for distribution as defined in Exhibit D or 50% of refinancing proceeds as defined in Exhibit E. Lender reserves the right to allocate participations between the mortgage and the joint venture in any way, but in any event the total participations will equal 50%.

USF&G Commitment Fee: Upon receipt of a firm Commitment to Insure from the Coinsuring Lender that is acceptable to Borrower under the terms of this letter, USF&G will issue a Commitment to Purchase the subject GNMA mortgage backed securities from the Coinsuring Lender. The Commitment Fee will be $164,000 in cash which is earned upon acceptance of the commitment documents by the Coinsuring Lender. This fee is payable by NCHP through the Coinsuring Lender to USF&G.

Initial Funding: Full loan amount will be funded upon receipt of final certificate of occupancy and endorsement of the mortgage note for coinsurance by H.U.D. Initial funding must occur within 18 months of start of construction. Construction must start within 60 days of acceptance of USF&G's commitment. The initial funding date may be extended for up to six months upon payment of a monthly extension fee of 3/8% of the loan amount.

Letter of Credit: Upon funding of the loan, the Borrower will commit to provide any Letter of Credit required by the coinsuring Lender. The amount of the Letter of Credit will be determined upon issuance of the firm Commitment to Insure from the Coinsuring Lender. If the required Letter of Credit is greater than 3% of the mortgage amount, Borrower may withdraw from the terms of this Letter of Application.

Legal Fees: NCHP will pay Lender $25,000 for all legal work pertaining to this mortgage and equity joint venture described in Exhibit A. Borrower's cooperation is not to be unreasonably withheld. Borrower will use due diligence in preparing the transaction for closing.

Contingencies:

A. H.U.D.Insurance: The principal amount of this loan and payments of principal and interest must be coinsured by the United States Department of Housing and Urban Development pursuant to Section 221(d)(4) of the National Housing Act, as amended.

B. Plans and Specifications: Lender reserves the right to approve the plans and specifications for all proposed improvements and to approve any changes, modifications, or corrections to the plans during construction. Failure to respond within 30 days after submission of plans and specifications shall be considered approval.

C. Economic Due Diligence: This commitment will be contingent on Piedmont Realty Advisors satisfactory completion of its economic due diligence by ~~May 8~~, 1987.
May 18

D. Committee Approval: This application must be approved by the Lender's Investment Committee by ~~May 8~~, 1987.
May 18

E. Secondary Financing: Lender will not permit secondary financing on the property.

F. Budget Approval: Lender reserves the right to review and approve annual operating and capital budgets.

G. Market Value Appraisal: Lender will receive a market value estimate of the property from an MAI designated appraiser approved by Lender which is not less than $10,250,000.

H. Tri-Party Agreement: The Commitment is contingent upon the Lender, Borrower, and the Interim Lender entering into an acceptable Tri-Party Agreement within 60 days after acceptance of the Commitment.

I. Partnership Documents: The commitment will be contingent upon the Lender's approval of the borrowing entity's partnership agreement.

LKM

If the terms outlined in this letter are acceptable to you, please sign below and return with an application fee of $41,000 by ~~April 25,~~ MAY 11 1987. The application fee should be paid by NCHP through the Coinsuring Lenderand wired to a custodial account. Please call me for wiring instructions. If the Coinsuring Lender does not issue a Firm Commitment to Insure that is acceptable to Borrower under the terms of this Letter of Application, this application fee will be refunded to the Borrower and Borrower is solely responsible for the Coinsuring Lender's Fee. The Application Fee will be earned in full upon receipt of a Firm Commitment to Insure from the Coinsuring Lender that is acceptable to Borrower, and will be applied to USF&G's commitment fee.

Sincerely,

William C. Hunter

Accepted:

Lisa Kolker Max — 5/8/8

Name — Date

Vice-President

Title

Exhibit A
EQUITY JOINT VENTURE

Piedmont Realty Advisors is prepared to recommend to its client's Investment Committee that it issue a commitment to enter into a joint venture agreement with National Corporation for Housing Partnerships subject to the following terms and conditions:

Property: Tara Bridge Apartments, a 220-unit apartment project containing approximately 205,000 net rentable square feet in 23 two-story buildings of wood frame construction. The project will include a swimming pool, tennis court, clubhouse, storage buildings, and at least 330 parking spaces.

Location: Highway 138 and 138 spur, one-half mile west of Tara Blvd., Land Lots 210 and 211, 13th District, Clayton County, Georgia.

Land Area: Approximately 28 acres gross, approximately 16 acres net of gas line easement and flood plain.

Total Project Cost: $9,175,000, subject to change as described below.

Maximum Equity Investment: $975,000. To the extent that the coinsured mortgage amount varies from the estimated amount of $8,200,000, the equity amount will vary by one-half of the percentage change in the loan amount, e.g. if the loan is reduced 4%, the equity will be reduced 2%. or, if the loan is increased 2%, ~~the~~ the equity will be increased 1%. RHT RL LLM

Parties: A limited partnership to be formed by National Corporation for Housing Partnerships (NCHP), and an affiliate of United States Fidelity and Guaranty Company (USF&G).

Ownership Structure: A Limited partnership in which USF&G is a limited partner and NCHP is a general partner.

Basic Responsibilities: **USF&G**

1. Provide Equity Capital

NCHP

1. Delivery of completed project with acceptable title;
2. Leasing;
3. Property Management. NCHP will be allowed a management fee of 5% of gross collected income. The management contract will allow USF&G to change management companies after showing cause to NCHP and allowing a 60-day period to cure.

Initial Contributions: **USF&G**

Upon completion of the project, receipt of final certificate of occupancy, and upon USF&G's funding of a H.U.D. insured first mortgage of approximately $8,200,000, USF&G will make an initial equity contribution of $975,000 (or as adjusted).

Cash Deficits: 1. NCHP will provide a corporate guarantee to fund 100% of cash flow deficits (excluding cumulative preferred return) for 24 months after initial funding.

2. In Month 25 and thereafter, cash flow deficits will be funded 50-50 by NCHP and USF&G as additional equity contributions.

Partnership Loans: Upon consent of both parties the partnership may borrow from NCHP, USF&G, or a third party lender. NCHP and/or USF&G will receive a rate of Prime + 1.0%. The loan(s) will be repaid from cash flow, refinancing or sale proceeds as defined in Exhibits C, D, and E.

Failure to Contribute Additional Equity: If either party fails to contribute its 50% share of Additional Equity, the other party may contribute the required Additional Equity, and the contributing party will receive an additional 1% ownership in the partnership for each $3,000 contributed on behalf of the non-contributing party. In the event NCHP is the non-contributing party, NHP's 35% minimum participation in distribution of sale proceeds will also be reduced by 1% for each $3,000 contributed by USF&G on behalf of NCHP.

Distribution of Cash Flows:

USF&G

1. 9.5% cumulative preferred return compounded annually on Initial Equity Contributions, earned from the time of funding.

2. In conjunction with the H.U.D. coinsured first mortgage, USF&G will receive 50% of the project's cash flow available for distribution as defined in Exhibit C. USF&G reserves the right to allocate participations between the mortgage and the joint venture in any way, but in any event the total participations will equal 50%.

NCHP

50% of cash flow available for distribution.

Allocation of Profits and Losses:

USF&G

50% (or as adjusted) of profits and losses.

NCHP

50% (or as adjusted) of profits and losses.

Distribution of Sale Proceeds:

USF&G

In conjunction with the H.U.D. coinsured first mortgage, USF&G will receive 50% of sales proceeds available for distribution as defined in Exhibit D or 50% of refinancing proceeds as defined in Exhibit E. USF&G reserves the right to allocate participations between the mortgage and the joint venture in any way, but in any event the total participations will equal 50%. In the event of sale, USF&G shall receive a maximum of 65% (or as adjusted by the provisions of failure to contribute additional equity) of equity proceeds, as defined in Exhibit D, Line G.

NCHP

50% of Sales or Refinancing Proceeds available for distribution. In the event of sale, NCHP will receive a minimum of 35% (or as adjusted by the provisions of failure to contribute additional equity) of equity proceeds, as defined in Exhibit D, Line G.

Lock in Period: Unless agreed upon by both parties, there will be no sale of the property for ten years. The Joint Venture Agreement will contain acceptable buy/sell provisions that will prevail after 10 years.

Refinancing: Unless agreed upon by both parties, there will be no refinancing or prepayment of the H.U.D. coinsured mortgage for ten years. Anytime after the 10th anniversary of the loan funding, either party may elect to prepay the mortgage. In the event that the property is refinanced or the loan is prepaid in full, any participations associated with the mortgage will transfer to this joint venture to the benefit of USF&G. If the property is refinanced or the loan is prepaid after the tenth year, the Borrower will pay Lender a 1% prepayment penalty in years 11 through 15 and no prepayment fee in year 16 and thereafter. Refinancing proceeds will be distributed as defined in Exhibit E.

Joint Venture Fee: $19,500 payable upon acceptance of Joint Venture Commitment.

Legal Fees: NCHP will pay USF&G $25,000 for all legal work pertaining to this joint venture and mortgage. Borrower's cooperation is not to be unreasonably withheld. Borrower will use diligence in preparing the transaction for closing.

Contingencies:

A. H.U.D. Mortgage: The joint venture agreement will be contingent upon the Coinsuring Lender issuing a final endorsement to insure the first mortgage in the amount of approximately $8,200,000 pursuant to Section 221(d)(4) of the National Housing Act. This joint venture will also be contingent upon funding of said mortgage.

B. Plans and Specifications:	USF&G reserves the right to approve the plans and specifications for all proposed improvements and to approve any changes, modifications, or corrections to the plans during construction. Failure to respond within 30 days of submission of plans and specifications shall be considered approval.
C. Economic Due Diligence:	The joint venture agreement will be contingent on Piedmont Realty Advisors satisfactory completion of its economic due diligence by ~~May 8,~~ May 18 1987.
D. Committee Approval:	This application must be approved by USF&G's Investment Committee by ~~May 8,~~ May 18 1987.
E. Secondary Financing:	USF&G will not permit secondary financing on the property.
F. Budget Approval:	USF&G reserves the right to review and approve annual operating and capital budgets.
G. Market Value Appraisal:	The joint venture agreement will be contingent upon USF&G receiving a market value appraisal from a MAI designated appraiser approved by USF&G for not less than $10,250,000.
H. Partnership Documents:	This joint venture agreement will be contingent upon USF&G's approval of the partnership documents.

LKM

LKM

Exhibit B

YIELD MAINTENANCE FORMULA

$$((1 - R) \times ((MR \times OSB) - (R \times OSB))) +$$

$$((1 - R)^2 \times ((MR \times OSB) - (R \times OSB))) = \text{Prepayment Fee}$$

Where: R = Interest Rate on 2 Year Treasury Note
MR = Mortgage Interest Rate
OSB = Outstanding Mortgage Balance

Example: R = .06
MR = .0875
OSB = $1000

$$((1 - .06) \times ((.0875 \times 1000) - (.06 \times 1000)) + ((1 - .06)^2 \times ((.0875 \times 1000) - (.06 \times 1000))$$

$$(.94 \times (87.50 - 60)) \quad + \quad (.88 \times (87.50 - 60))$$

$$(.94 \times 27.50) \quad + \quad (.88 \times 27.50)$$

$$25.85 \quad + \quad 24.20 \quad = \quad \$50.05$$

Exhibit C

DEFINITION OF CASH FLOW AVAILABLE FOR DISTRIBUTION

Line		Item
A		Actual Gross Collected Income
B	Less:	Approved Operating Expenses *
C	Equals:	Net Operating Income
D	Less:	First Mortgage Debt Service
E	Less:	Any Expenditures Required by H.U.D. Including Reserves and Escrows
F	Equals:	Surplus Cash as Defined by H.U.D. Regulatory Agreement
G	Less:	Debt Service on Partnership Debt
H	Less:	Cumulative Preferred Return
I	Equals:	Cash Flow Available for Distribution

Note * Taxes, utilities and insurance expenses are deemed automatically approved. All other expenses must be approved by USF&G.

Exhibit D

DEFINITION OF SALE PROCEEDS AVAILABLE FOR DISTRIBUTION

<u>Line</u>

A. Gross Sales Price

Less:

B. Actual Sales Expenses to Unrelated Third Parties not to exceed 3% of Gross Sales Price.

C. Outstanding First Mortgage Balance.

D. Any H.U.D. Required Reserves.

E. Any Outstanding Partnership Debt

F. <u>USF&G's Initial Equity Contributions</u>

Equals:

G. Equity Proceeds from Appreciation

Less:

H. USF&G's Unpaid Cumulative Compounded Preferred Return (Not to Exceed 65% of Line G unless adjusted by failure to contribute additional equity.)

I. Pro-Rata Repayment of Both Parties' Additional Equity Contributions.

Equals:

J. Sales Proceeds Available for Distribution.

Exhibit E

DISTRIBUTION OF REFINANCING PROCEEDS

Line

A. Net New Loan Proceeds

Less:

B. Outstanding First Mortgage Balance

C. Any Outstanding Partnership Debt

D. USF&G's Unpaid Cumulative Compounded Preferred Return

E. Pro-Rata Repayment of Both Parties' Additional Equity Contributions

Equals:

F. Refinancing Proceeds Available for Distribution

Exhibit 2
REGIONAL MAP

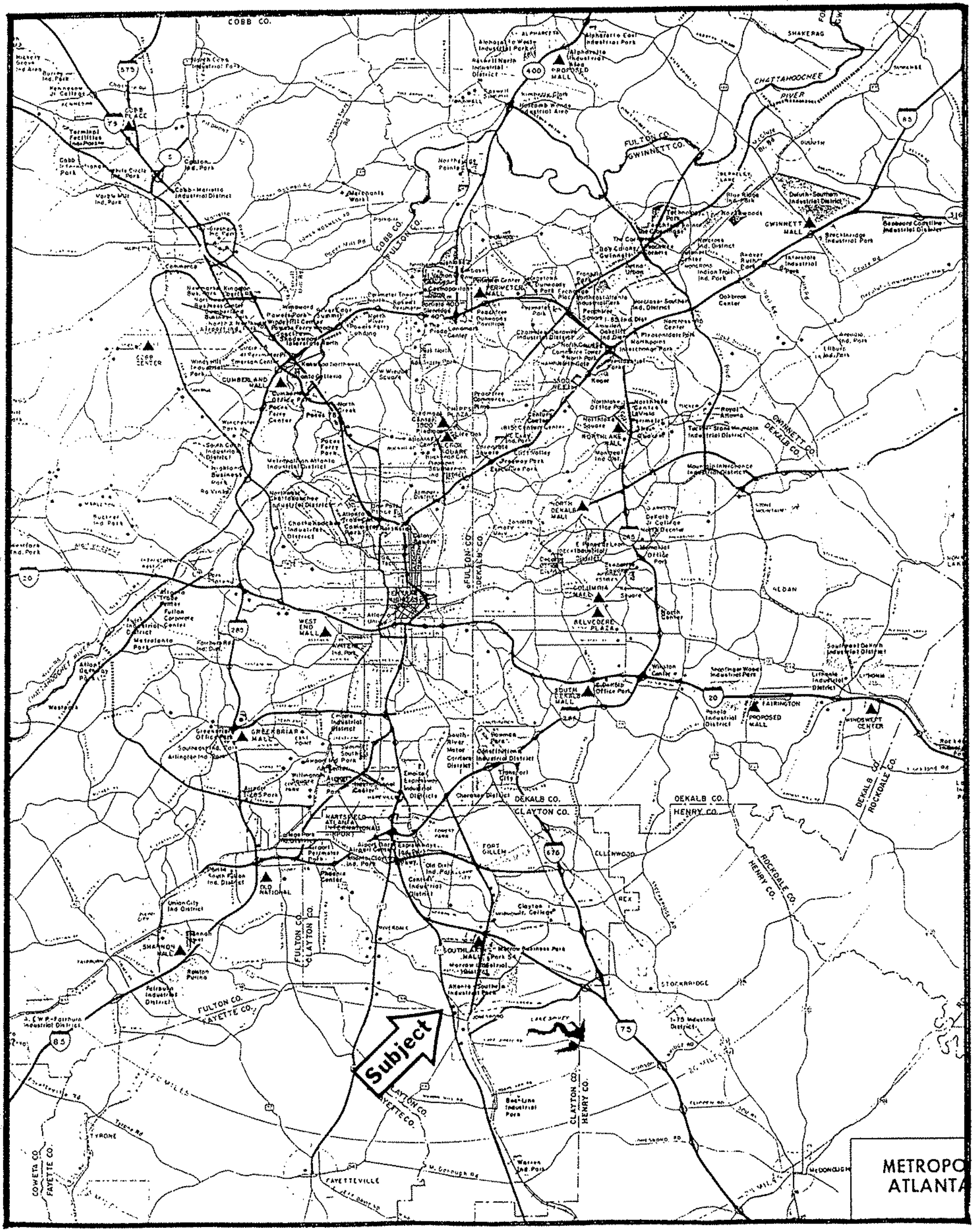

Exhibit 3
LOCAL MAP

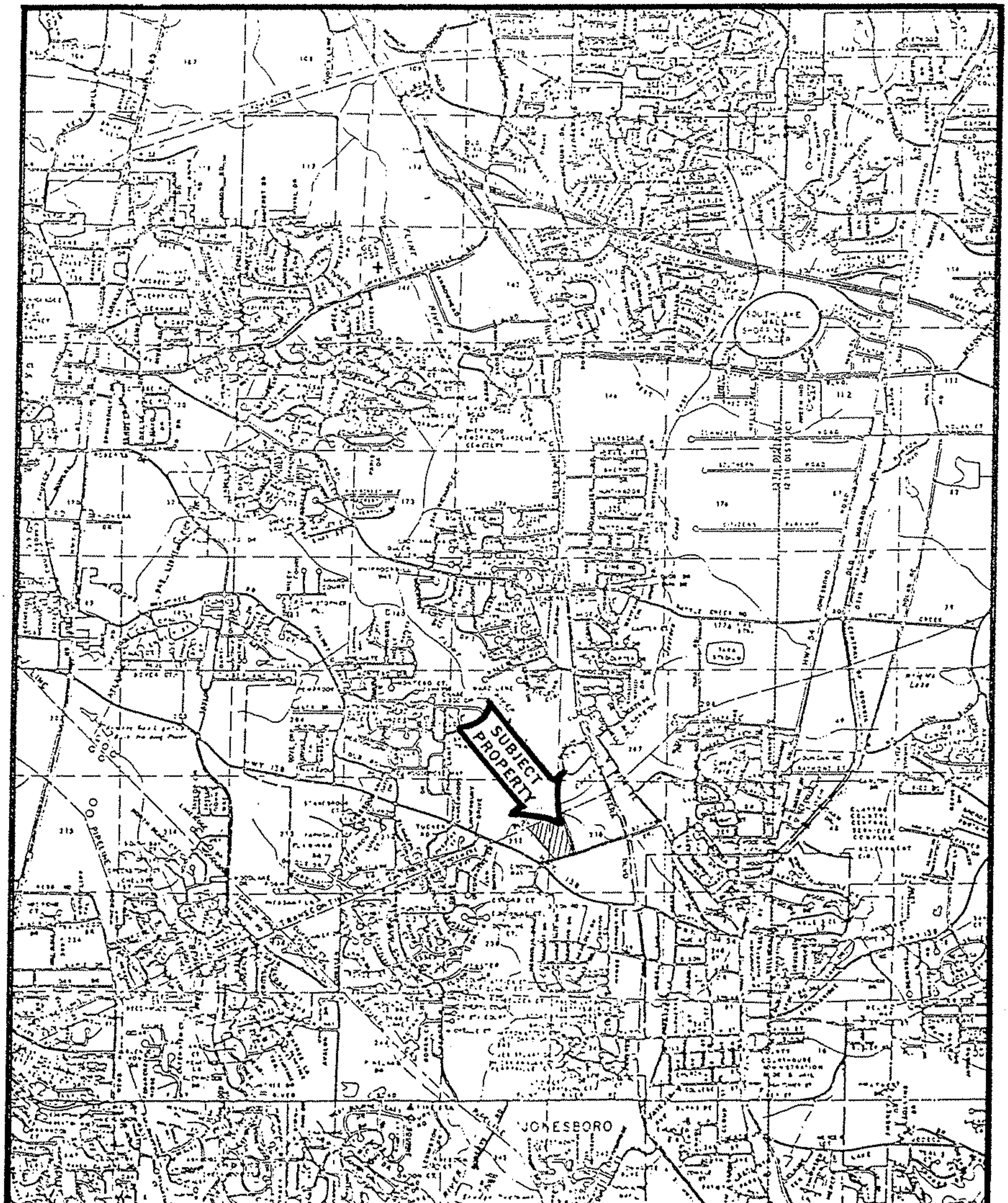

Exhibit 4
AERIAL PHOTOGRAPH

Exhibit 5
MAJOR EMPLOYERS

	Specific Employers	Employees	
1.	Hartsfield Airport	38,000	
2.	Clayton General Hospital	1,200	
3.	Clayton Government Complex	1,130	
4.	Clayton State College	400	Employees
		3,500	Students

	Office Parks/Retail	Square Feet
5.	Southlake Mall	1,100,000
6.	Southlake Festival Mall	345,000
7.	International Airport Park	485,000
8.	Morrow Industrial District	300,000
9.	Expressway Industrial Park	275,000
10.	Southfield Corporate Center	200,000

Exhibit 5A
MAP OF MAJOR EMPLOYERS

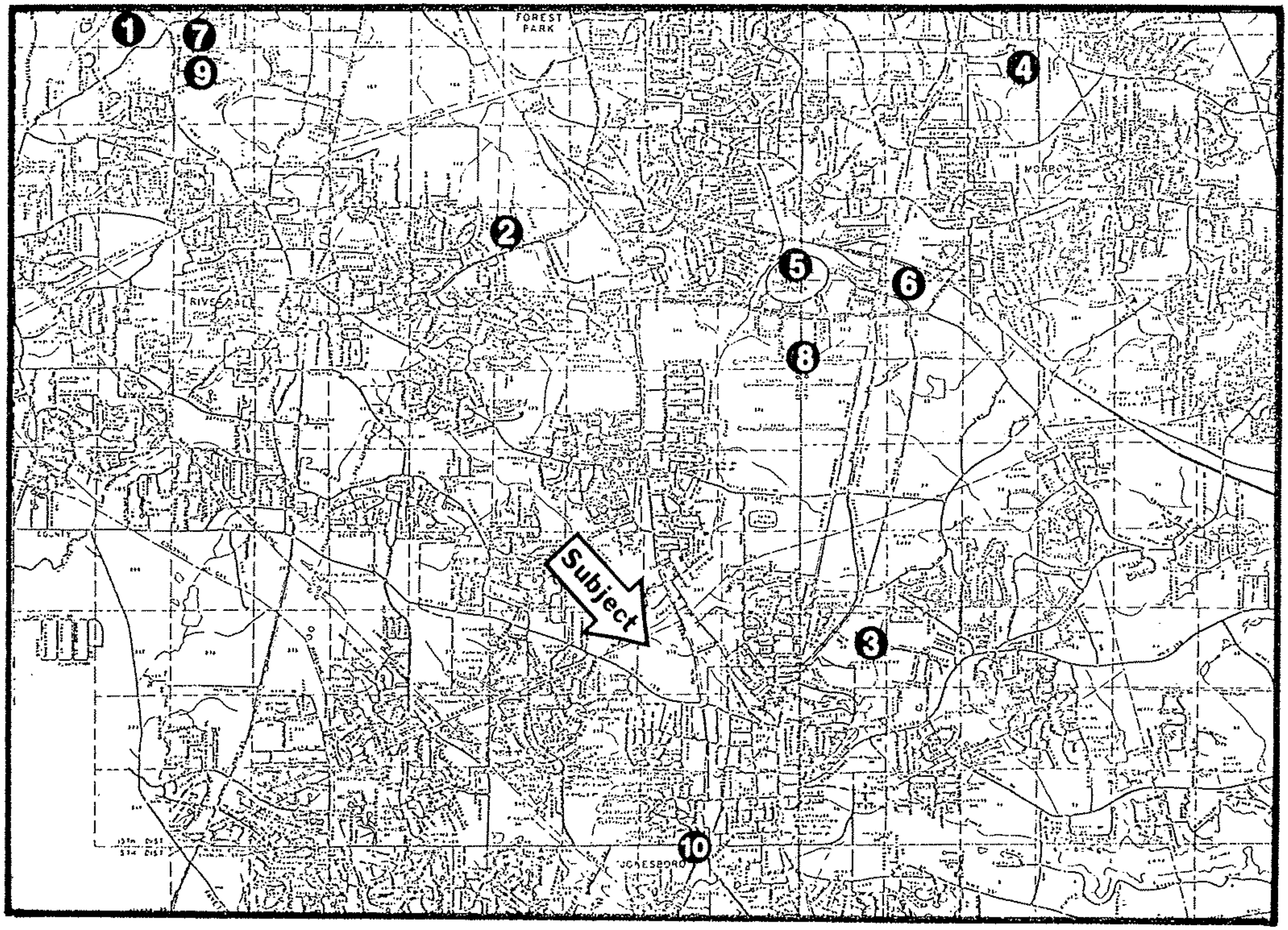

Exhibit 6
ADJACENT LAND USES

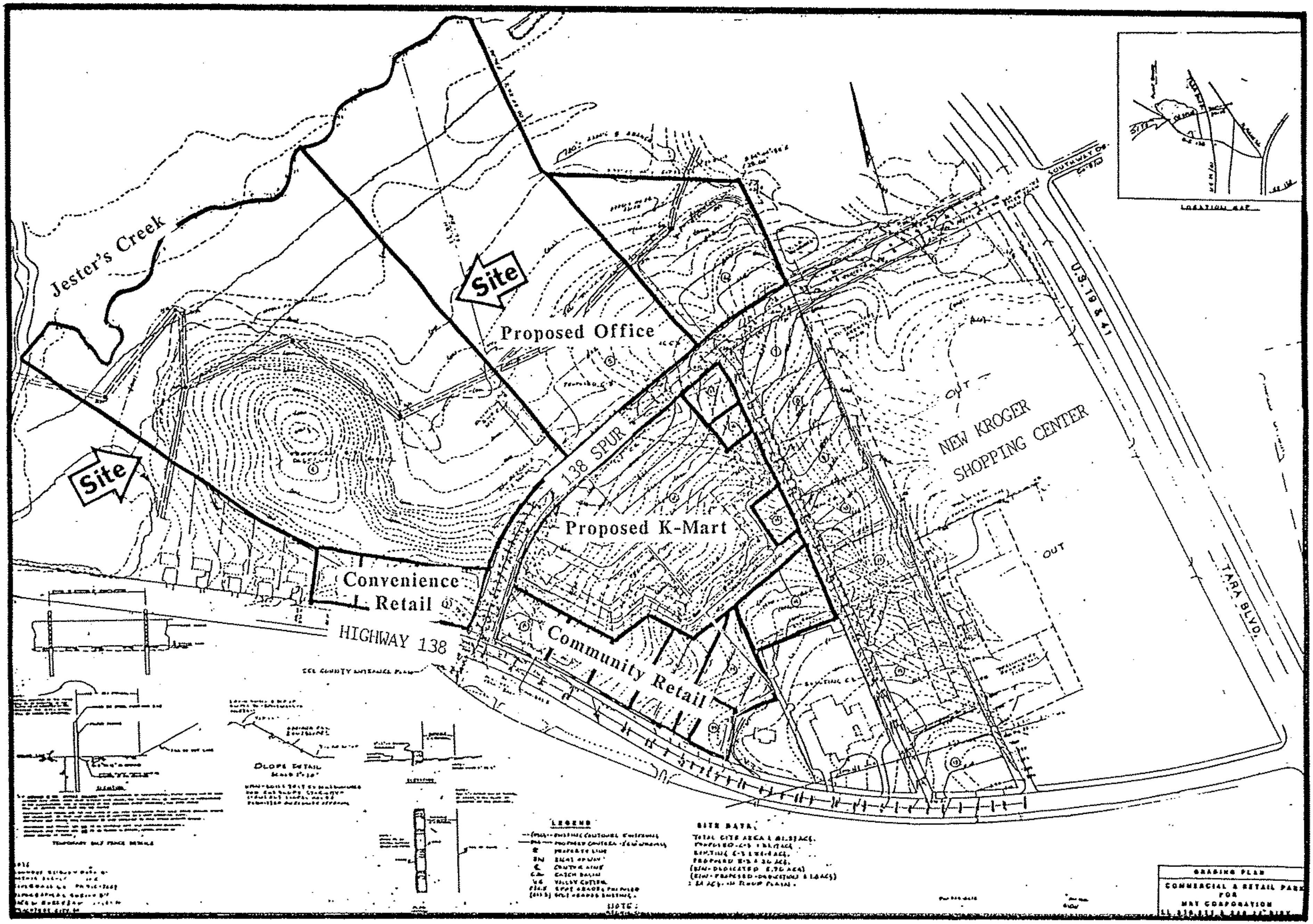

Exhibit 7
REPRESENTATIVE PICTURE

Exhibit 8
SITE PLAN

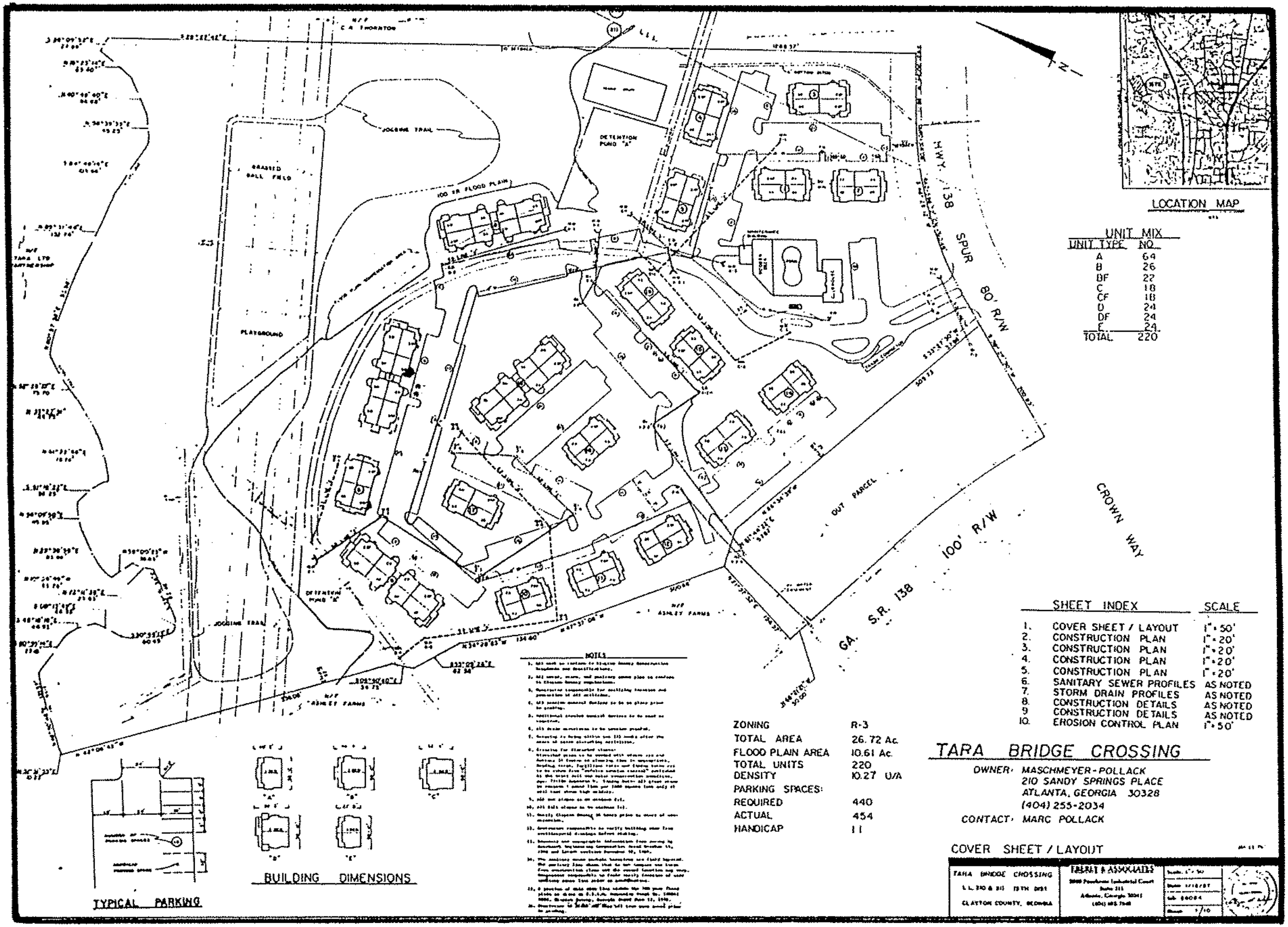

Exhibit 9
UNIT MIX

	Number of Units	Floor Plan	Type	Net Rentable Area	Total Area
	24	E	1BR/1BA	650	15,600
	64	A	1BR/1BA	722	42,208
	24	B	2BR/1BA	897	21,528
	20	B w/Fireplace	2BR/1BA	897	17,940
	18	C	2BR/2BA	998	17,964
	18	C w/Fireplace	2BR/2BA	998	17,964
	18	D	2BR/2BA	999	17,982
	20	D w/Fireplace	2BR/2BA	999	19,980
	12	F	3BR/2BA	1,190	14,280
	2	F	3BR/2BA	1,190	2,300
Total	220				191,826
				Average	872 S.F.

58 Units (26%) will have fireplaces.

Exhibit 10A
FLOOR PLANS

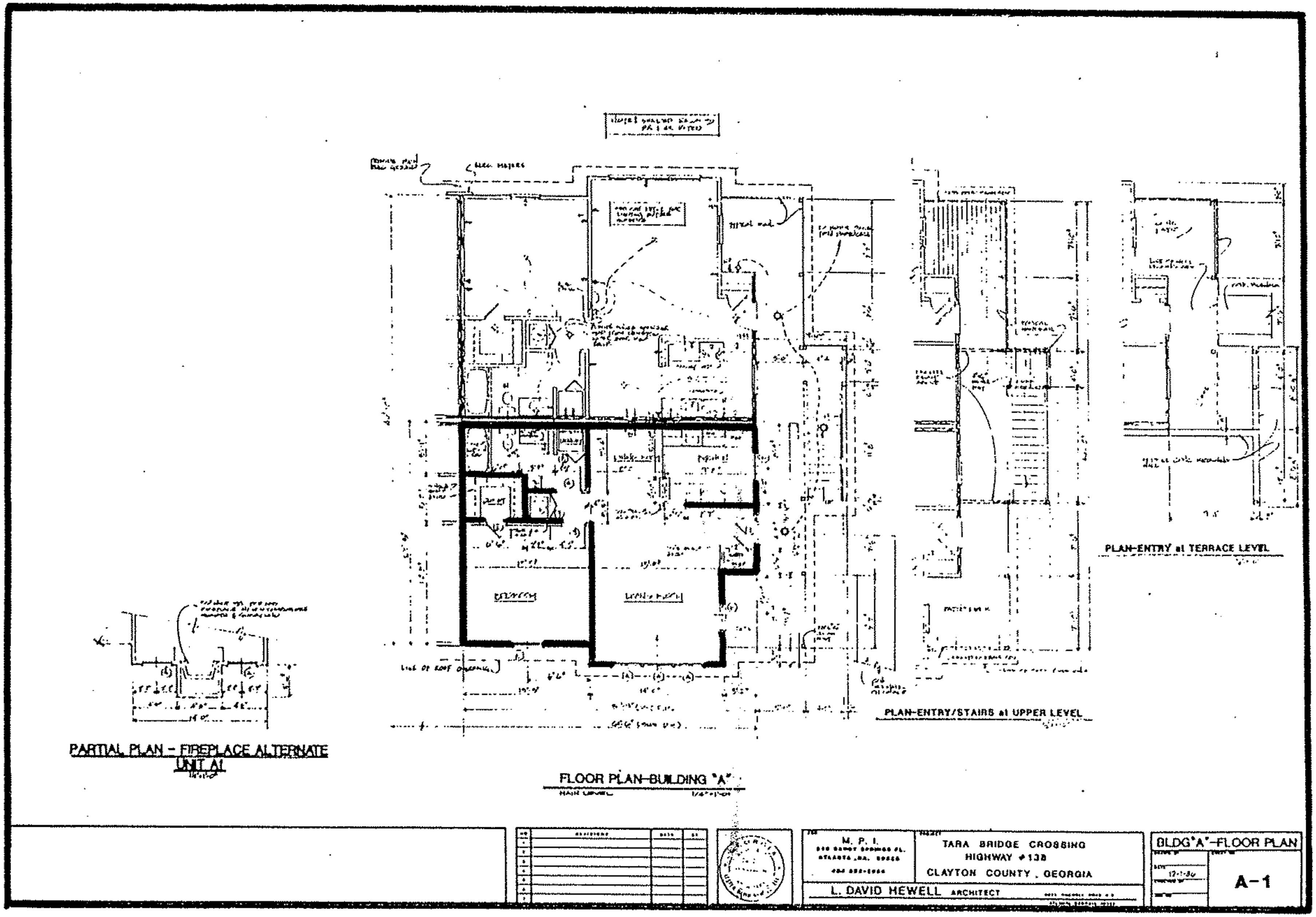

Exhibit 10B
FLOOR PLANS

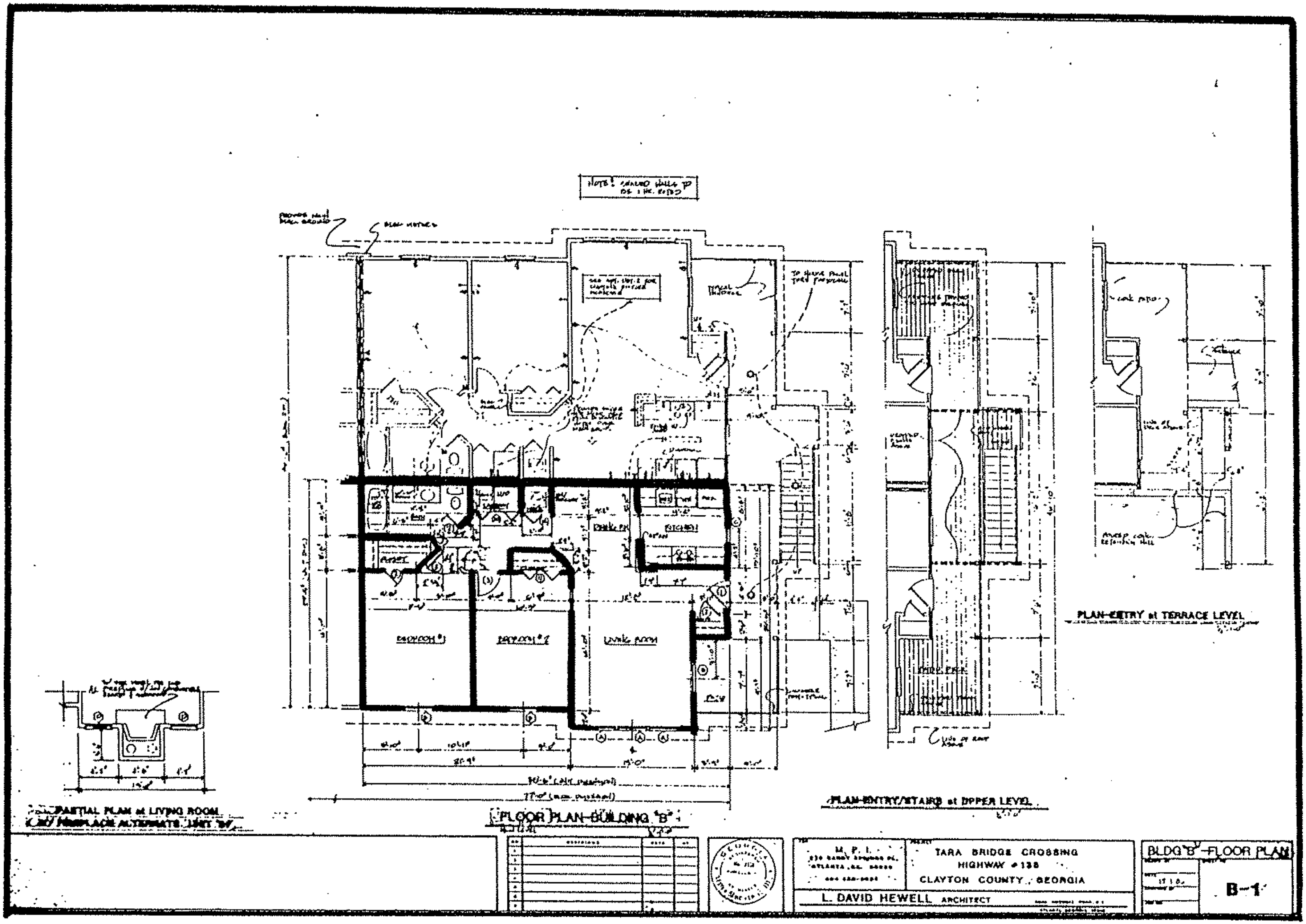

Exhibit 10C
FLOOR PLANS

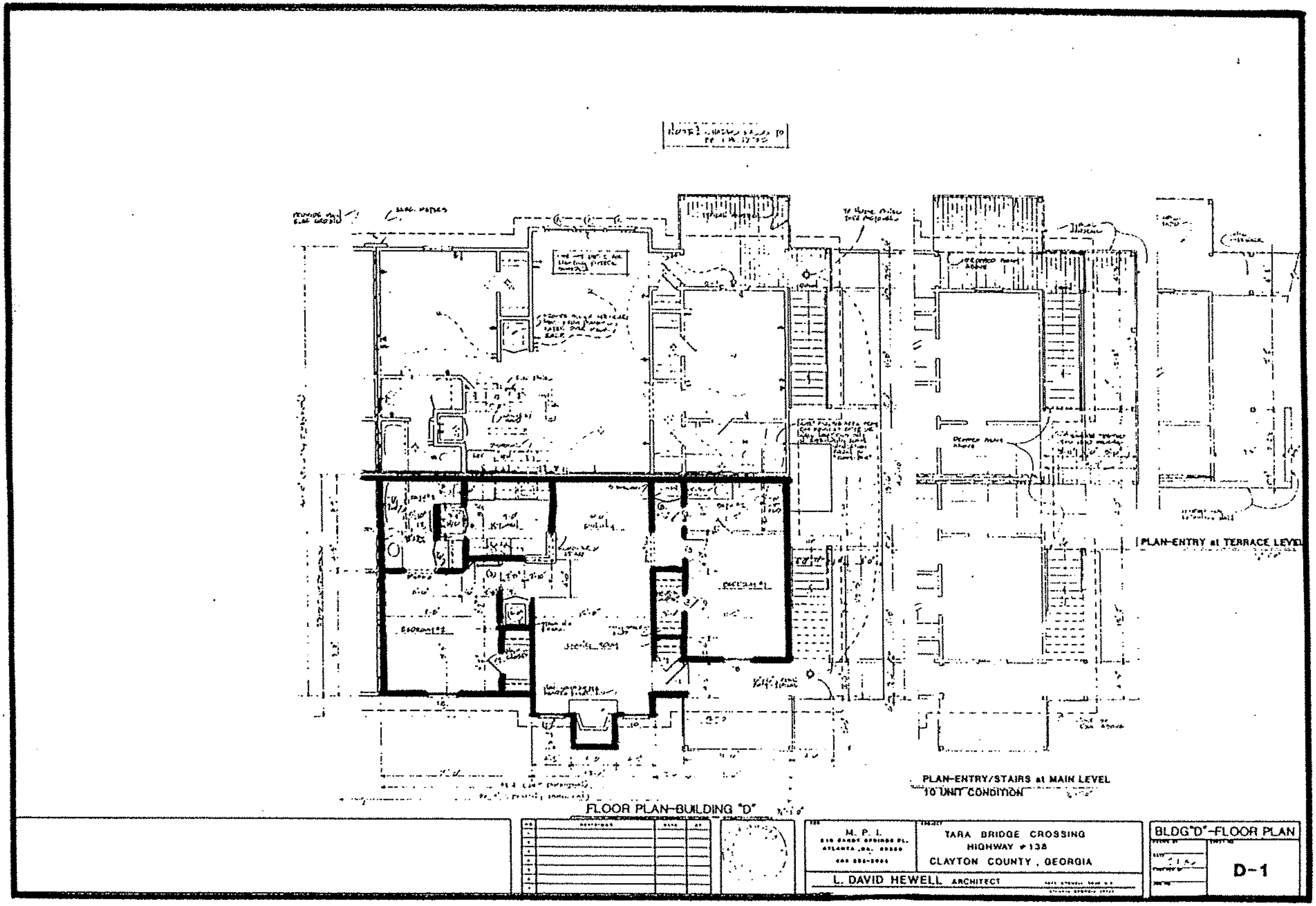

Exhibit 10D
FLOOR PLANS

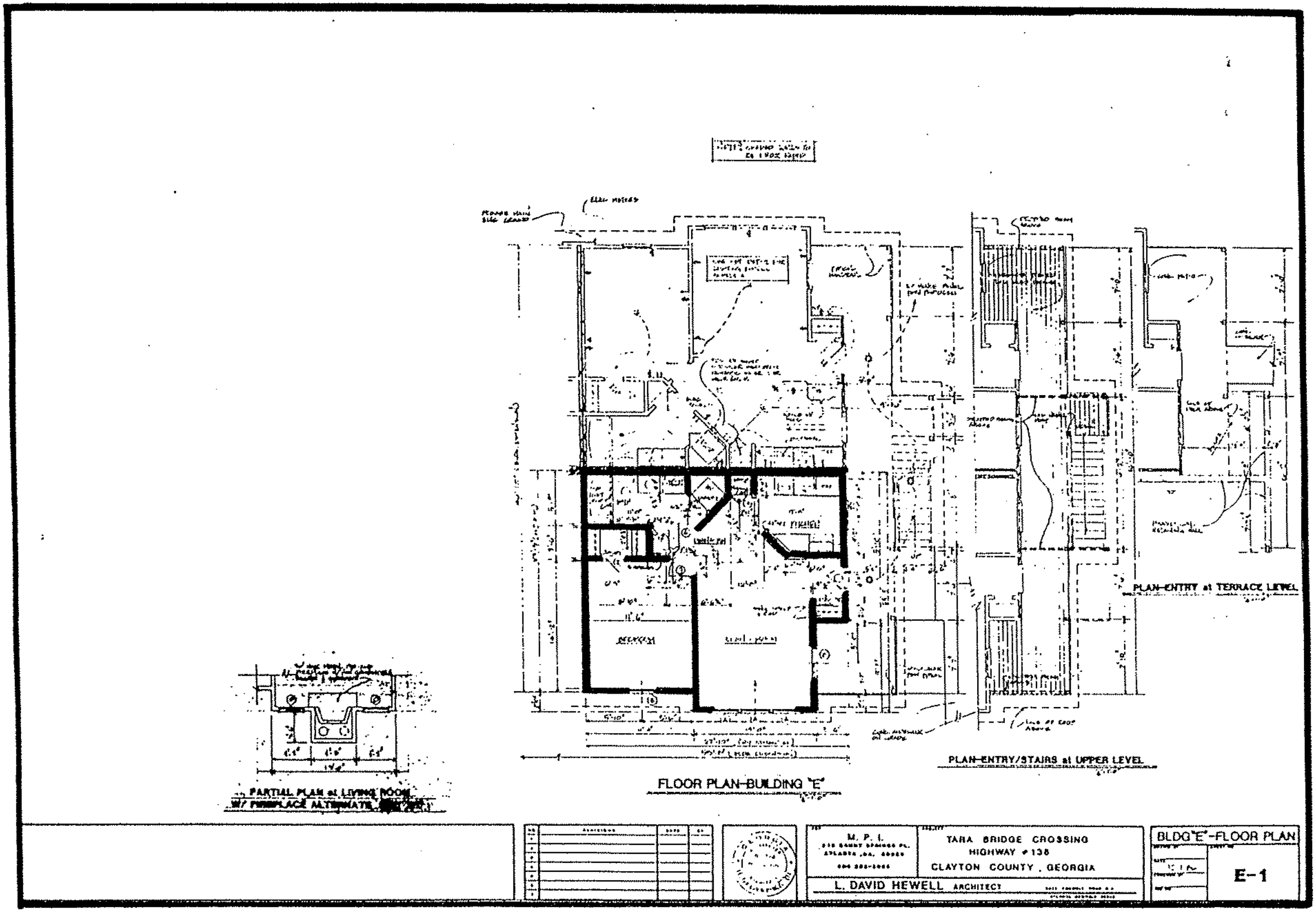

Exhibit 10E
FLOOR PLANS

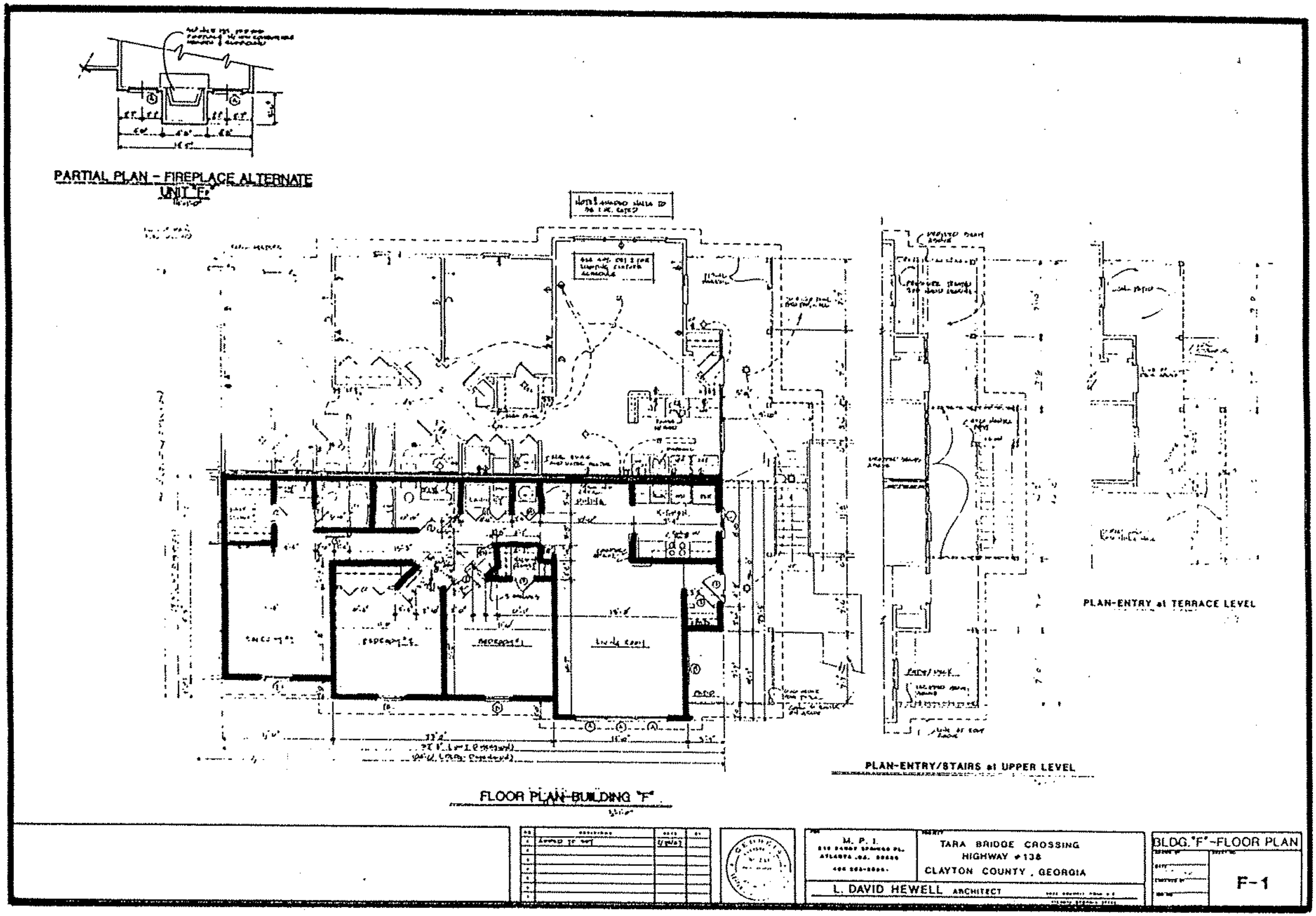

Exhibit 11
PROJECT BUDGET
TARA BRIDGE CROSSING APARTMENTS

		Total Cost	Cost per Unit
Land		$ 900,000	$ 4,091
Hard Costs			
Site Development	$ 960,000		
Sewer-Tap Fees	136,000		
Construction Costs	4,722,000		
Landscaping	264,000		
Contractors Fees	160,000		
Total Hard Costs		$6,242,000	$28,372
Soft Costs			
Architect/Engineer	$ 88,000		
Construction Interest	525,000		
Taxes and Insurance	75,000		
Lease Up Costs	150,000		
Furniture and Fixtures	75,000		
Contingency and Reserves	200,000		
Developers Fees	500,000		
Legal	45,000		
Financing Fees	375,000		
Total Soft Costs		$2,033,000	$ 9,240
Total Project Costs		$9,175,000	$41,704
			$47.83 P.S.F.

Exhibit 12
DEMOGRAPHIC INFORMATION

County	Population 1970	Population 1980	Population 1985	Average Annual Percent Increase 1980-1985	Average Household Income 1984	Employment 1970	Employment 1980	Employment 1985	Average Annual Percent Increase 1980-1985
Clayton	98,043	150,357	161,629	1.5	$33,844	24,761	52,841	80,000	10.3
Cobb	196,792	297,718	363,033	4.4	$38,207	61,211	97,151	151,900	11.3
DeKalb	415,386	483,024	507,310	1.0	$36,545	120,607	218,142	279,000	5.6
Fulton	605,581	589,904	625,987	1.2	$31,866	390,479	446,229	490,000	2.0
Gwinnett	72,349	166,903	237,293	8.4	$39,291	14,555	48,514	89,400	16.7
Total	1,388,151	1,687,907	1,895,252	2.2	$35,302	611,613	862,877	1,090,300	9.18

Source: Atlanta Regional Commission
Dale Henson Associates
Piedmont Realty Advisors

Exhibit 13
APARTMENT INVENTORY
CLAYTON COUNTY

	UNITS ADDED BY YEAR	CUMMULATIVE INVENTORY*	AVERAGE ANNUAL PERCENT CHANGE
1987**	264	18,240	4.0%
1986***	2,584	17,533	14.2%
1985	900	15,356	3.4%
1984	46	14,848	0.3%
1983	0	14,802	-
1982	0	14,802	-
1981	0	14,802	-
1980	0	14,802	-
1979	0	14,802	-
1978	0	14,802	-
1977	0	14,802	-
1976	0	14,802	0%
1975	256	14,802	1.8%
1974	314	14,546	2.2%
1973	916	14,232	6.9%
1972	4,811	13,316	56.6%
1971	1,762	8,505	26.1%
1970	2,460	4,293	57.4%

* Excludes units lost through demolition, fire, or conversion to condominium. Includes only projects with 40 or more units.

** Includes units in projects under construction for 1987 delivery.

*** Includes units in completed projects, and projects partially complete and leasing.

Source: Dale Henson Associates, Inc.
Piedmont Realty Advisors

Exhibit 14
COMPARABLE RENTAL SURVEY

Map No.	Project Name and Location	Unit Type	Rental Area S.F.	Monthly Rental	Monthly Rental/S.F.	Comments
1.	Spring Lake	1BR/1BA	695	$425	.61	Family and adult. Washer/dryer connections
	7000 Nolan Road	1BR/1BA/FP	771	480	.62	available in all units. Pool, lighted tennis
	Morrow (Clayton County) GA	2BR/2BA	1,158	545	.47	court, clubhouse, laundry facilities and
	188 Units	2BR/2BA/FP/Lake View	1,158	575	.50	24-hour security and maintenance. Occupancy
						began in May 1986. Manager estimates 10-15
						rentals per month. Rent concession of $100
						to $200 off first month's rent.
2.	Claridge Park	Efficiencies	624	$415	.67	All adult. Occupancy began September 1986.
	7092 Nolan Road	1BR/1BA/FP	715	450	.63	Occupancy is approximately 92% indicating
	Morrow (Clayton County) GA	1BR/1BA/Den/FP	875	495	.57	an absorption rate of 22 to 25 units per
	190 Units	2BR/2BA/FP	938	550	.59	month. Rent concession/incentive of 1/2 month
		2BR/2BA/FP	1,021	560	.55	free rent for first month.
3.	Chase Lake	1BR/1BA	830	$495	.60	All adult. Leasing began June 16, 1986.
	Battlecreek Road	2BR/2BA	1,150	575	.50	Absorption has averaged 10 to 15 units per
	Jonesboro (Clayton County) GA					month. Rent concession/incentive for first
	252 Units					month credit of $100 for a 6-month lease and
						$240 for a 12-month lease.
4.	Chase Village	2BR/2BA	1,150	$565	.49	Family and adult. Leasing began October 1986.
	1110 Battlecreek Road	3BR/2BA	1,300	625	.48	Absorption has averaged 10 units per month.
	Jonesboro (Clayton County) GA					Rent concession of $100 for a 6-month lease,
	176 Units					$240 for a 12-month lease.
5.	Pine Knoll	1BR/1BA	564	$369	.65	Adult and family. No amenities. Complex
	Tara Road	2BR/1BA	864	449	.52	opened mid-1985. Occupancy is 98%.
	Jonesboro (Clayton County) GA	2BR/2BA	864	469	.54	
	46 Units					

Exhibit 14 (Continued)
COMPARABLE RENTAL SURVEY

Map No.	Project Name and Location	Unit Type	Rental Area S.F.	Monthly Rental	Monthly Rental/S.F.	Comments
6.	Poplar Springs Phase I	1BR/1BA	576	$379	.67	Adult and family. Opened August 1986.
	6095 Lees Mill Road	2BR/1BA	864	479	.55	Occupancy rate not available. Managed by
	College Park (Clayton County) GA	2BR/2BA	864	525	.59	Cardinal Industries, Inc.
	95 Units					
7.	Lake Regency Estates Phase II	1BR/1BA/FP	893	$465	.52	All adult. The 216 units are Phase II of
	5724 Riverdale Road	2BR/2BA/Porch	1,129	535	.47	Lake Regency Estates. Began leasing 2/86,
	College Park (Clayton County) GA	2BR/2BA/FP/Porch	1,129	550	.49	full occupancy in 10/86, indicating
	216 Units					absorption of 27 units/ mo.
8.	Summerwind at Tara	2BR/1BA/SR	950	$500	.53	All adult. This complex opened in 1984.
	6955 Tara Blvd.	2BR/1BA/SR/FP/DK	965	510	.53	The occupancy level over the past nine months
	Jonesboro (Clayton County) GA	2BR/2BA/SR/DK	1,068	530	.50	has averaged 94%. Occupancy at present is 93%
	208 Units	2BR/2BA/Den/FP	1,076	565	.53	due to opening of 252-unit Phase 2.
9.	Park Walk	1BR/1BA	732	$430	.57	Complex opened mid-1985. One child per 2BR
	875 Garden Walk Blvd.	2BR/2BA	994	495	.49	unit downstairs is permitted. Occupancy at
	College Park (Clayton County) GA	2BR/2BA/FP	994	515	.51	present 98%. There is usually a waiting
	124 Units					list for a unit.
10.	Brook Stone	1BR/1BA	666-761	$395-420	.59-.54	Units feature sunrooms, and/or fireplaces.
	1081 Garden Walk Blvd.	2BR/2BA	1,028-1,124	$495-530	.48-.47	Occupancy of initial units began November
	College Park (Clayton County) GA					1986. Current occupancy level is 70%
	264 Units					an absorption of 28 units per month.
11.	Chase Ridge	1BR/1BA	830	$485	.58	All adult. Opened mid-1985 and was leased
	8265 Highway 85	2BR/2BA	1,150	$540-565	.47-.49	within 7 months. Occupancy 96%. At present
	Riverdale (Clayton County) GA					there is a waiting list for one-bedroom units.
	176 Units					

Exhibit 14 (Continued)
COMPARABLE RENTAL SURVEY

Map No.	Project Name and Location	Unit Type	Rental Area S.F.	Monthly Rental	Monthly Rental/S.F.	Comments
12.	Subject					
	Tara Bridge Crossing	1BR/1BA	650	$415	.64	Proposed apartment complex. Family and adult.
	Hwy 138 and Spur 138	1BR/1BA	722	430	.60	Tennis court, pool, clubhouse, jogging trail,
	(Hwy. 41-Tara Blvd.)	2BR/1BA	897	480	.54	playground, and laundry facilities. All
	Jonesboro (Clayton County) GA	2BR/1BA/FP	897	500	.56	two-bedroom units will have washer/dryer
	220 Units	2BR/2BA	998	530	.53	connections. Mini blinds (some type of window
		2BR/2BA/FP	998	550	.55	covering will be provided.)
		2BR/2BA	999	560	.56	
		2BR/2BA/FP	999	580	.58	
		3BR/2BA	1,190	600	.50	
		3BR/2BA/FP	1,190	620	.52	

Source: Curry/Bernes
Piedmont Realty Advisors

Exh[illegible] 14A
RENT COMPARABLE MAP

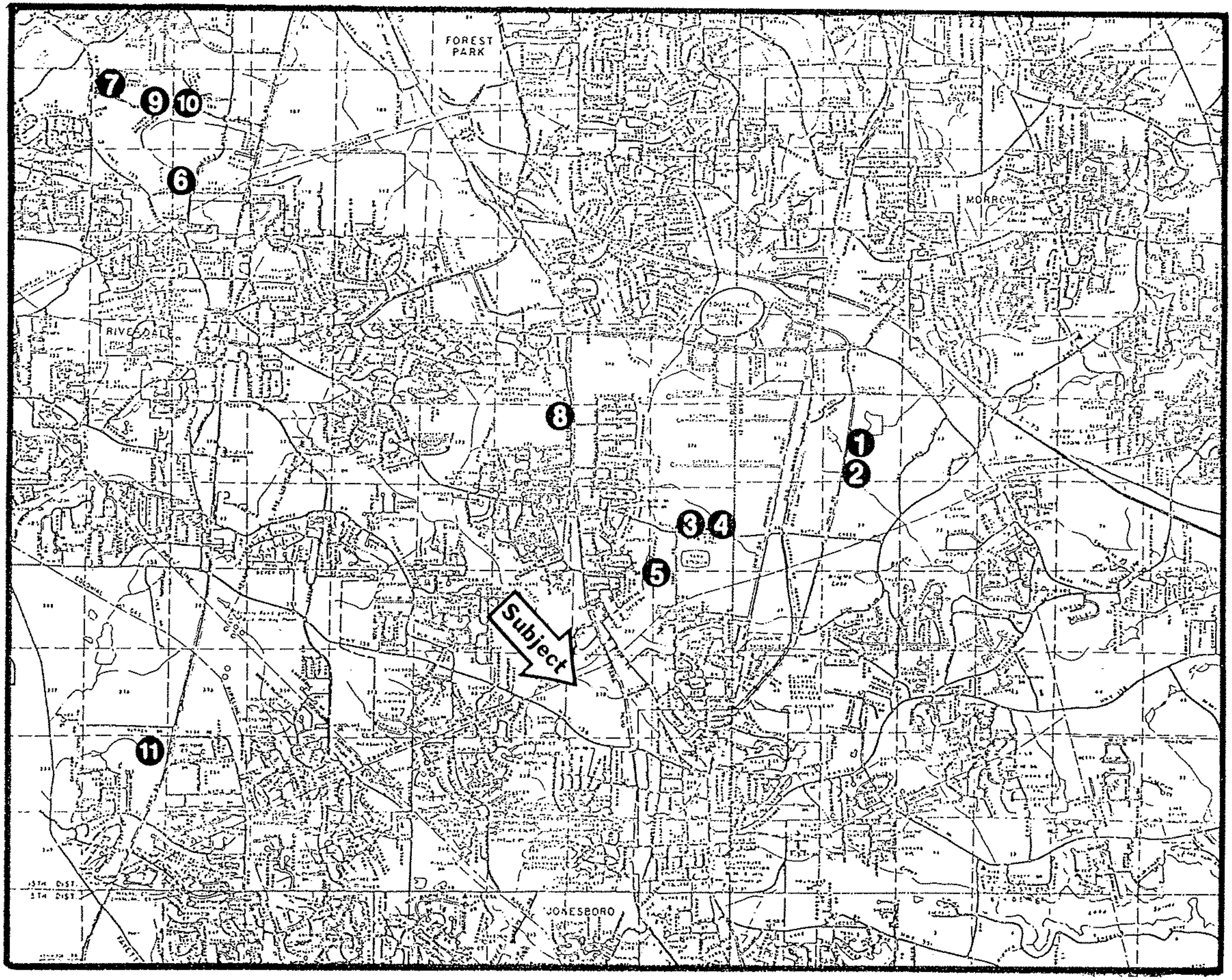

Exhibit 15
NHP, INC. FINANCIAL HIGHLIGHTS

	Fiscal 1986	Fiscal 1985	Fiscal 1984
Summary of Combined Financial Operations			
Revenue	$ 56,138,000	$ 54,923,000	$ 52,801,000
Net Income	11,446,000	5,698,000	3,541,000
Net Income per Investment Unit	13,790	6,849	4,255
Cash Provided by Operations	15,338,000	9,536,000	9,208,000
Summary of Combined Financial Condition			
Receivables-Partnership Investors	118,863,000	123,051,000	121,497,000
Total Assets	235,326,000	268,731,000	238,747,000
Liabilities	158,343,000	199,494,000	175,597,000
Deferred Income	39,688,000	43,352,000	42,963,000
Net Worth	37,295,000	25,885,000	20,187,000
Assets of Non-Consolidated Rental Properties In Which NHP Has an Interest	$2,642,089,000	$2,431,091,000	$2,067,253,000

Number of States, including D.C. and Puerto Rico	44
Number of Properties	707
Number of Units Under Construction, Completed, or Acquired	96,657
Total Property Costs	$4,378,089,000
Total NHP Equity Commitment	$438,994,000

Exhibit

FINANCIAL PROJECTIONS - MOST LIKELY

TARA BRIDGE
220 UNITS
SOUTH ATLANTA, GA

		ASSUMPTIONS									
		LOAN AMT	8,200,000	INFLATION	5.00%			NET RENTABLE	RENT/MO	$/NRA	# OF UNITS
PROJECTED RETURNS (I.R.R.)		NOTE RATE	8.75%	VACANCY	5.00%	CURRENT	1/1	650	415	0.64	24
		AMORT	40	EXPENSES	35.00%	RENTS	1/1	722	430	0.60	64
DEBT	8.75%	FEES	1.00%	CAP RATE	9.00%		2/1	897	490	0.55	44
EQUITY	25.73%	EQUITY AMT.	975,000	OTHER INC.	10		2/2	998	550	0.55	74
TOTAL CAPITAL	11.88%	PARTICIPATION	50.00%	COST/UNIT	41,705		3/2	1,190	600	0.50	14
		PFRD RET RATE	9.50%	COST/FOOT	47.84						
				AVG. S.F.	872		TOTALS	191,788	108,140	0.56	220

LOAN YEAR	1	2	3	4	5	6	7	8	9	10
RENT	1,430,692	1,502,227	1,577,338	1,656,205	1,739,015	1,825,966	1,917,264	2,013,128	2,113,784	2,219,473
OTHER INCOME	29,106	30,561	32,089	33,694	35,379	37,147	39,005	40,955	43,003	45,153
VACANCY	(72,990)	(76,639)	(80,471)	(84,495)	(88,720)	(93,156)	(97,813)	(102,704)	(107,839)	(113,231)
EFF. GROSS	1,386,808	1,456,149	1,528,956	1,605,404	1,685,674	1,769,958	1,858,456	1,951,379	2,048,947	2,151,395
EXPENSES	(485,383)	(509,652)	(535,135)	(561,891)	(589,986)	(619,485)	(650,460)	(682,982)	(717,132)	(752,988)
NOI	901,425	946,497	993,821	1,043,513	1,095,688	1,150,473	1,207,996	1,268,396	1,331,816	1,398,407
VALUE	10,015,838	10,516,630	11,042,461	11,594,584	12,174,313	12,783,029	13,422,180	14,093,289	14,797,954	15,537,852
LOAN INFORMATION										
PAYMENT	743,447	743,447	743,447	743,447	743,447	743,447	743,447	743,447	743,447	743,447
INTEREST	717,500	715,230	712,761	710,076	707,156	703,980	700,527	696,772	692,687	688,246
AMORTIZATION	25,947	28,217	30,686	33,371	36,291	39,466	42,920	46,675	50,759	55,200
ENDING BAL	8,174,053	8,145,837	8,115,151	8,081,780	8,045,489	8,006,023	7,963,104	7,916,429	7,865,670	7,810,469
FEES	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000
CASH FLOW	75,979	121,050	168,375	218,066	270,242	325,026	382,550	442,950	506,369	572,960
EQUITY INFORMATION										
EQUITY BAL.	975,000	991,646	991,646	975,000	975,000	975,000	975,000	975,000	975,000	975,000
PFRD DUE	92,625	94,206	94,206	92,625	92,625	92,625	92,625	92,625	92,625	92,625
PFRD REC'D	75,979	94,206	94,206	92,625	92,625	92,625	92,625	92,625	92,625	92,625
PAYDOWN	0	0	16,646	0	0	0	0	0	0	0
ADD'L INT	0	13,422	28,761	62,721	88,808	116,201	144,962	175,162	206,872	240,168
SALE PROCEEDS										3,376,191
ENDING BAL	991,646	991,646	975,000	975,000	975,000	975,000	975,000	975,000	975,000	975,000
SUMMARY CASH FLOWS										
DEBT	IRR	8.75%								
(8,200,000)	743,447	743,447	743,447	743,447	743,447	743,447	743,447	743,447	743,447	8,553,916
EQUITY	IRR	25.73%								
(975,000)	75,979	107,628	139,614	155,346	181,433	208,826	237,587	267,787	299,497	4,683,984
TOTAL CAPITA	IRR	11.88%								
(9,175,000)	819,425	851,075	883,060	898,792	924,880	952,272	981,034	1,011,234	1,042,944	13,237,899

Exhibit 17
FINANCIAL PROJECTIONS - WORST CASE

TARA BRIDGE
220 UNITS
SOUTH ATLANTA, GA

PROJECTED RETURNS (I.R.R.)		ASSUMPTIONS			
		LOAN AMT	8,200,000	INFLATION	2.00%
		NOTE RATE	8.75%	VACANCY	10.00%
		AMORT	40	EXPENSES	39.00%
DEBT	8.75%	FEES	1.00%	CAP RATE	9.00%
EQUITY	8.86%	EQUITY AMT.	975,000	OTHER INC.	10
TOTAL CAPITAL	8.77%	PARTICIPATION	50.00%	COST/UNIT	41,705
		PFRD RET RATE	9.50%	COST/FOOT	47.84
				AVG. S.F.	872

		NET RENTABLE	RENT/MO	$/NRA	# OF UNITS
CURRENT	1/1	650	415	0.64	24
RENTS	1/1	722	430	0.60	64
	2/1	897	490	0.55	44
	2/2	998	550	0.55	74
	3/2	1,190	600	0.50	14
	TOTALS	191,788	108,140	0.56	220

LOAN YEAR		1	2	3	4	5	6	7	8	9	10
RENT		1,350,106	1,377,108	1,404,651	1,432,744	1,461,398	1,490,626	1,520,439	1,550,848	1,581,865	1,613,502
OTHER INCOME		27,467	28,016	28,576	29,148	29,731	30,325	30,932	31,550	32,181	32,825
VACANCY		(137,757)	(140,512)	(143,323)	(146,189)	(149,113)	(152,095)	(155,137)	(158,240)	(161,405)	(164,633)
EFF. GROSS		1,239,816	1,264,612	1,289,904	1,315,702	1,342,016	1,368,857	1,396,234	1,424,158	1,452,642	1,481,694
EXPENSES		(483,528)	(493,199)	(503,063)	(513,124)	(523,386)	(533,854)	(544,531)	(555,422)	(566,530)	(577,861)
NOI		756,287	771,413	786,841	802,578	818,630	835,002	851,703	868,737	886,111	903,834
VALUE		8,403,194	8,571,258	8,742,683	8,917,537	9,095,888	9,277,805	9,463,362	9,652,629	9,845,681	10,042,595
LOAN INFORMATION											
PAYMENT		743,447	743,447	743,447	743,447	743,447	743,447	743,447	743,447	743,447	743,447
INTEREST		717,500	715,230	712,761	710,076	707,156	703,980	700,527	696,772	692,687	688,246
AMORTIZATION		25,947	28,217	30,686	33,371	36,291	39,466	42,920	46,675	50,759	55,200
ENDING BAL		8,174,053	8,145,837	8,115,151	8,081,780	8,045,489	8,006,023	7,963,104	7,916,429	7,865,670	7,810,469
FEES		82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000
CASH FLOW		(69,159)	(54,033)	(38,605)	(22,868)	(6,817)	9,556	26,256	43,290	60,665	78,387
EQUITY INFORMATION											
EQUITY BAL.		975,000	1,067,625	1,169,049	1,318,714	1,466,860	1,613,028	1,756,710	1,897,342	2,034,299	2,166,893
PFRD DUE		92,625	101,424	111,060	125,278	139,352	153,238	166,887	180,247	193,258	205,855
PFRD REC'D		0	0	0	0	0	9,556	26,256	43,290	60,665	78,387
PAYDOWN		0	0	(38,605)	(22,868)	(6,817)	0	0	0	0	0
ADD'L INT		0	0	0	0	0	0	0	0	0	0
SALE PROCEEDS											0
ENDING BAL		1,067,625	1,169,049	1,318,714	1,466,860	1,613,028	1,756,710	1,897,342	2,034,299	2,166,893	2,294,360
SUMMARY CASH FLOWS											
DEBT		IRR	8.75%								
(8,200,000)		743,447	743,447	743,447	743,447	743,447	743,447	743,447	743,447	743,447	8,553,916
EQUITY		IRR	8.86%								
(975,000)		0	0	(38,605)	(22,868)	(6,817)	9,556	26,256	43,290	60,665	2,232,126
TOTAL CAPITA		IRR	8.77%								
(9,175,000)		743,447	743,447	704,841	720,578	736,630	753,002	769,703	786,737	804,111	10,786,042