

ADOBE RANCH

SCOTTSDALE, ARIZONA

**Piedmont Realty Advisors
650 California Street, 22nd Floor
San Francisco, California 94108
(415) 433-4100**

TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	THE PROPERTY	10
	A. INTRODUCTION	10
	B. LOCATION	10
	C. THE SITE	12
	D. PROPOSED IMPROVEMENTS	13
	E. CONCLUSION	13
III.	THE MARKET OVERVIEW	20
	A. INTRODUCTION	20
	B. THE PHOENIX APARTMENT MARKET	20
	C. COMPETITIVE APARTMENT PROJECTS	20
	D. CONCLUSION	21
IV.	BORROWER/DEVELOPER	26
	A. INTRODUCTION	26
	B. THE TRAMMELL CROW ORGANIZATION	26
	C. THE BORROWER	26
	D. CONCLUSIONS	26
V.	RISK AND RETURN	28
	A. INTRODUCTION	28
	B. VALUATION	28
	C. RETURN	29
	D. RISK	30
	E. CONCLUSIONS	31

I. INTRODUCTION

PIEDMONT REALTY ADVISORS

650 CALIFORNIA STREET
TWENTY-SECOND FLOOR
SAN FRANCISCO, CALIFORNIA 94108

415-433-4100

August 29, 1986

Real Estate Investment Committee Members
United States Fidelity and Guaranty Company
100 Light Street
Baltimore, Maryland 21202

Re: **Scottsdale Adobe Ranch**
Scottsdale, Arizona

Dear Sirs and Madam:

Enclosed for your review is an investment report on a proposed participating mortgage with the Crow-Western Company to acquire 19.135 acres and participate in the development of 419 apartment units in Scottsdale, Arizona. This report provides a detailed analysis of the proposed investment. A summary of the proposed investment is presented in Exhibit I-1.

The Property

The subject property is in the Scottsdale Adobe Ranch which is located in northern Scottsdale. The subject property is one of 19 vacant parcels zoned R-5 multi-family residential in Scottsdale, of which only 5 parcels are accessible to existing utilities and road systems.

The proceeds from the loan will be used to acquire two parcels totaling 19.135 acres. The borrower's plans include the extension of existing roads and utilities and the development of 419 apartment units on the subject property within 3 years of the initial loan disbursement. The subject property is in the planned community of Scottsdale Adobe Ranch and is surrounded by commercial, retail and hotel zoned property. Since all off-site improvements currently extend along Shea Boulevard, which is immediately south of the subject property, the following project budget is primarily land acquisition cost and road construction:

Land Acquisition	\$3,865,000
Road Construction	390,000
Off-Site Overhead	75,000
Legal Closing and Tax	100,000
Loan Origination Fee	61,500
Utility Assessment	<u>30,000</u>
Total	\$4,521,500

The Market

The Scottsdale apartment market is extremely strong with average occupancy rates in the mid to upper-90% range over the last 12 quarters. This strong market is likely to continue with Scottsdale's projected 8.5% annual population growth continuing through 1990. The apartment market will further benefit from Scottsdale's strict zoning and scarcity of developable land zoned for apartments. Monthly rents currently are in the \$0.60 to \$0.70 per rentable square foot range and will most likely remain in that range or increase as demand for apartments continues to outstrip supply for the remainder of this decade.

The Developer

The Crow-Western Company, a residential division of the Trammell Crow Company, is the borrower and developer of this project. The Trammell Crow residential division has developed and currently manages over 200 properties worth in excess of \$2 billion dollars. The Crow-Western Company has developed three projects in the Phoenix/Scottsdale area and all three have leased up in less than six months after completion.

The Risk and Return

The proposed transaction is similar to the land joint venture structure used in the T.L. James Business Park investment. USF&G will receive an 11% interest rate on invested capital which will accrue and will be compounded annually. If the subject property is sold to a third party, USF&G will receive 50% of the difference between the purchase price and the loan balance as additional interest. If parcels are developed by the Crow-Western partnership, USF&G will receive a 25% no-liability ownership interest in the developments. Development parcels will be released from the land loan for a price which incorporates any reduction in ownership due to a third party joint venture financing of the developments (see Exhibit A of Exhibit I-1 for a detailed explanation of the release price).

The market risk of the proposed transaction is minimal due to strong apartment demand, a scarce supply of multi-family zoned land, and a historical occupancy rate within the Scottsdale apartment market averaging 95% during the last 12 quarters. The operational risks are low due to the strong track record and experience of the Crow-Western Company. The financial strength of both the Crow-Western Company and the Trammell Crow Company coupled with Trammell Crow's record of never defaulting on a residential property minimize the risk of default.

Real Estate Investment Committee Members
August 29, 1986
Page 3

The rate of return is estimated between 17.2% and 20.5%, offering USF&G the benefit of high development returns without incurring major financial risk. Therefore, we recommend USF&G accept the participating loan proposal under the terms and conditions outlined in this report. If you have any questions, please call.

Sincerely,

A handwritten signature in cursive script that reads "Stephen L. Grant".

Stephen L. Grant
Vice President

Enclosure

PIEDMONT REALTY ADVISORS

650 CALIFORNIA STREET
TWENTY-SECOND FLOOR
SAN FRANCISCO, CALIFORNIA 94108

415-433-4100

August 20, 1986

Mr. Thomas W. Lewis
Crow-Western Company
4041 S. McClintock Drive
Suite 303
Tempe, Arizona 85282

Re: Scottsdale Adobe Ranch
Scottsdale, Arizona

Dear Tom:

Piedmont Realty Advisors is prepared to recommend to its client's Investment Committee that it enter into an agreement for a joint venture on the above-captioned property subject to the following terms and conditions:

Property Location: Saguaro Drive extension north of Shea Boulevard in the Adobe Ranch area of Scottsdale, Arizona.

Proposed Improvements: 420 apartment units in two phases.

Land Area: 19.135 acres. 10.182 acres in Phase I and 8.953 acres in Phase II.

Description of Transaction: Two simultaneous transactions will occur: (1) a participating land loan secured by a first mortgage on the subject property is made by USF&G and (2) a joint venture is created between USF&G and Crow-Western. Details of both transactions are outlined below.

Land Loan

Lender: USF&G Realty Inc.

Borrower: A development partnership in which the principals of Crow-Western are the general partners.

Loan Amount: \$6,154,340; first mortgage with an initial disbursement of \$4,500,000.

Interest Rate: 11.00%.

Loan Term: 36 Months.

Pay Rate: All interest will accrue and compound annually to the principal balance.

Prepayment: Loan may be prepaid at any time.

Secondary Financing: No secondary financing will be allowed.

Guarantees: The loan will be non-recourse to the borrowers.

Additional Interest

Sale or Refinance - The outstanding principal and accrued interest on the loan will be due and payable when the loan matures or when the property is sold in a bona fide sale to a third party. Lender receives 50% of the difference between the sales price and the outstanding loan balance if the property is sold or 50% of the difference between the appraised value and the outstanding loan balance if the property is not sold in a bona fide sale before the loan is refinanced or matures.

Release Price - Each land parcel transferred to the development partnership will have an initial release price equal to 100% of the principal balances outlined in a) (1) and a) (2) below. In the event the parcels are transferred to a development partnership in which USF&G's participation is reduced below a 25% ownership interest in the project due to a third party joint venture, then the initial release price will be increased by the following method:

a) The release price will be increased by one percentage point for every one percentage point decrease in ownership.

For example, a development partnership enters into a joint venture with a third party equity source which requires 60% ownership. USF&G's ownership is therefore reduced to 10% of the entire project or 25% of the remaining 40% ownership position of the developer. The release price would therefore be as follows:

Release price factor = 25% - 10% or 15%.

Release price = principal basis x 1.15.

- (1) In the case of the first phase transfer, all of the release price paid in excess of \$2,250,000 will be considered principal reduction for Phase II.
- (2) In the case of the second phase transfer, the release price will be based on an initial principal basis of \$2,250,000 less any additional principal pay down made with the Phase I transfer (Adjusted Principal Basis). All of the release price paid in the Phase II transfer in excess of the Adjusted Principal Basis will be considered additional interest.

All accrued interest on the mortgage will be due and payable upon release of the second phase land. Accrued interest will not be incorporated into the principal basis when estimating the Phase II additional interest as outlined above, but will be incorporated into the total release price for Phase II. For a detailed description of the release price methodology, refer to Exhibit A attached hereto.

Joint Venture

Parties:

Crow-Western Development (Crow) and USF&G Realty (USF&G).

Objectives:

- a) Extend Saguario Drive and all necessary utilities to the subject property.

- b) Construct, finance and manage a two-phase, 420-unit apartment project.

Initial Contributions: Crow - Any funds necessary to develop the property as planned.

Subsequent Contributions: Crow - Any funds necessary to operate the property as planned.

Distribution of Cash Flow: Crow - 75% of the development partnership's cash flow.

USF&G - 25% of the development partnership's cash flow.

Allocation of Profits and Losses: Crow - 75%.

USF&G - 25%.

Distribution of Sale Proceeds: Crow - 75%.

USF&G - 25%.

Loan Fee: \$61,543.00 paid by Partnership to USF&G.

Contingencies

A. Committee Approval: This recommendation letter must be approved by USF&G's Real Estate Investment Committee.

B. Engineering: The loan will be contingent upon USF&G receiving engineering reports as to the soils of the property.

C. Purchase Contract: The loan will be contingent upon USF&G reviewing the purchase contract for the subject property.

D. Third Party Joint Venture: USF&G reserves the right to review and approve any third party joint venture proposals which are considered by the development partnership.

E. Plans and Specifications: USF&G reserves the right to review the plans and specifications for all proposed improvements.

Mr. Thomas W. Lewis
August 20, 1986
Page 5

If the terms outlined in this letter are acceptable, please sign below and return this letter with an application fee of \$61,543 by August 25, 1986. The application fee will be placed in a custodial account. Please call me for instructions. Proceeds will be returned if USF&G does not issue agreements according to the terms of this letter or converted to the loan fee if the agreements are issued.

Sincerely,

Stephen L. Grant

Stephen L. Grant
Vice President

SIGNED: *Thomas W. Lewis* DATE: *8/29/86*

TITLE: *Partner*

cc: Tom Teague

Acceptance subject to USF&G commitment
by Sept 3, 1986. *JWL*

Exhibit A
RELEASE PRICE METHODOLOGY
SCOTTSDALE ADOBE RANCH

Initial Loan Balance (9/1/86): \$4,500,000.

Phase I Land Draw (3/1/87)

Development Partnership enters into a joint venture with a third party equity source which requires 60% ownership.

Release Price Factor = 25% - 10% or 15%.

Release Price = \$2,250,000 X 1.15 = \$2,587,500.

- NOTE:
- (1) Accrued interest of \$247,500 for the period 9/1/86 through 3/1/87 is deferred to the second phase land draw.
 - (2) Release price of \$2,587,500 is \$337,500 in excess of the initial principal basis of Phase I of \$2,250,000.
 - (3) The \$337,500 excess is applied against the initial principal balance of Phase II or \$2,250,000, resulting in an Adjusted Principal Basis for Phase II of \$1,912,500.

Phase II Land Draw (3/1/88)

Development Partnership enters into a joint venture with a third party equity source which requires 50% ownership.

Release Price Factor = 25.0% - 12.5% or 12.5%

Release Price = \$1,912,500 X 1.125 = \$2,151,563 + \$247,500 (Accrued interest Phase I) + \$229,773 (Accrued interest Phase II) = \$2,628,836

- NOTE:
- (1) Accrued interest for Phase II is calculated as follows:
 - (a) $(\$1,912,500 \times .11) \times .5$ (6 months) = \$105,188
 - (b) $\$1,912,500 + \$247,500 + \$105,188 = \$2,265,188$
 - (c) $(\$2,265,188 \times .11) \times .5$ (6 months) = \$124,585
 - (d) $\$105,188 + \$124,585 = \$229,773$
 - (e) $\$247,500 + \$229,773 = \$477,273$
 - (2) Release price of \$2,151,563 is \$239,063 in excess of the Adjusted Principal Balance for Phase II of \$1,912,500.
 - (3) The \$239,063 excess is additional interest and is due and payable upon the Phase II land draw.

II. THE PROPERTY

II. THE PROPERTY

A. INTRODUCTION

The proposed investment is a participating land loan that will lead to the purchase of 19.135 acres of land and the two phase development of 419 apartment units. The subject property, which provides collateral for the loan, is located in the master planned Adobe Ranch at the northeast edge of Shea Boulevard and 116th Street in Scottsdale, Arizona (see Exhibit II-1).

B. LOCATION

1. Phoenix/Scottsdale Area

Scottsdale is perhaps the best physical example of the trend of population growth and strong employment expansion in the Phoenix metroplex. Scottsdale grew by over 30% during the 1970s and has an exceptionally strong economic base with a 3.7% unemployment rate. This growth is coupled with strict zoning to assure a controlled pattern of development for the community. This controlled growth has supported an apartment market with an average occupancy rate that has fluctuated between 92% and 97% for the last 12 quarters. Within Scottsdale, planned growth is currently occurring in a north to northeast direction; a direction that is very favorable for the subject property (see Exhibit II-2).

Highlights of the north Scottsdale Area Include:

Gainey Ranch

A 642-acre resort/residential development which is located east of Scottsdale Road and south of Mountain View Road. This project consists of a resort hotel, an office/retail complex, a golf course and 2,028 dwelling units. Projected population is 4,600. The project is currently being developed and will be completely built-out in two years. Gainey Ranch contains 75.1 acres of multi-family zoned land which is planned for townhouse development.

McCormick Ranch

This is a 3,120-acre partially completed, master planned community located south of Shea Boulevard and west of Pima Road. When complete, this development will include 8,541 dwelling units, neighborhood shopping centers, office projects, a golf course, resort hotel and conference center. Projected population at build-out is 21,360. A total of 650 multi-family units have been constructed at McCormick Ranch. Existing zoning at McCormick Ranch will not allow any additional multi-family units.

Scottsdale Ranch

Scottsdale Ranch is a 1,119-acre partially developed residential community located south of Shea Boulevard and east of 92nd Street. Plans include lakes, neighborhood shopping and 4,064 dwelling units. Projected population by 1989 is 10,160. 644 units of multi-family have been

completed at Scottsdale Ranch with an additional 160 units permitted by existing zoning.

Regional Mall

Wen-Clay International has plans for a 750,000 square foot regional mall with three anchor tenants at the southeast corner of Shea Boulevard and Pima Road. East of the complex along 90th Street are proposed retail and office complexes. To the south is a planned restaurant complex, a hotel and 1,248 units of multi-family housing. The multi-family development has encountered government opposition due to the proposed height of 5 stories. Scottsdale planners have indicated that the existing plan must be scaled down for Scottsdale zoning approval.

Shea Boulevard Improvements

Construction to improve Shea Boulevard is scheduled to start in the third quarter, 1987. The proposed improvements will eventually make the roadway six lanes from Pima to 136th Street and four lanes to 144th Street. Included in this project, which should be completed by fall of 1988, will be landscaped medians and two equestrian underpasses.

Mayo Clinic

The Scottsdale Mayo Clinic, which is a satellite facility of the world-renowned medical provider located in Rochester, Minnesota, is under construction 1/2-mile east of subject property. The first phase should be completed by summer of 1987. The clinic will be 140 acres in a self-contained, campus-like facility devoted primarily to diagnostic screening, research and education. Initial improvements are under construction and consist of a 130,000 square foot clinic to accommodate approximately 200 employees. Future development phases will feature additional clinic facilities, research labs, a potential closed-staff hospital and an ancillary support hotel.

Pulte Homes

Pulte Homes has recently acquired a 190-acre residential parcel located northwest of the subject site. They began improvements on this project in the fall of 1985. This project should serve as the major residential catalyst for the area north of the subject property.

Via Linda Extension

The City of Scottsdale is currently proposing an improvement district to extend Via Linda (4 miles southwest of the subject property) to the northeast approximately two miles. Specific timing on this project has not yet been announced.

Scottsdale Mountain Estates

Scottsdale Mountain Estates is a 1,427-acre, \$600 million development located 2 miles east of the subject property. The project is located north of Shea Boulevard at 136th Street. The project is being developed

by TAZ Development with an emphasis on preserving its natural desert surrounding.

2. Accessibility

The subject property is located immediately north of Shea Boulevard, the main east-west artery for the high growth region of northern Scottsdale. Shea Boulevard, as a major thoroughfare, is planned for expansion to six lanes to handle its heavy traffic volume in the fall of 1988. The subject property is less than 4 miles east of the current 100% location which is the intersection of Pima Road and Shea Boulevard (see Exhibit II-3). This intersection connects the high growth planned communities of northern Scottsdale with the existing McCormick and Scottsdale Ranch communities. The property's position, 4 miles east of the Pima/Shea intersection and 2 miles west of the Mayo Clinic, places it in a unique position to take advantage of the growth along this dynamic development corridor.

The subject property's proximity to Pima Road further enhances its accessibility. Pima Road runs parallel to the planned "outer loop freeway" that by the beginning of the next decade will begin to connect north Scottsdale to the Superstition and Black Canyon Freeways (see Exhibit II-4). The outer loop will place the subject property and northern Scottsdale within minutes of the major corporate office, financial and entertainment centers of downtown Scottsdale and the Camelback corridor.

The subject property is also less than 10 miles from the Scottsdale Municipal Airport giving it immediate regional access. Downtown Phoenix and the Phoenix International Airport are both 17 miles southwest of the subject property, but are a 30-minute commute from the property via non-freeway traffic arteries.

C. THE SITE

The subject site, which will be used for the collateral of the proposed loan, is 19.135 acres and is zoned R-5 for multi-family housing. The City of Scottsdale has already approved the construction of 419 units on the 19.135 acre site.

1. Topography

The topography of the subject property is gently sloping away from the northeast corner. The site's gentle sloping terrain will require minimal grading and its elevation will supply all easterly facing units with a view of the City and all southerly units with a view of the planned hotel/resort development immediately south of the project.

2. Soil Conditions

Piedmont Realty Advisors reviewed the soil testing reports prepared for the developers. The tests indicate that the site can adequately support the proposed apartment project.

3. Services

Water, electricity, sewer and telephone connections are all in place running along Shea Boulevard. The improvements will be extended from 116th Street to the subject property. In summary, all necessary utilities are available to the site, and their capacity is sufficient to accommodate the proposed development.

4. Site Improvement Budget

The total project costs to acquire and ready the sites for development is \$4,521,500. Most of the project's budget estimate is allocated \$3,865,000 for land acquisition and \$390,000 for road construction (see Exhibit II-6).

D. PROPOSED IMPROVEMENTS

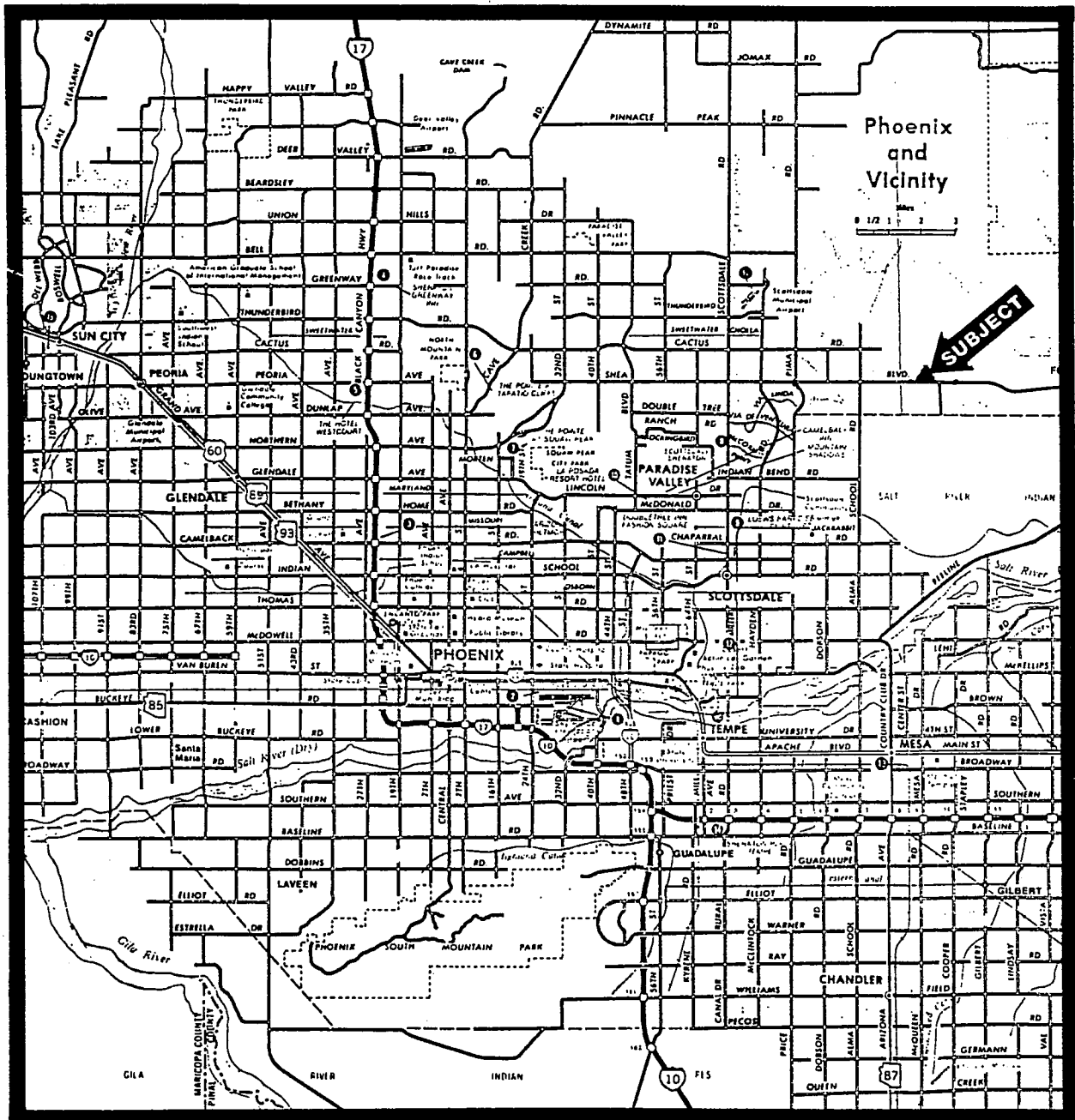
Scottsdale Adobe Ranch will consist of 419 luxury apartments in 26 buildings. Amenities include two swimming pools with expansive decks, a tennis court, a volleyball court, landscaped common areas and a clubhouse/information leasing center. Selected units will feature wood burning fireplaces with tile hearths and ceiling fans. All units will feature all-electric kitchens with General Electric ranges, refrigerators and dishwashers, as well as stainless steel sinks and disposals. All units contain mini-blinds, a private patio or balcony, generous sized storage areas and walk-in closets. The development will have six floor plans and four professionally coordinated color schemes available to choose from.

Scottsdale Adobe Ranch's design will incorporate the flavor and theme of the southwest. The two-story buildings will feature stucco exteriors and composition shingles. Each unit will feature high-efficiency heating and air conditioning units and sound insulation between units.

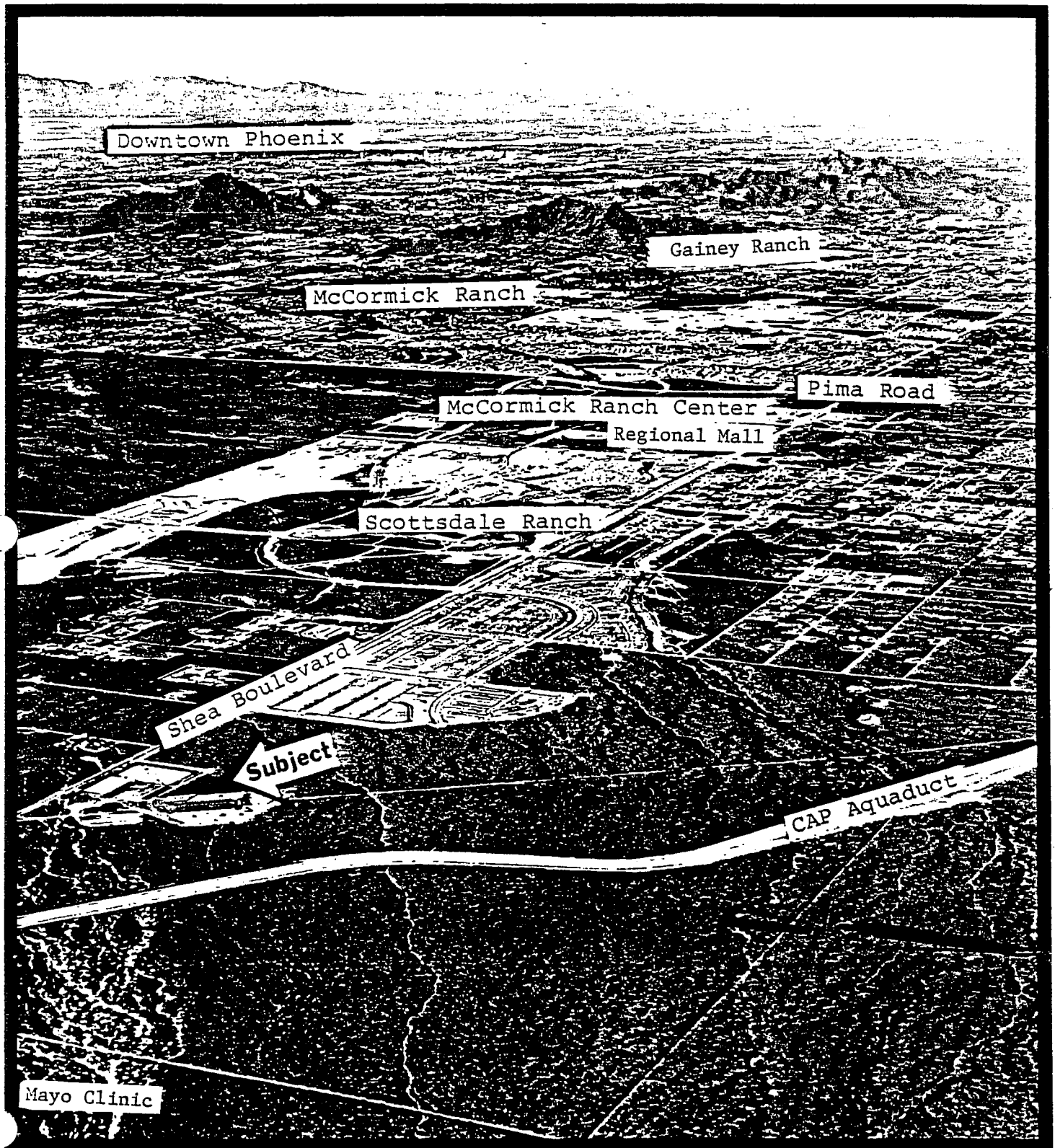
E. CONCLUSION

The subject property is located in the Shea Boulevard corridor in north Scottsdale. The limited availability of developable R-5 zoned multi-family land places the property in the unique position of capturing the strong demand for apartment units in the market with a limited and controlled supply of units.

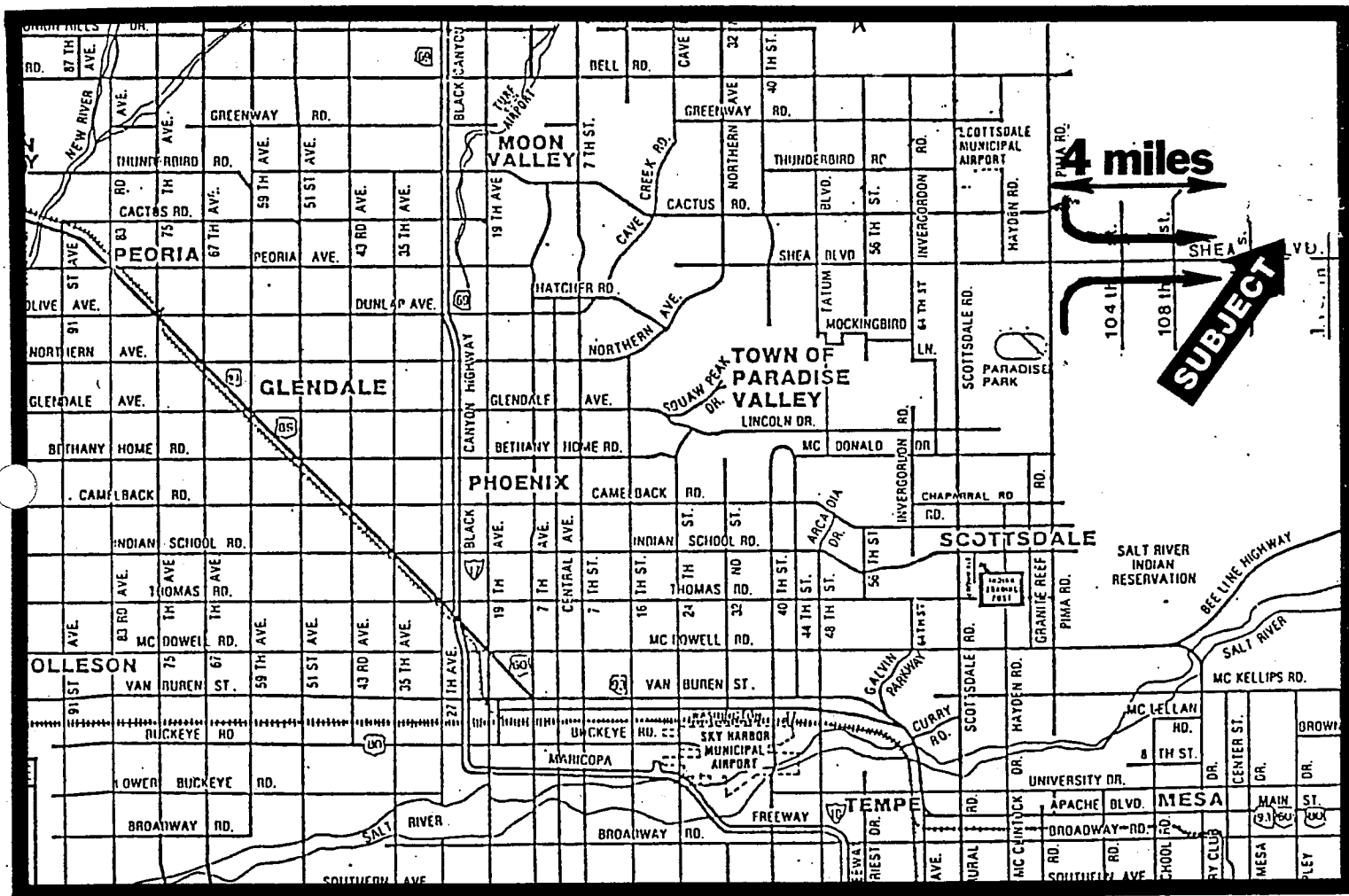
The site slopes gently to the south which should provide some units in the apartment development with excellent City views. Crow-Western has completed and leased three Phoenix projects with the same floor plans and amenity package which is planned for apartment development on the subject property. The development concept which is planned for the subject property has been successfully tested in the Phoenix market in general and is currently being tested 1/2-mile west of the subject property. All utilities are available along Shea Boulevard, and planned resort and retail construction to the south should enhance the value of the subject property during the investment period.

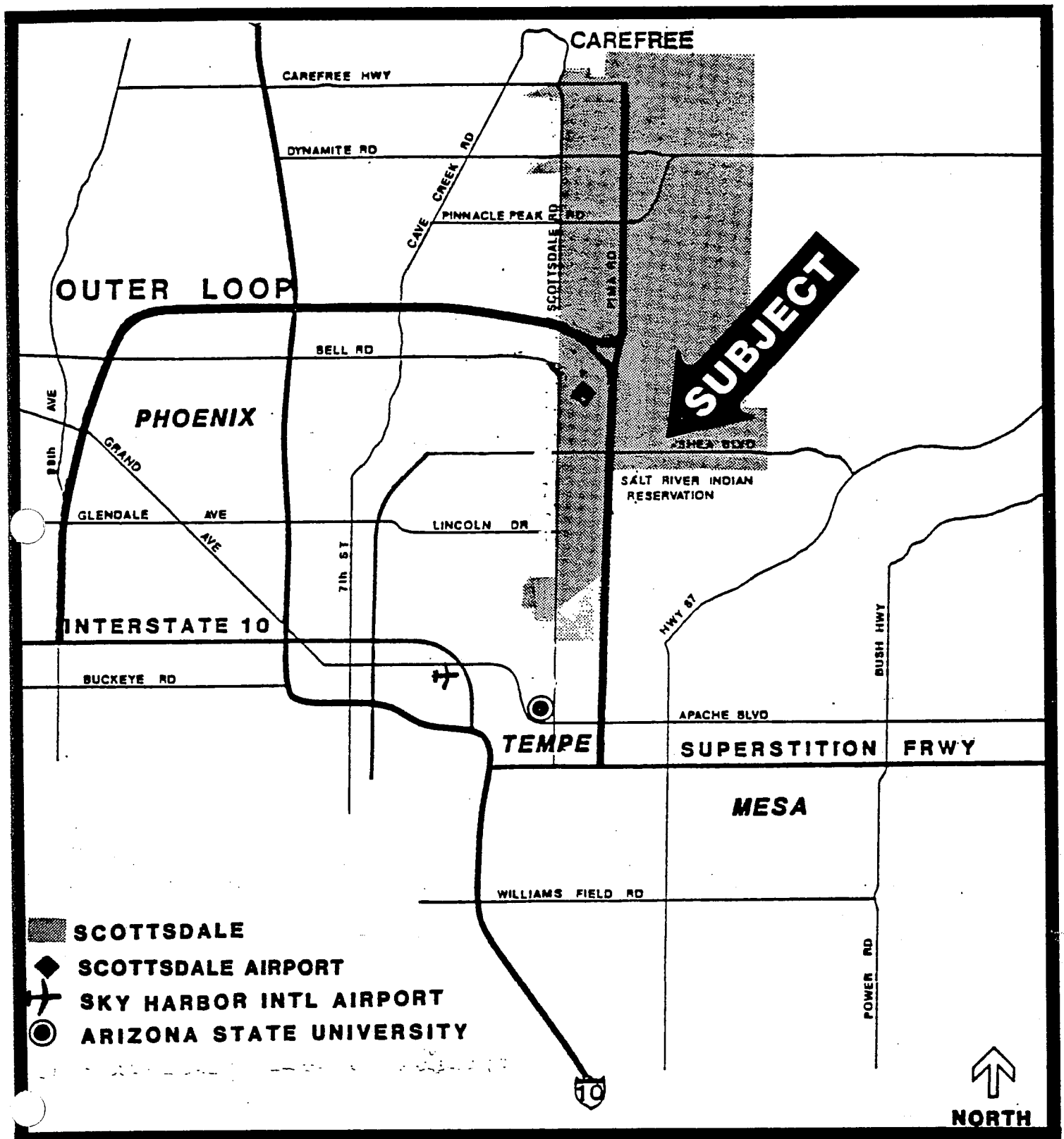
REGIONAL LOCATION MAP
ADOBE RANCH

SITE LOCATION MAP
ADOBE RANCH

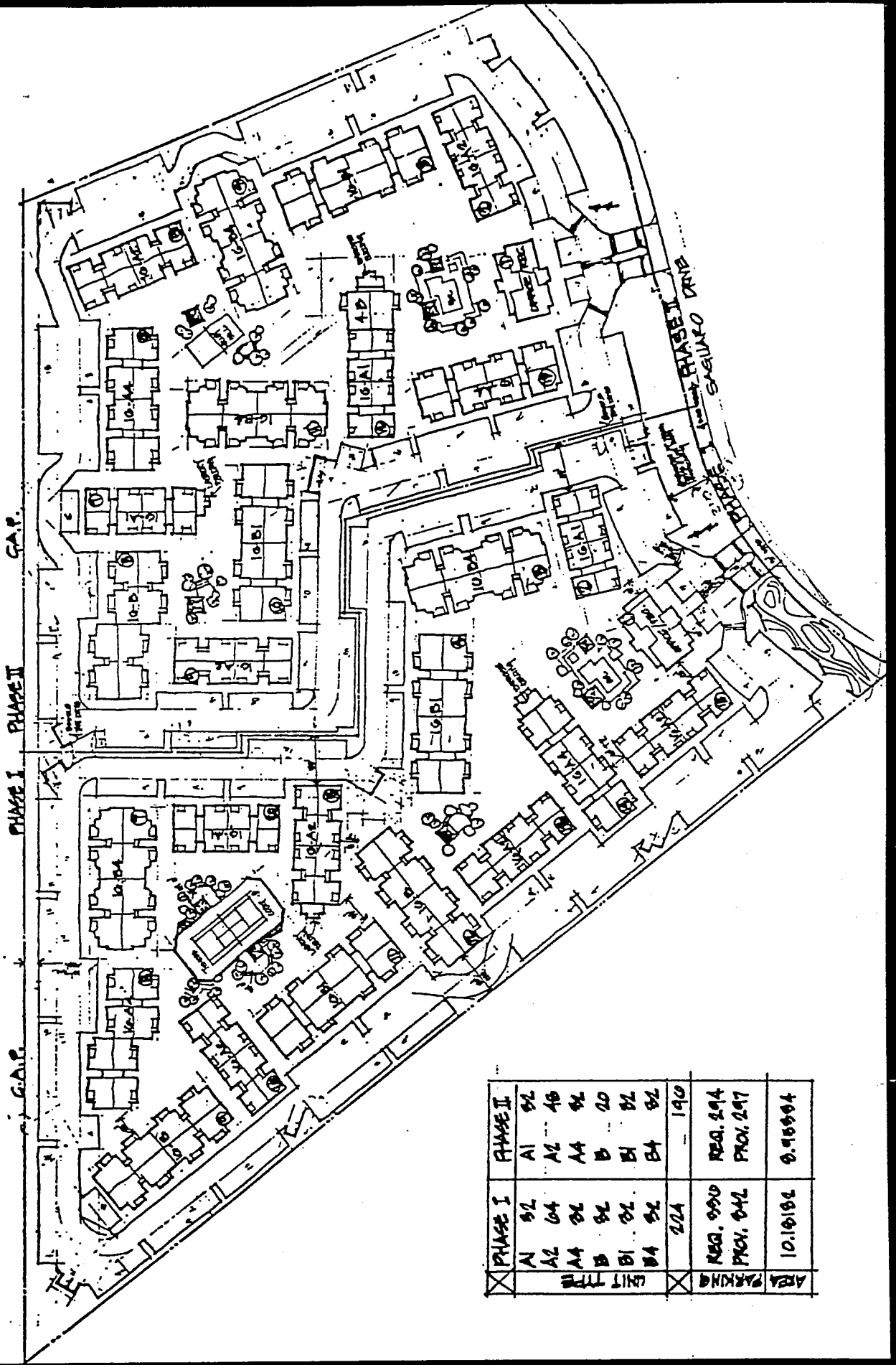


SITE ACCESS MAP
ADOBE RANCH



REGIONAL ACCESS MAP
ADOBE RANCH

SITE PLAN
ADOBE RANCH



PHASE I	PHASE II
A1 92	A1 92
A2 64	A2 48
A4 92	A4 92
B 92	B 20
B1 92	B1 92
B4 92	B4 92
204	190
REG. 990	REG. 294
PROV. 642	PROV. 297
10.10.184	0.95594

Exhibit II-6

SCOTTSDALE ADOBE RANCH
PROJECT BUDGET

Land Acquisition	\$3,865,000
Road Construction	390,000
Off-Site Overhead	75,000
Legal Closing plus Tax	100,000
Loan Origination Fee	61,500
Utility Assessment	<u>30,000</u>
	\$4,521,500

SOURCE: Crow-Western Company

III. THE MARKET OVERVIEW

III. THE MARKET OVERVIEW

A. INTRODUCTION

1. Phoenix/Scottsdale Area

The Phoenix metroplex is projected to grow by 60,000 to 75,000 persons annually through 1990. This growth rate places Phoenix as the fastest growing metroplex among the country's 25 largest metropolitan areas. This trend is fueled from the job growth created by the region's strong manufacturing/high technology and service sector base.

B. THE PHOENIX APARTMENT MARKET

1. Market Overview

The Phoenix multi-family apartment market has demonstrated consistent strength with occupancy rates in excess of 90% for the last 12 quarters (see Exhibit III-1). At the end of the second quarter of 1986 the Phoenix apartment market supported 221,530 multi-family units. The projected employment growth in Phoenix should lead to increased demand for multi-family housing, but developers are responding to this projected growth with record construction activity. The number of building permits issued in the Phoenix metroplex has increased from just over 21,000 in 1983 to an annualized figure of 62,000 in the second quarter of 1986.

The construction activity has been absorbed unevenly across the metroplex geographical submarkets. The southwest and northwest-central Phoenix submarkets have been the most affected by overbuilding with occupancy for the period from 1983-1985 falling from 93.0% and 94.1% to 85.6% and 82.4% respectively. Master planned submarkets such as Scottsdale and Tempe have been relatively unaffected by the overall increase in construction activity, with occupancies remaining consistent at 95% for the same 12-quarter period.

2. The Scottsdale Apartment Market

At the end of the second quarter 1986, Scottsdale's apartment occupancy rate was the strongest of the Phoenix's geographic submarkets. Scottsdale's apartment occupancy rate has consistently outperformed the overall Phoenix apartment market (see Exhibit III-2). The historical pattern of a strong demand for a Scottsdale address coupled with Scottsdale's strict zoning and planning should assure a continued strong occupancy rate for Scottsdale's apartment market.

C. COMPETITIVE APARTMENT PROJECTS

Piedmont Realty Advisors surveyed the North Scottsdale apartment market and found seven existing projects which were considered to be competitive with the proposed Scottsdale Adobe Ranch. The competitive properties are listed in Exhibit III-3 and are all located in the North edge of Scottsdale (see Exhibit III-4). All of the surveyed properties had equivalent access characteristics to downtown Scottsdale and Phoenix. Comparables 1,4,5,6, and 7 are west of Pima Boulevard and in neighborhoods that are more established than the subject property's location which is 4 miles east of Pima. The subject

property, comparable 6 and comparable 7 have the greatest visibility and access to major transportation arteries.

The occupancy rates for completed projects range from 92% to 98% with monthly rental rates ranging from \$0.54 to \$0.79 per square foot. The average rent for these comparables is \$0.65 per square foot. The market is relatively tight with concessions minimal. The most severe concession being \$100 of rent rebated to the tenant on a 6-month lease (5% discount).

D. CONCLUSION

The Scottsdale Adobe Ranch is situated in a high growth area of a strong Scottsdale apartment market. The comparables surrounding the subject adequately support Piedmont's \$0.63 per square foot pro forma rental rate and Piedmont's 95% pro forma stabilized occupancy rate. The subject property is in a newer area compared to competitive properties, but has greater visibility and access characteristics than its competition.

Exhibit III-1

PHOENIX APARTMENT MARKET SUMMARY
12/83 - 12/85

<u>Date</u>	<u>No.of Units</u>	<u>Occupancy Rate</u>
12/31/83	158,718	93.7%
12/31/84	182,094	92.7%
12/31/85	208,679	89.7%

SOURCE: Market Strategies
Tuscon, Arizona

OCCUPANCY TRENDS
SCOTTSDALE APARTMENT MARKET
FIRST QUARTER 1983 TO 1986

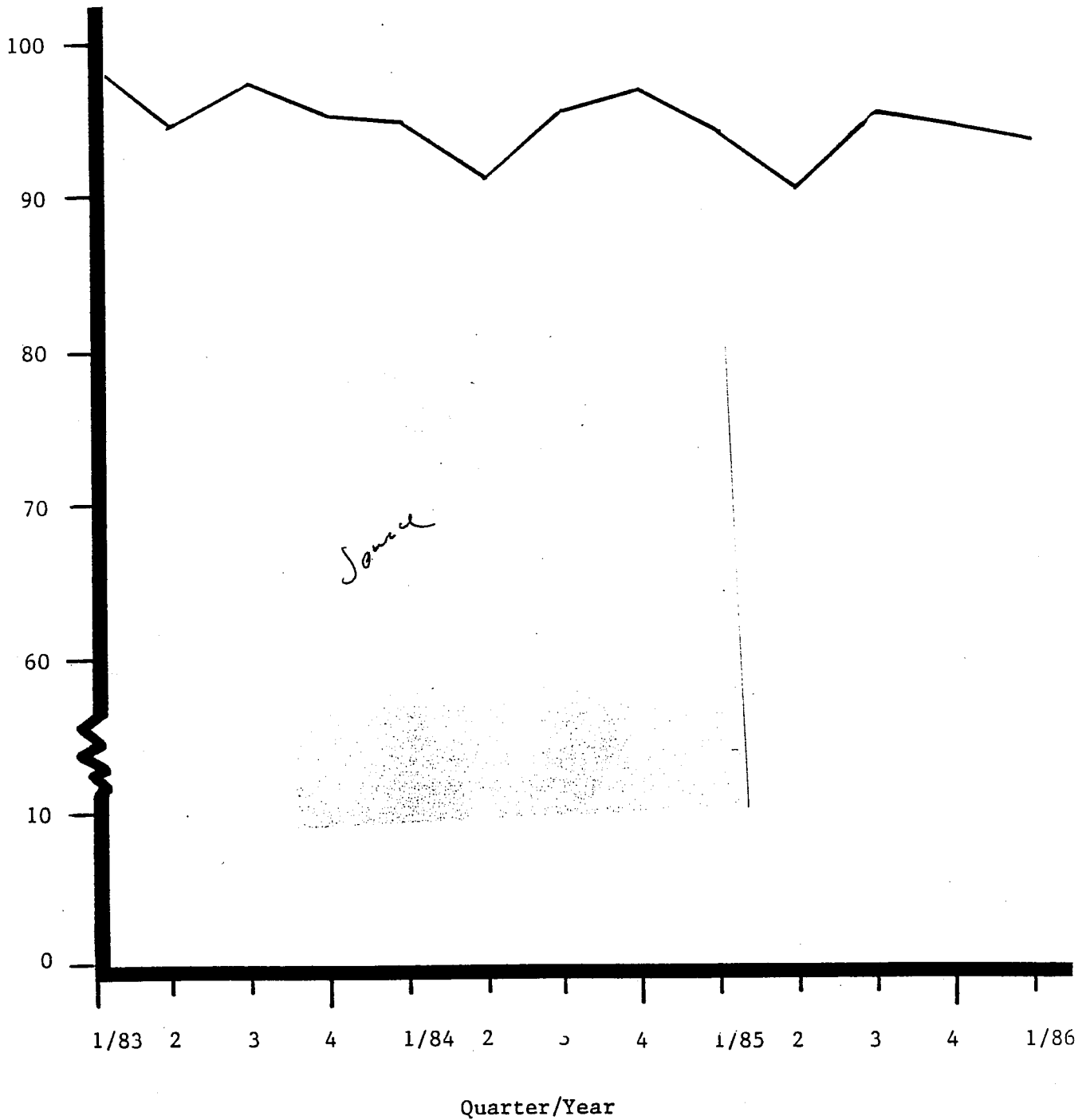


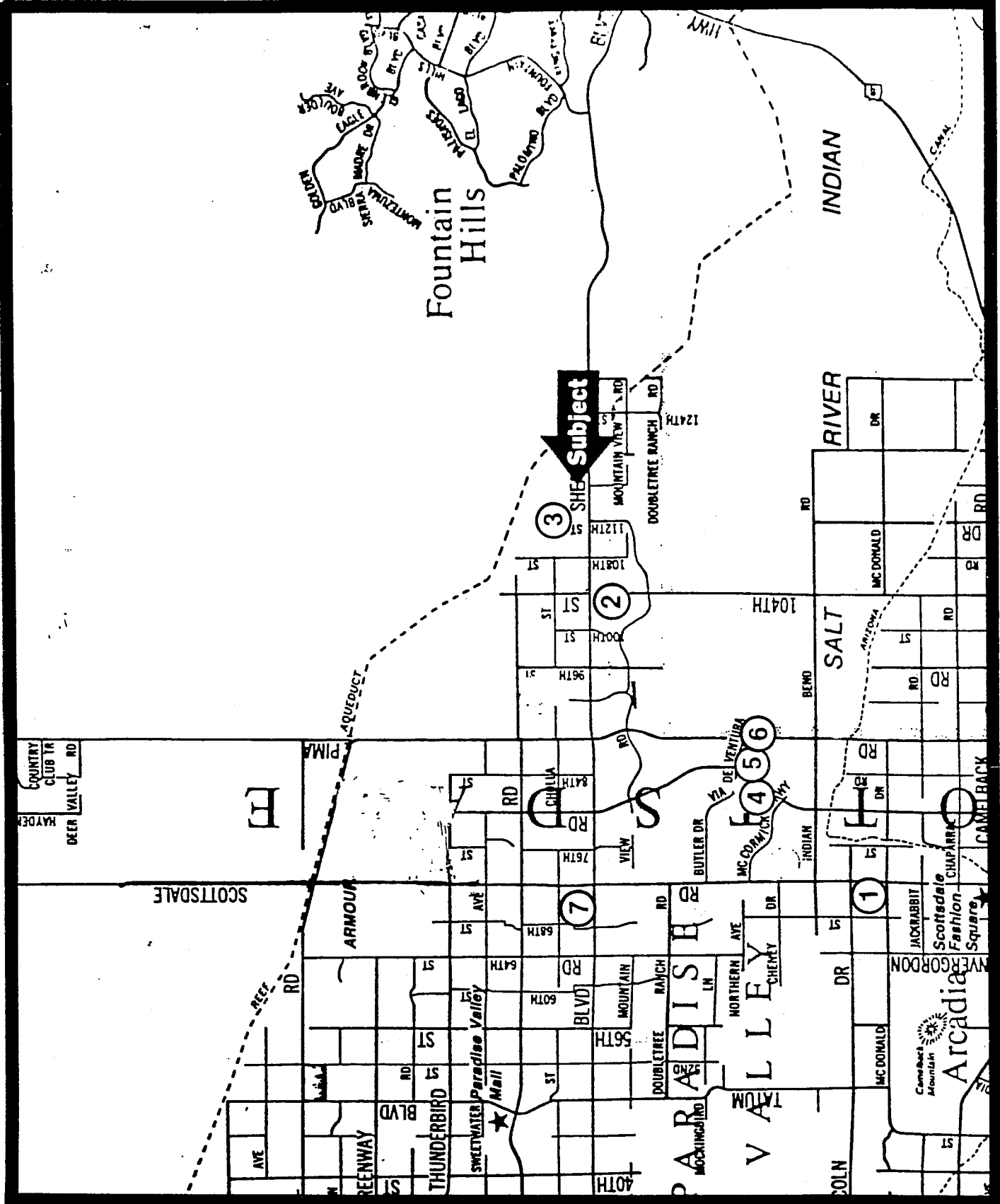
Exhibit III-3

COMPETITIVE APARTMENT SURVEY
ADOBE RANCH

No.	Project Name	No. of Units	Occupancy Rate	Monthly Rental Rate Per Square Foot			Tenant Commissions
				1 BR/1BA	2 BR/1BA	3 BR/2 BA	
1.	Miramonte	150	98%	0.68-0.79	0.60-.62		\$100 off on 6-month lease.
2.	DOS Caminos	244	92%	0.68-0.70	0.54-0.64		\$100 off on 6-month lease.
3.	The Equestrian	202	Lease-Up	0.69	0.63	0.66	\$100 off on 6-month lease.
4.	Casa Del Sol	118	97%	0.69-0.83		0.57	Free utilities for 6 months on a 1-year lease.
5.	Casa Del Norte	112	93%	0.69-0.75		0.69	Free utilities for 6 months on a 1-year lease.
6.	Rancho Antiqua	220	98%	0.63		0.56-0.61	\$50 off on a 6-month lease.
7.	Scottsdale Meadows	168	96%	0.65		0.56-0.58	\$100 off on a 6-month Lease.

SOURCE: Market Strategies

COMPARABLE APACENT PROJECTS
ADOBE RANCH



Correspond to Exhibit III-3

IV. BORROWER/DEVELOPER

IV. BORROWER/DEVELOPER

A. INTRODUCTION

The borrower for the Scottsdale Adobe Ranch is a partnership with the general partner as principals of Crow-Western Company, a Texas Corporation. The Crow-Western Company is a subsidiary of the Crow-Teague Company, one of the Trammell Crow Residential Companies.

B. THE TRAMMELL CROW ORGANIZATION

Trammell Crow is the largest private real estate developer in the United States. The Trammell Crow Residential Companies have properties in over 40 cities throughout the United States and has gross assets valued in excess of \$2 billion. Denny Alberts is president of the company, and Michael Crow is executive vice president. Apartment development is conducted by the Crow-Terwilliger Company, the Chasewood Company, and the Crow-Western Company. The development of subdivisions for single-family housing is done by the Crow Development Company (see Exhibit IV-1).

C. THE BORROWER

Crow-Western is one of the apartment development subsidiaries of the Crow-Teague Companies. The president of the Crow-Teague Companies (assets over \$350 million) is Tom Teague. The firm's activities encompass apartment development, property management, and apartment acquisition and brokerage. The Crow-Western Company develops apartment properties in the Western and Southwestern sections of the United States. Brentwood Properties provides daily operational management for more than 28,000 apartments. This firm leases and manages apartments for outside clients as well as the Trammell Crow Residential Companies. It also manages 3,800,000 square feet of office and shopping center space for private and corporate owners.

The Crow-Western Company has extensive experience in the Phoenix/Scottsdale area. They have developed or are currently developing five projects. Three of the five projects have been completed and all three have been substantially leased within six months:

<u>Project</u>	<u>Date Completed</u>	<u>% Occupied</u>
<u>Madera Point</u>	11/85	95% occupied
<u>Rancho Madera</u>	11/85	98% occupied
<u>Elliot Grove</u>	08/86	99% occupied

D. CONCLUSIONS

The Crow-Western Company has proven its ability to develop, build, lease, and manage apartment projects in a professional and profitable manner throughout the Western and Southwestern United States in general and specifically within the Phoenix area. In summary, the sponsorship of the Scottsdale Adobe Ranch project is excellent.

**Exhibit IV-1
ORGANIZATION CHART
TRAMMELL CROW COMPANIES**

TRAMMELL CROW COMPANY

1983 Construction Starts \$1.2 Billion
Gross Assets \$5 Billion
J. McDonald Williams
Managing Partner
Joel Peterson
Partner/Chief Financial Officer
Philip Norwood
Partner/Administration
86 Operating Partners

53 Offices

Albuquerque	Chicago	Kansas City	Oklahoma City	San Antonio
Atlanta	Cincinnati	Las Vegas	Orange County	San Diego
Arlington, TX	Dallas/4	Little Rock	Orlando	San Francisco
Austin	Denver	Los Angeles	Pasadena	Santa Fe
Baltimore	Dusseldorf	Louisville	Phoenix	Sao Paulo
Baton Rouge	Fort Worth	Memphis	Portland	Seattle
Birmingham	Frankfurt	Miami	Richmond	Tampa
Boise	Hobbs	Milwaukee	Roswell, NM	Tucson
Boston	Houston	Minneapolis	St. Louis	Tulsa
Charlotte	Jackson, MS	New Orleans	Salt Lake City	Washington D.C.

Office Buildings

21,046,438 square feet

Shopping Centers

5,988,415 square feet

**Service Centers
Industrial Parks**

112,063,941 square feet

**TRAMMELL CROW
RESIDENTIAL COMPANIES**

Gross Assets \$1.27 Billion
Denny Alberts
President
Michael Crow
Executive Vice President

CGT COMPANIES

Property Management
Apartments 28,000 units
Shopping Centers 3,800,000 sq. ft.
Apartment Development
Apartment Brokerage
Gross Assets \$310 Million
Tom Teague, *President*

CROW DEVELOPMENT COMPANY

Lot Development
Single Family Housing
Gross Assets \$153 Million
David Bagwell, *President*

CHASEWOOD COMPANY

Apartment Development
Condominium Development
Gross Assets \$412 Million
Charles Holbrook, *President*

CROW-TERWILLIGER COMPANY

Apartment Development
Condominium Development
Apartment Brokerage
Gross Assets \$400 Million
J. Ronald Terwilliger, *President*

CROW FAMILY COMPANIES

**DALLAS MARKET
CENTER COMPANY**

Gross Assets \$1.75 Billion
Trammell S. Crow, *Chairman*
Lucy Crow Billingsley, *President*

Dallas

**Communications Complex
at Las Colinas**

Harry Friedman, *Gen. Manager*

Dallas Market Center

World Trade Center
Apparel Mart
Market Hall
Furniture Mart
InfoMart

Crow Hotel Companies

Kirk Kinsell
Allen Cullum
Peter Streit

Miscellaneous

Lincoln Property Company
Crow Foody
Carler & Associates
Medical City
Agriculture
Linpro (NE)

MAY 1984

V. RISK AND RETURN

V. RISK AND RETURN

A. INTRODUCTION

The proposed transaction is similar to the land joint venture structure used in the T.L. James Business Park investment. USF&G will receive an 11% interest rate on invested capital which will accrue and will be compounded annually. If the subject property is sold to a third party, USF&G will receive 50% of the difference between the purchase price and the loan balance as additional interest. If parcels are developed by the Crow-Western partnership, USF&G will receive 25% no-liability ownership interest in the developments.

B. VALUATION

1. Value Estimate

Piedmont Realty Advisors has evaluated land sales in the Scottsdale area zoned R-5 for multi-family apartments. Based on a review of these recent land sales Piedmont Realty Advisors estimates the property is worth \$11,289 per developable unit (see Exhibit V-1). Therefore, \$4,730,091 was estimated as being most representative of the subject property's value.

2. Factors Influencing Value

a. Scarcity of Apartment Sites - The proposed 419-unit apartment project to be developed on the subject property is one of the 19 R-5 multi-family zoned parcels remaining in Scottsdale, of which only 5 are accessible to existing utilities and roads. Scottsdale's population is projected to grow at 8.5% annually through 1990. This growth should continue to fuel the demand for the limited multi-family units available.

This increase in population is also occurring at a time when developable R-5 multi-family zoned property is scarce. The City of Scottsdale projects the issuance of building permits to follow along these lines:

<u>Date</u>	<u>Projected Permits Issued</u>
June 1986	700
December 1986	419
June 1987	70
December 1987	70
June 1988	79
December 1988	420

The limited supply of R-5 multi-family zoned property and the projected slowdown in construction along the east-west Shea corridor should put the subject property in a strong competitive position during the investment holding period.

b. Public Improvement Projects - In 1983, the City of Scottsdale passed a \$6.9 million bond issue for capital improvements. The public improvement projects are designed to improve the accessibility of north Scottsdale. The of

Shea Boulevard to six lanes and the Via Linda extension are two examples of the public improvements that will enhance the value of the subject property.

c. Surrounding Development - The commercial and professional activity taking place in the Shea Boulevard corridor from the intersection of Pima Road east to the Mayo Clinic at 136th street will have a positive effect on the value of the subject property. The proposed Wen-Clay regional mall will anchor retail shopping and supplement the new retail development a mile and a half east of Pima Road on Shea Boulevard as well as service the new office space being developed at the Pima/Shea intersection. The zoning along the Shea corridor is also designed to accommodate the residential, commercial and community needs which the Mayo Clinic will create as it develops into a 140-acre world-class health care facility.

C. RETURN

1. General Deal Structure

The deal structure of the proposed participating mortgage requires that USF&G make a three-year, \$6,154,340 loan to Crow-Western with a \$4,500,000 initial funding at an 11% interest rate. Crow-Western will be responsible for all funds necessary to construct and develop the property and all funds necessary to operate the property as planned.

If the land is sold to a third party before the loan matures or is refinanced, USF&G will receive a 50% of the difference between the sales price and the outstanding loan balance as additional interest. If the loan matures or is refinanced, USF&G will receive 50% of the difference between the appraised value and the outstanding loan balance as additional interest.

When development commences land parcels for Phase I and II will be released from the USF&G loan at an initial price of \$2,250,000. If Phase I is financed with a third party joint venture partner and USF&G's participation is diluted below 25%, the release price will be increased by one percentage point for every one percentage point decrease in USF&G's ownership. This mechanism provides an automatic reduction in risk corresponding to any potential reduction in return.

2. Return Analysis

Piedmont Realty Advisors evaluated USF&G's returns based on two distinct development scenarios which involve third party joint venture development partners (see Exhibit A of Exhibit I-1 for financing assumptions). In both scenarios the 1988 pro forma monthly rental rate for the first phase of development is \$0.63 per square foot. This rental rate incorporates a 0% inflation rate applied to average market rental rate which is applicable to the subject property. After 1988, a 5% inflation rate is applied to the \$0.63 base rate. In addition, a 12-month lease up period was incorporated into the development cash flows of each phase. This assumption may also be conservative based on Trammell Crow's lease up experience in the Phoenix apartment market. The two scenarios incorporate different construction periods to estimate the impact of development timing on the projected yield. The two scenarios have the following timing assumptions;

- Scenario #1 . First phase funding in March, 1987.
 . Second phase funding in March, 1988.
- Scenario #2 . First phase funding in March, 1987.
 . Second phase funding in June, 1989.

The internal rate of return for each Scenario is as follows (see Exhibit V-2A and 2B):

<u>Scenario</u>	<u>Internal Rate of Return</u>
#1	20.5%
#2	17.2%

D. RISK

1. General Deal Structure

USF&G will lend an initial disbursement of \$4,500,000 to the development partnership and interest will accrue at a rate of 11% for three years. The worst case risk for USF&G is as follows:

- (1) No development.
- (2) No appreciation in land value.
- (3) No sale of land to third party.

In this worst case, USF&G's loan to value risk can be summarized as follows:

<u>Date</u>	<u>Loan Balance</u>	<u>Loan to 1986 Value Ratio</u> <u>1986 Value = \$4,730,091</u>
10/86	\$4,500,000	95%
10/87	4,995,000	106%
10/88	5,544,450	117%
10/89	6,154,340	130%

In a 0% inflation scenario in which a refinancing or transfer was not achieved, USF&G would have loan to value exposure in the second year. The probability that the subject property will not appreciate during the three-year period is very low. The probability is equally low that a development will not occur during the three-year period. Crow-Western is currently in negotiations with two major financial institutions for a take-out commitment on Phase I.

The deal structure provides several safeguards that reduce USF&G's risk exposure after the apartments are developed. First, USF&G is always a limited partner; second, USF&G has no capital contribution requirement; third, no second liens are allowed on the undeveloped land; and fourth, USF&G has no liability exposure on either the construction loan or on the permanent mortgage. Finally, the outstanding balance on the land loan must be repaid in 36 months. USF&G is protected from funding capital and operating deficits and still realizes the benefits of development returns without assuming any major financial risk.

2. Market Risks

The market risk is that future rents will not be realized because of general economic conditions or additional competition in the Scottsdale apartment market. The scarcity of R-5 multi-family zoned property coupled with Scottsdale's consistent population growth should result in a continuation of Scottsdale's historical 95+% apartment market occupancy rate and an upward pressure on rents.

3. Operational Risk

The operational risk occurs if the development is not effectively marketed and managed. The Trammell Crow Residential Companies have developed and managed over 200 properties worth over two billion dollars. The operational risk is minimal. Crow-Western has achieved over 95%+ occupancy within six months of completion on all three of their Phoenix area properties.

4. Default Risk

The default risk, the possibility that the borrower would forfeit the properties due to an inability to make mortgage payments or repay principal, is small for several reasons. There will be no scheduled mortgage payments for 36 months. The principal balance of \$6,154,340 at the end of the 36-month period represents a 9% annual increase over the property's current market value. This appreciation requirement may be a risk, but the Trammell Crow Company has substantial net worth and cash assets to meet cash flow deficits, and neither Trammell Crow or its companies has ever defaulted on a real estate project.

E. CONCLUSIONS

The downside risks are minimized and upside potential is good due to the strong Scottsdale apartment market, the lack of developable multi-family zoned land, and the expertise of the Crow-Western Company.

As a participating loan for land development, the investment will provide an adequate return for the risks incurred. It also provides good geographic and product diversification in USF&G's real estate portfolio. Therefore, Piedmont Realty Advisors recommends that the Real Estate Investment Committee of the United States Fidelity and Guaranty Company approve the commitment of \$6,154,340 for a participating loan in the Scottsdale Adobe Ranch under the terms and conditions outlined in this report.

Exhibit V-1

VALUATION ANALYSIS
ADOBE RANCH

Piedmont Realty Advisors evaluated the subject property by using the market comparable approach to value. Comparable land sales which were outlined in an existing appraisal for an adjacent parcel of apartment land on April 1985 were reviewed by Piedmont and supplemented by additional market data. Based on our review of the comparable sales, a per unit price of \$11,289 is the most appropriate estimate of land value after the roads and utilities are extended to the subject property:

Net developable units	419
Sales price per developable	
<u>Unit (see Exhibit V-1A)</u>	<u>X \$11,289</u>
Value	\$ 4,730,091

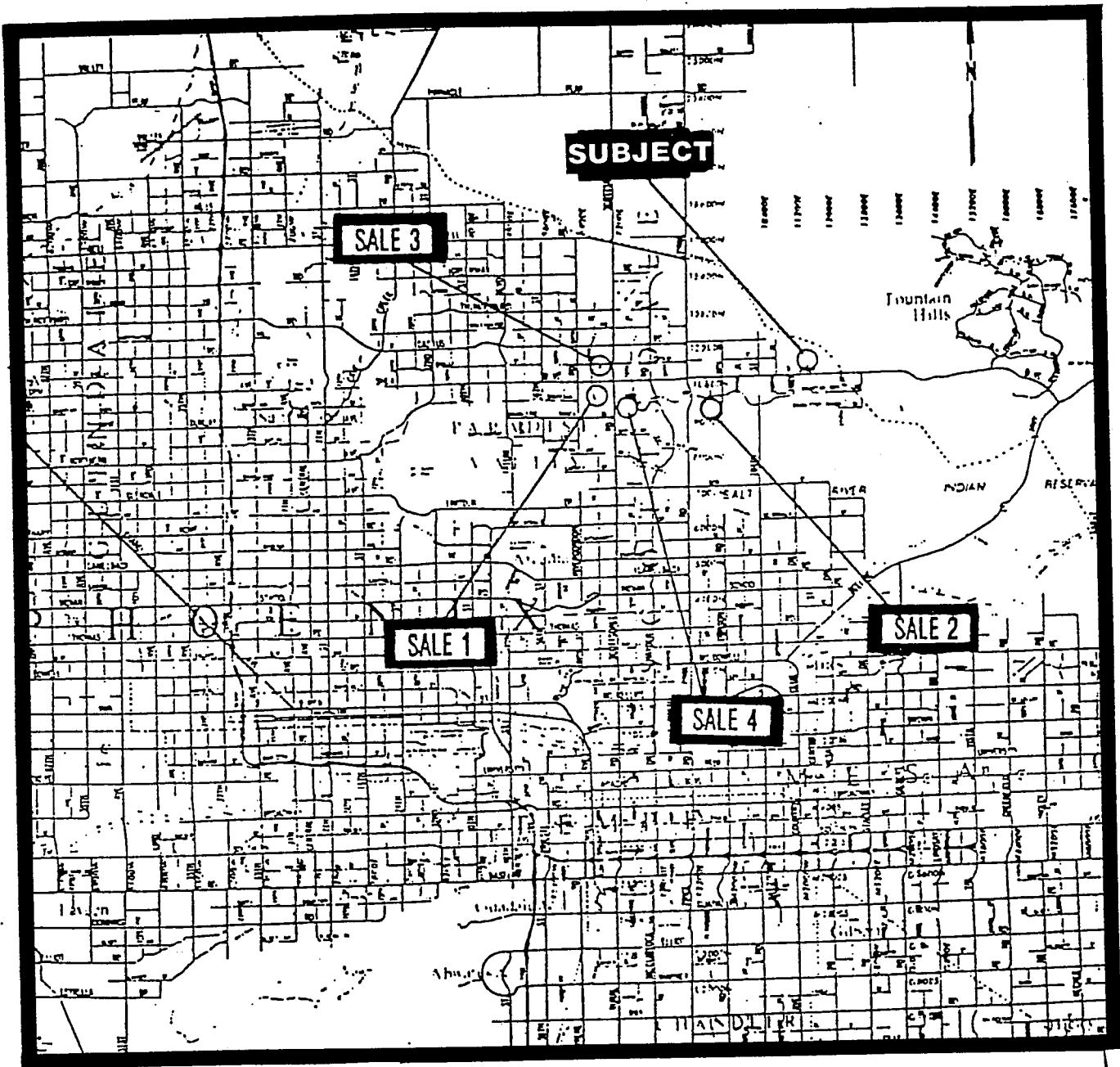
Exhibit V-1A
COMPARABLE LAND SALES
ADOBE RANCH

<u>Map No.</u>	<u>Date of Sale</u>	<u>No.of Acres</u>	<u>Zoning</u>	<u>Price/ Unit</u>	<u>Adjusted Price/ Unit</u>
1	01/85	5.43	N/A	\$14,260	\$ 9,284 ⁽¹⁾
2	11/83	17.00	R-5	11,000	9,290 ⁽²⁾
3	04/83	8.40	R-5	10,836	11,773 ⁽³⁾
4	07/84	11.90	R-5	29,838	<u>14,809</u> ⁽⁴⁾
Subject	09/86	19.10	R-5		\$11,289

-
- (1) Adjusted upward for 19 months inflation.
Adjusted downward (12%) for improvements.
Adjusted downward (48%) for lower density.
- (2) Adjusted upward for 32 months inflation.
Adjusted downward (10%) for improvements.
Adjusted 22% for density.
- (3) Adjusted upward for 39 months inflation.
Adjusted downward (7%)for improvements.
- (4) Adjusted upward for 24 months inflation.
Adjusted downward (5%) for improvements.
Adjusted downward (44%) for lower density.
Adjusted downward (46%) for location.

SOURCE: Mann Murray Appraisals

LAND SALE LOCATION MAP
ADOBE RANCH



Correspond to Exhibit V-1A

PROJECTED RETURNS
ADOBE RANCH
SCENARIO #1

CASH FLOW PROJECTIONS
SCOTTSDALE ADOBE RANCH

ASSUMPTIONS:		FRE-LEASING	25.00%
GROWTH RATE OF EFFECTIVE RENTS	5.00%	ADDITION (MONTHS)	12
ANNUAL RENTAL ADJ (% CFI)	100.00%	FREE RENT AT LEASE-UP	0.00%
GROWTH RATE OF OPERATING COSTS	5.00%	SELLING EXPENSES	3.00%
GROWTH RATE IN VALUE	5.00%		

PROPERTY CASH FLOW SUMMARY	4th QTR 1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	3 QTRS 1996
MARKET RENTAL RATE	0	0	\$7.50	\$7.88	\$8.27	\$8.68	\$9.12	\$9.57	\$10.05	\$10.55	\$11.08
EFFECTIVE RENTAL RATE	0	0	\$7.50	\$7.88	\$8.27	\$8.68	\$9.12	\$9.57	\$10.05	\$10.55	\$11.08
GROSS SCHEDULED RENT	0	0	1,359,000	2,943,064	2,996,595	3,146,425	3,303,746	3,466,533	3,642,380	3,824,499	3,011,753
VACANCY (STABILIZED @ 5.00%)	0	0	(509,425)	(625,405)	(149,530)	(157,321)	(165,187)	(173,447)	(182,119)	(191,225)	(150,590)
FREE RENT	0	0	(0)	(0)	(0)	(0)	0	0	0	0	0
EFFECTIVE GROSS RENT	0	0	849,575	2,317,659	2,846,765	2,989,104	3,138,559	3,293,086	3,460,261	3,633,274	2,861,163
OTHER INCOME	0	0	19,264	65,738	84,954	89,202	93,662	98,345	103,262	108,426	85,785
TOTAL INCOME COLLECTED	0	0	868,839	2,383,417	2,931,719	3,078,305	3,232,221	3,391,632	3,563,523	3,741,700	2,946,948
EXPENSES (STABILIZED @ \$2.92 /NRSF)	0	0	(415,870)	(501,269)	(1,164,717)	(1,222,952)	(1,284,100)	(1,348,305)	(1,415,720)	(1,486,506)	(1,170,624)
NET OPERATING INCOME	0	0	452,969	1,482,149	1,767,003	1,855,353	1,948,121	2,043,327	2,147,803	2,255,193	1,775,324
DEBT SERVICE TO USFIS	(0)	(0)	(477,273)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
NET PREFERRED, NON-CUMULATIVE	0	(0)	0	(1,482,149)	(1,767,003)	(1,855,353)	(1,948,121)	(2,043,327)	(2,147,803)	(2,255,193)	(1,545,000)
NET PARTICIPATION	0	0	0	0	0	0	0	0	0	0	(138,579)
ADDITIONAL INTEREST FROM OPERATIONS	0	0	0	0	0	0	0	0	(8,780)	(15,519)	(23,074)
TCC NET PROPERTY OPERATING CASH FLOW	0	0	(24,904)	0	0	0	0	0	26,341	58,659	69,257

LOAN SUMMARY

BEGINNING LOAN BALANCE	4,500,000	4,500,000	1,912,500	0	0	0	0	0	0	0	0
PHYSICAL HOLDBACK	0	0	0	0	0	0	0	0	0	0	0
LEASING COMMISSIONS	0	0	0	0	0	0	0	0	0	0	0
ECONOMIC HOLDBACK	0	0	0	0	0	0	0	0	0	0	0
OTHER HOLDBACKS	0	0	0	0	0	0	0	0	0	0	0
CAPITALIZED INTEREST	0	0	0	0	0	0	0	0	0	0	0
END OF PERIOD LOAN BALANCE	4,500,000	4,500,000	1,912,500	0	0	0	0	0	0	0	0

CASH FLOW SUMMARY

FUNDING TO BORROWER	(4,500,000)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
DEBT SERVICE	0	0	477,273	0	0	0	0	0	0	0	0
ADDITIONAL INTEREST IN OPERATIONS	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	8,780	15,519	23,074
PRINCIPAL REPAYMENT	0	2,587,500	2,151,563	0	0	0	0	0	0	0	0
ADDITIONAL INTEREST IN SALE	0	0	0	0	0	0	0	0	0	0	1,416,061
NET CASH FLOW	(4,500,000)	2,587,500	2,629,835	0	0	0	0	0	8,780	15,519	1,439,155

INVESTOR YIELD

IRR @ GROWTH RATE OF 5.00% 20.49%

**PROJECTED RETURNS
ADOBE RANCH
SCENARIO #2**

**CASH FLOW PROJECTIONS
SCOTTSDALE ADOBE RANCH**

ASSUMPTIONS:				
GROWTH RATE OF EFFECTIVE RENTS	5.00%	PRE-LEASING	25.00%	
ANNUAL RENTAL ADJ (% CPI)	100.00%	ABSORPTION (MONTHS)	12	
GROWTH RATE OF OPERATING COSTS	5.00%	FREE RENT AT LEASE-UP	0.00%	
GROWTH RATE IN VALUE	5.00%	SELLING EXPENSES	3.00%	

PROPERTY CASH FLOW SUMMARY	4th QTR 1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
MARKET RENTAL RATE	0	0	\$7.50	\$7.88	\$8.27	\$8.68	\$9.12	\$9.57	\$10.05	\$10.55	\$11.08
EFFECTIVE RENTAL RATE	0	0	\$7.50	\$7.88	\$8.27	\$8.68	\$9.12	\$9.57	\$10.05	\$10.55	\$11.08
GROSS SCHEDULED RENT	0	0	1,359,000	1,425,950	2,394,595	3,146,425	3,303,746	3,468,700	3,642,380	3,824,499	3,011,793
VACANCY (STABILIZED @ 5.00%)	0	0	(509,825)	(71,348)	(636,776)	(157,321)	(165,187)	(173,447)	(182,119)	(191,225)	(150,560)
FREE RENT	0	0	(0)	(0)	(0)	(0)	0	0	0	0	0
EFFECTIVE GROSS RENT	0	0	849,175	1,355,603	2,357,819	2,989,104	3,138,559	3,295,253	3,460,261	3,633,274	2,861,233
OTHER INCOME	0	0	19,264	40,454	65,738	80,909	84,954	89,202	93,562	98,345	77,447
TOTAL INCOME COLLECTED	0	0	868,439	1,396,057	2,423,557	3,070,012	3,223,513	3,384,459	3,553,823	3,731,619	2,938,680
EXPENSES (STABILIZED @ \$2.92 /NRSF)	0	0	(415,970)	(554,527)	(946,332)	(1,222,952)	(1,284,100)	(1,348,305)	(1,415,720)	(1,486,506)	(1,170,824)
NET OPERATING INCOME	0	0	452,469	841,530	1,477,225	1,847,060	1,939,413	2,036,154	2,138,103	2,245,113	1,767,856
DEBT SERVICE TO USFAS	(0)	(0)	(0)	(885,043)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
NET PREFERRED, NON-CUMULATIVE	0	(0)	(452,469)	0	(1,477,225)	(1,847,060)	(1,939,413)	(2,036,154)	(2,138,103)	(2,245,113)	(1,767,856)
NET PARTICIPATION	0	0	0	0	0	0	0	0	(46,922)	(111,068)	(133,816)
ADDITIONAL INTEREST FROM OPERATIONS	0	0	0	0	0	0	0	0	(7,820)	(18,511)	(22,303)
TDC NET PROPERTY OPERATING CASH FLOW	0	0	0	(44,513)	0	0	0	0	23,461	55,524	68,908

LOAN SUMMARY

BEGINNING LOAN BALANCE	4,500,000	4,500,000	1,912,500	1,912,500	0	0	0	0	0	0	0
PHYSICAL HOLDBACK	0	0	0	0	0	0	0	0	0	0	0
LEASING COMMISSIONS	0	0	0	0	0	0	0	0	0	0	0
ECONOMIC HOLDBACK	0	0	0	0	0	0	0	0	0	0	0
OTHER HOLDBACKS	0	0	0	0	0	0	0	0	0	0	0
CAPITALIZED INTEREST	0	0	0	0	0	0	0	0	0	0	0
END OF PERIOD LOAN BALANCE	4,500,000	4,500,000	1,912,500	1,912,500	0	0	0	0	0	0	0

CASH FLOW SUMMARY

FUNDING TO BORROWER	(4,500,000)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
DEBT SERVICE	0	0	0	885,043	0	0	0	0	0	0	0
ADDITIONAL INTEREST IN OPERATIONS	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	7,820	18,511	22,303
PRINCIPAL REPAYMENT	0	2,587,500	0	2,151,563	0	0	0	0	0	0	0
ADDITIONAL INTEREST IN SALE	0	0	0	0	0	0	0	0	0	0	1,415,061
NET CASH FLOW	(4,500,000)	2,587,500	0	3,037,606	0	0	0	0	7,820	18,511	1,438,364

INVESTOR YIELD

IRR @ GROWTH RATE OF 5.00% 17.16%