

WOODLAWN GABLE APARTMENTS

FAIRFAX, VIRGINIA

# The NVHome Bonus

Earn equity towards a new home everytime you pay the rent at a Gable Community. It's called the NVHome Bonus. Here's how it works.

Sign a one-year lease at any Gable Community. Then receive \$100 a month credit towards the purchase of a new home from Ryan Homes or NVHomes. Sign a new lease for the second year and receive \$150 a month credit — up to a maximum of 1½% of the purchase price.\*


As two of the largest builders in the area, they offer homes in dozens of locations and in all price ranges to which you can apply your credit.

Plus you'll have the choice of several Gable Communities in which to build your equity.

Start turning your rent money into new home equity — while enjoying all the pleasures and amenities of life in a Gable Community. You might even choose to stay.

  
**Ryan  
Homes**

  
**NVHomes**

  
**NVProperties**

Patio, Deck & Loft Apartments

\*Additional restrictions and requirements apply, contact an NVProperties leasing consultant for more details.

LIST OF EXHIBITS  
WOODLAWN GABLE

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August 17, 1988

Real Estate Investment Committee  
USF&G Corporation  
100 Light Street

Re: Woodlawn Gable  
Fairfax, Virginia

Dear Sirs:

Enclosed for the Investment Committee's review and consideration is an investment report on the Woodlawn Gable Apartment project, a 248-unit rental project to be developed by NV Properties of McLean, Virginia. The proposed structure for this investment utilizes a combination of an \$18,200,000 Government National Mortgage Association (GNMA) collateralized mortgage loan and a \$1,500,000 equity joint venture. The coupon rate on the GNMA security to USF&G would be  $8\frac{5}{8}\%$  ( $8\frac{7}{8}\%$  less a .25% GNMA guarantee and servicing fee). The equity joint venture would receive a 10% cumulative preferred return, and a 50% interest in the net cash flow generated by the project and a 50% interest in the residual value at sale.

#### The Property Location

The project will be located in the Woodlawn section of Fairfax County, Virginia on Pole Road. The project is on an approximately 15 1/2 acre tract adjacent to the Woodlawn Plantations and Fort Belvoir. The site has good curb appeal and excellent access to the George Washington Memorial Parkway, Route 1 and Route I-95.

The project will be wood frame construction on concrete slab. Individual units will feature decks and/or patios, walk-in closets, wall to wall carpeting, washers and dryers, dishwashers, frost-free refrigerators with ice makers and garbage disposers. Some of the units will include lofts with bathrooms, fireplaces and/or sunrooms. All of the units will be separately metered for electric. Common amenities will include a clubhouse, pool, lighted tennis courts, exercise room with nautalis equipment, racquetball court and aerobics room.

## The Market

Fairfax County currently has the lowest vacancy rate for apartments in the Washington, D.C. area at 3.1%, an area which is considered one of the strongest in the county.

Fairfax County's population increased over 5 times in the period from 1950 to 1975 and is projected to be the most populous jurisdiction in the region by 1990 (surpassing Prince Georges' County which is the current leader). Fairfax has the highest average household income in the nation and a labor force that is one of the most educated.

The rental housing market in Fairfax has been extremely tight over the last decade with vacancy rates never exceeding 4.4%. The highest vacancy rate of 4.4% was in 1987 which was a direct result of the acceleration of projects caused by the 1986 tax act. Total rental units in Fairfax County actually declined during the last decade from 44,153 to 40,522 due to condo conversions and a slow growth posture from the County government. A further tightening in the market should be experienced over the next several years as Fort Belvoir moves ahead with its recently announced expansion (See enclosed Washington Post Article) of 880,000 square feet of office space and 3,600 employees.

## The Developer and Joint Venture Partner

NV Properties is part of the NVCompanies, a diversified group of real estate firms based in McLean, Virginia. In addition to the original land development company formed in 1977 (NVLand), NVCompanies now includes one of the largest homebuilders in the U.S.A., (NVRyan), a rapidly expanding development company (NVCommercial), and the multi-family development company, NVProperties. In 1987 NVProperties developed over \$32,000,000 of residential real estate and currently manages over 800 apartment units in the Washington area.

NVProperties was formed with the intent of developing, owning and managing income producing residential properties. A strong demand of quality rental housing in the Washington market coupled with our access to prime parcels of property made this step a natural one. As with other new markets entered by NVCompanies, the strategy is to provide a product and service that exceeds the competition. Most communities will feature a host of amenities including community clubhouses, exercise rooms, racquetball courts, swimming pools, tennis and picnic areas.

Bristol House, an extremely successful development of 152 for-sale condominiums located in Reston, Virginia was NVProperties' initial project. NVProperties has completed and is managing Oakton Gable, located in Oakton, Virginia and is developing and leasing Windsor Gable at Kingstowne in Alexandria, and Old Centreville Gable in Centreville, Virginia.

Three additional communities with a total of 852 units are planned for 1988. Development and leasing at Bristol Gable at Kingstowne, Woodlawn Gable in Alexandria and Fair Oaks Gable next to Fair Oak Shopping Mall will all begin in 1988.

### The Risk and Return

This proposed investment will utilize the insurance on completion and forward commitment utilized in other USF&G investments of this type. That is, USF&G's debt and equity investment would not be made until satisfactory completion of the project and final endorsement for FHA insurance had been completed. The FHA insured and GNMA guaranteed first mortgage will carry a coupon to USF&G of 8 5/8% and will amortize over a 40-year period. Ten year treasuries are currently yielding 9.3% making this portion of the investment well within USF&G's target of 90% of that rate. Further, this investment is structured to give USF&G the right, but not the obligation, to force a buy out or sale at the end of 10 years.

For the equity joint venture, USF&G would commit to fund \$1,500,000 at the same time the mortgage is funded (total financing and joint venture of \$79,435 per unit). In return for this equity contribution, USF&G would receive a 10% cumulative preferred return and a 50% interest in cash flow and residuals. Once USF&G has funded its commitment, NV Properties will provide a corporate guarantee for 100% of cash flow deficits for 2 years after which the deficits are shared 50/50. Utilizing a 5% trending factor, USF&G is projected to earn a 12% internal rate of return on all funds and 30% on its equity contribution. Under the worst case scenario (3% trend and 10% vacancies) USF&G would earn 10 1/4% on all funds and 20.3% on its equity contribution.

### Conclusion and Recommendation

This investment has been structured in a fashion that offers a fair return given the risk assumed for both USF&G and NVProperties.

If Fairfax County continues over the next 10 years to perform as it has over the past 10 years, USF&G should expect to exceed even the best case projections (almost 13% on all funds invested). Further, USF&G earns out of its equity contribution after the first year of operations. Given the combination of a GNMA guaranteed first mortgage and a comparatively small equity investment in one of the strongest markets in the county, I would strongly recommend this investment be made under the terms and conditions outlined in the Application Letter.

Sincerely,

James T. Smith

○ Realty

## APPLICATION LETTER

August 10, 1988

Mr. Eric Johnson  
Vice President  
N.V. Properties  
6820 Elm Street  
McLean, Virginia 22101

Re: FHA Coinsured Mortgage  
Woodlawn Cable Apartments  
Fairfax, VA

Dear Eric:

USF&G Realty is prepared to recommend to its Real Estate Investment Committee that an affiliate of USF&G Realty, Inc. (USF&G) issue a commitment for a participating first mortgage on the above referenced apartment project, subject to the following terms and conditions:

Property:

Woodlawn Cable Apartments is a 248 unit apartment project containing approximately 225,804 square feet of net rentable area in Twelve 2 and 3 story buildings of block and stud framing construction with a brick and slat veneer. Each unit will feature a dishwasher, garbage disposer, washer and dryer. Several of the units will have fire places lofts and/or sunrooms and all of the units will have either a deck or patio. The common amenities will include a clubhouse with racquetball, jacuzzi, exercise facilities a pool and tennis courts.

Location:

The site is located adjacent to the Woodlawn Plantation in Southern Fairfax County, Virginia on Old Mill Road.

Land Area:

Approximately 15 1/2 acres will be developed in this phase.



Borrower:

A limited partnership to be formed by NV Properties in conformance with the terms outlined in Exhibit A.

Loan Amount:

\$18,200,000. This is a best estimate of the loan amount FHA underwriting will allow. This amount will be subject to change upon final endorsement and cost certification. If the firm commitment to insure is for less than 95% of this estimated loan amount, the amount may be deemed unacceptable by borrower and borrower may withdraw from the commitment. If the final loan amount is greater than 105% of this estimated loan amount the lender may withdraw.

FHA Mortgage Rate:

8.875%

Loan Constant:

9.791% which includes GNMA, MIP and Curtail

Amortization:

40 years

Call Option:

Subject to conforming with FHA regulations at the time of funding, Lender has the right to call the loan due anytime after the 10th loan year. Lender will give Borrower 12 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 FHA insurance.

Prepayment:

Subject to conforming with FHA regulations at the time of funding, there will be no prepayment through year 10. Prepayment of the loan will be allowed in years 11 through 16 with a 1% prepayment penalty. If USF&G exercises its right to require a prepayment there will be no prepayment penalty.

### **Additional Interest**

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

### **USF&G Commitment Fee:**

Upon receipt of a firm Commitment to Insure from a 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 2% of the Coinsuring Lenders determination of the maximum insurable mortgage but not less than \$364,000. The commitment fee will be considered earned and due in cash upon acceptance of the commitment documents by the Coinsuring Lender. This fee is payable by NV Properties through the Coinsuring Lender to USF&G.

### **Initial Funding:**

Full loan amount will be funded upon receipt of the final certificates of occupancy and endorsement of the mortgage note for coinsurance by FHA. Initial funding must occur within 20 months of the 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 6 months upon payment of a monthly extension fee of 3/8 of 1% 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 based on the amount of the mortgage loan and will be determined by FHA regulations.

Legal Fees:

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

**Contingencies**

- A. GNMA Securities: The commitment issued by USF&G will be to purchase a Government National Mortgage Association fully modified mortgage pass through certificate issued by Maryland National Mortgage Corporation.
- 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 the plans and specifications shall be considered approval.
- C. Economic Due Diligence: This application shall be contingent upon USF&G Realty's satisfactory completion of its economic due diligence by September 1, 1988.
- D. Committee Approval: This application must be approved by the Lender's Investment Committee by September 1, 1988.
- 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 a FHA & USF&G approved appraiser approved by the Lender which is not less than \$20,000,000.
- 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 Lenders approval of the borrowing entity's partnership agreement.

If the terms outlined in this letter are acceptable to you, please sign below and return with an application fee of \$90,000 by August 15, 1988. The application fee should be paid by NV Properties through the Maryland National Mortgage Corporation and wired to a custodial account. Please call me for wiring instructions. The application fee will be earned in full upon issuance by an affiliate of USF&G Commitment to Purchase GNMA mortgage backed securities for the loan by USF&G under terms consistent with this application. The application fee once earned will be applied against USF&G's commitment fee.

Sincerely,

James T. Smith  
Vice President

JTS/rla

Accepted:

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

EXHIBIT A  
EQUITY JOINT VENTURE

USF&G Realty is prepared to recommend to its Investment Committee that it issue a commitment to enter into a joint venture agreement with NV Properties subject to the following terms and conditions:

Property:

Woodlawn Gable Apartments is a 248 unit apartment project containing approximately 225,804 square feet of net rentable area in twelve 2 and 3 story buildings of block and stud framing construction with a brick and slat veneer. Each unit will feature a dishwasher, garbage disposer, washer and dryer. Several of the units will have fireplaces, lofts and/or sunrooms and all of the units will have either a deck or patio. The common amenities will include a clubhouse with racquetball, jacuzzi, exercise facilities, a pool and tennis courts.

Location:

The site is located adjacent to the Woodlawn Plantation in Southern Fairfax County, Virginia on Old Mill Road.

Land Area:

Approximately 15 1/2 acres will be developed in this phase.

Total Project Cost:

\$19,700,000 subject to change as described below.

Equity Investment: \$1,500,000

To the extent that the coinsured mortgage amount varies from the estimated amount of \$18,200,000, 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 contribution will be increased by 2%. However, in no event shall the total equity investment exceed \$1,600,000.

Ownership Entity:

A Virginia limited partnership to be formed by NV Properties (General Partners). USF&G will be a limited partner of the partnership and NV Properties will be General Partners.

## BASIC RESPONSIBILITIES:

USF&G Corporation: Provide equity capital

### General Partners:

1. Construct the described apartment project with acceptable title.
2. Leasing of described apartment project.
3. Project Management - An affiliate of NV Properties will be contracted by the owners to provide property management services. NV Properties will be allowed a maximum management fee of 4% in year 1 increasing .25% per year to a maximum of 5% in year 5 of gross collected income. USF&G will have the right to approve the management contract prior to its execution. The management contract will allow USF&G to change management companies after showing cause to the General Partners and allowing a 60-day period to cure.

### Initial Contributions:

#### USF&G:

Upon completion of the project, receipt of final certificate of occupancy, completion of the other terms and conditions of this application, and of the commitment and upon USF&G's funding of an FHA coinsured first mortgage of approximately \$18,200,000. USF&G will make an initial equity contribution of \$1,500,000 (or as adjusted).

### General Partners:

Upon completion of the project, receipt of final certificate of occupancy, funding of the first mortgage and USF&G's equity contribution, The General Partners will contribute as additional equity capital, the balance necessary to satisfy all liens against the project that are due and payable.

### Cash Deficits:

1. The General Partners will provide corporate guarantees to fund as a loan to the partnership 100% of any cash flow deficits (excluding cumulative preferred return) for 24 months after initial funding. This cash deficit loan will be repaid out of operating cash flow as defined in Exhibit B without interest.

2. In month 25, and thereafter, cash flow deficits will be funded as a loan to the partnership 50/50 by the General Partners and USF&G. These cash deficit loans will be repaid out of operating cash flow as defined in Exhibit B without interest.

#### Partnership Loans:

Upon consent of all parties, the partnership may borrow from the General Partners and/or USF&G or a third party lender. Except for cash deficit loans as defined above the General Partners and/or USF&G will receive interest at the rate of the Citibank prime lending rate plus 1%. The loan or loans will be repaid from cash flow, refinancing proceeds or sale proceeds as defined in Exhibits B, C and D.

#### Failure to Contribute Additional Equity:

If either party fails to contribute its share of any operating deficit as described above, the other party may contribute the required Additional Equity, and the contributory party will receive an additional 1% ownership in the partnership for each \$3,000 contributed on behalf of the non-contributory party.

#### Distribution of Cash Flows:

##### USF&G:

1. 10% cumulative return compounded annually on Initial Equity Contributions earned from the time of funding.
2. USF&G will receive 50% (or as adjusted) of the projects cash flow available for distribution as defined in Exhibit B. USF&G reserves the right to allocate participations between the mortgage and joint venture in any way.

#### The General Partners:

The General Partners will receive 50% (or as adjusted) of the projects cash flow available for distribution as defined in Exhibit B.

#### Allocation of Profits and Losses:

USF&G:

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

The General Partners

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

Distribution of Sale Proceeds:

USF&G will receive 50% (or as adjusted) of sale proceeds as defined in Exhibit C or 50% (or as adjusted) of refinancing proceeds as defined in Exhibit D. In the event of sale, USF&G shall receive a maximum of 65% (or as adjusted) of equity proceeds as defined in Exhibit C.

The General Partners will receive 50% (or as adjusted) of sale or refinancing proceeds as defined in Exhibit C and E respectively. In the event of sale, the General Partners will receive a minimum of 35% (or as adjusted) of equity proceeds as defined in Exhibit C.

Prepayment:

Unless agreed upon by USF&G and NV Properties, 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 all parties, there will be no refinancing or prepayment of the FHA coinsured mortgage for ten years. Anytime after the tenth anniversary of the loan funding, either party may elect to prepay the mortgage.

If the property is refinanced or the loan is prepaid after the tenth year unless USF&G has exercised its right under the call option, the Borrower will pay the Lender a 1% prepayment penalty if the prepayment occurs in years 11 through 15 and no prepayment penalty after year 15. Refinancing proceeds will be distributed as defined in Exhibit D.

Joint Venture Fee:

\$30,000 payable upon acceptance of the Joint Venture Commitment.



### Legal Fees:

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

### Contingencies:

- A. FHA coinsured Mortgage: The joint venture will be contingent upon the coinsured Lender issuing a final endorsement to insure the first mortgage in the amount of approximately \$18,000,000 pursuant to Section 221 (d)(4) of the National Housing Act.
- 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 USF&G Realty's satisfactory completion of its economic due diligence by September 1, 1988.
- D. Committee Approval: This application must be approved by USF&G's Investment Committee by September 1, 1988.
- 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 FHA and USF&G approved appraiser approved by USF&G for not less than \$20,000,000.
- H. Partnership Documents: This joint venture agreement will be contingent upon USF&G's approval of the partnership documents.

EXHIBIT B.

Definition of Cash Flow Available for Distribution:

1. Actual Gross Collected Income
2. Less: Approved Operating Expenses \*
3. Equals: Net Operating Income
4. Less: First Mortgage Debt Service
5. Less: MIP, Reserves, Tax and Insurance Escrows
6. Equals: Surplus Cash as defined by the FHA  
Regulating Agreement
7. Less: Debt Service on Partnership Debt
8. Less: Cumulative Preferred Return
9. Equals: Cash Flow available for Distribution

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

EXHIBIT C

Definition of Sale Proceeds Available for Distribution:

1. Gross Sales Price as determined by an arms length transaction.
2. Less: Actual Sales Expenses to unrelated Third Parties not to exceed 3% Gross Sales Price.
3. Less: Outstanding First Mortgage Balance.
4. Less: Any Outstanding Partnership Debt.
5. Less: USF&G's Initial Equity Contributions
6. Equals: Equity Proceeds from Appreciation
7. Less: USF&G's Unpaid Cumulative Compounded Preferred Return (not to exceed 65% of Line 6 unless adjusted for failure to contribute additional equity).
8. Less: Pro-Rata Repayment of all Parties' Additional Equity Contributions.
9. Equals: Sales Proceeds Available for Distribution.

EXHIBIT D

Distribution of Refinancing Proceeds:

1. Net New Loan Proceeds
2. Less: Outstanding First Mortgage Balance
3. Less: Any Outstanding Partnership Debt
4. Less: USF&G's Unpaid Cumulative Compounded Preferred Return
5. Less: Pro-Rata Repayment of All Parties' Additional Equity Contributions
6. Equals: Refinancing Proceeds Available for Distribution

**FINANCIAL PROJECTIONS**  
**-MOST LIKELY-**

PROJECT NAME.....WOODLAWN GABLE - FAIRFAX, VA.

LAND..... 3400000

HARD COSTS.....12782591

SOFT COSTS..... 2202758

A &amp; E FEES..... 147500

G/C FEE..... 500000

3.91% OF HARD COST

DEVELOPMENT FEE... 667151

4.09% OF TDC EX LAND

TOTAL DEV. COSTS..19700000 (79,435) PER UNIT

LOAN AMOUNT.....18200000

REQUIRED EQUITY... 1500000

INVESTOR COM. FEE. 394000

2.00% OF FUNDED AMT.

EXP./UNIT..... 2555

PERM. LOAN RATE.... 8.375%

M I P..... 0.650%

MORTGAGE TERM..... 40 YEARS

CONSTANT..... 9.79103%

EQUITY PART..... 50.00%

PREFERRED RETURN.. 10.00%

SERVICING FEE..... 0.25%

ADVISOR FEE..... 0.00%

EQUITY RAISE..... 7.61%

INVESTOR IS ..... 102.04%

TOT INVESTOR CONT.19300000

DISTRIBUTION IS... 100.00% TO L/P'S

OTHER INCOME..... 0.00 PER D/U PER MONTH

MAX CASH FLOW..... 0.00%

-----MOST LIKELY-----

BASE YEAR 30-Jun-88

RENTS (TENANTS PAY UTILITIES)

TYPE	DESC	NUMBER	UNIT SQ. FT.	TOTAL SQ. FT.	UNIT RENT/MO	RENT PR SQ/FT	MONTHLY RENT
1BR/1BA LOFT		4	788	3152	860	1.09	3440
1BR/1BA DEN A VIEW		0	0	0	0	ERR	0
1BR/1BA SUNROOM		4	987	3948	905	0.92	3620
1BR/1BA		48	688	33024	695	1.01	33360
1BR/1BA LOFT		24	848	20352	875	1.03	21000
2BR/1BA F/P		48	846	40608	835	0.99	40080
2BR/1BA F/P SUNROOM		56	986	55216	930	0.94	52080
2BR/2BA F/P		24	986	23664	865	0.88	20760
2BR/2BA LOFT F/P		40	1146	45840	990	0.86	39600
2BR/2B DEN TH VIEW		0	0	0	0	ERR	0
3BR/2B TH GARAGE F/P		0	0	0	0	ERR	0
3BR/2B TH GARAGE		0	0	0	0	ERR	0
3BR/2B TH		0	0	0	0	ERR	0
3BR/2B TH VIEW		0	0	0	0	ERR	0
TOTAL OR AVERAGE		248	911	225804	862.66	0.95	213940

PROJECTED GROSS TO 01-Jan-90 7.50% INCREASE 229986

	RENTAL INC.	0.00%	5.00%	5.00%	0.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
	VACANCY %	10.00%	5.00%	5.00%	0.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
RENTAL INCOME		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
GROSS RENTAL INCOME		2759826	2897817	3042708	3194844	3354586	3522315	3698431	3883352	4077520	4281396
LESS VACANCIES		-275983	-144891	-152135	-159742	-167729	-176116	-184922	-194168	-203876	-214070
LAUNDRY AND OTHER		0	0	0	0	0	0	0	0	0	0
TOTAL GROSS INCOME		2483843	2752926	2890573	3035101	3186856	3346199	3513509	3689185	3873644	4067326
	budget +	2,565,025									
EXPENSES: % INCREASE		0.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
MANAGEMENT FEE RATE		4.00%	4.25%	4.50%	4.75%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
MANAGEMENT FEE		99354	116999	130076	144167	159343	167310	175675	184459	193682	203366
OTHER EXPENSES		581809	598222	620906	644364	668615	702046	737148	774006	812706	853341
TOTAL EXPENSES		681163	715221	750982	788531	827958	869356	912824	958465	1006338	1056787
NET CASH FLOW BEFORE DEBT		1802680	2037705	2139591	2246570	2358899	2476844	2600686	2730720	2867256	3010619
DEBT SERVICE ON FIRST MORTGAGE		1781967	1781967	1781967	1781967	1781967	1781967	1781967	1781967	1781967	1781967
DEBT SERVICE ON SECOND MTG.		0	0	0	0	0	0	0	0	0	0
NET CASH FLOW		20714	255739	357624	464603	576932	694877	818719	948753	1085289	1228652
DEVELOPERS GUARANTEE		0	0	0	0	0	0	0	0	0	0
AVAILABLE CASH FLOW		20714	255739	357624	464603	576932	694877	818719	948753	1085289	1228652
INVESTOR DISTRIBUTION											
DEBT SERVICE ON 1ST		1663667	1663667	1663667	1663667	1663667	1663667	1663667	1663667	1663667	1663667
LESS SERVICING		-45443	-45312	-45168	-45012	-44840	-44653	-44449	-44226	-43982	-43715
DEBT SERVICE ON 2ND		0	0	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE		1618223	1618355	1618498	1618655	1618826	1619013	1619218	1619441	1619685	1619951
ADVISORS FEE		0	0	0	0	0	0	0	0	0	0
BALANCE AVAILABLE		1618223	1618355	1618498	1618655	1618826	1619013	1619218	1619441	1619685	1619951
INVESTOR PREFERRED RETURN		1500000	1500000	1500000	1500000	1500000	1500000	1500000	1500000	1500000	1500000
DEFECIENCY		-129286	0	0	0	0	0	0	0	0	0
DUE FROM PRIOR PERIOD		0	-129286	-23547	0	0	0	0	0	0	0
TOTAL DUE INVESTOR		129286	129286	23547	0	0	0	0	0	0	0
AVAILABLE CASH FLOW		0	105739	207624	314603	426932	544877	668719	798753	935289	1078652
BALANCE TO DISTRIBUTE		0	0	184076	314603	426932	544877	668719	798753	935289	1078652
BONUS TO INVESTORS		0	0	92032	157302	213466	272438	334360	399377	467645	539326
GP PARTICIPATION		0	0	92032	157302	213466	272438	334360	399377	467645	539326
TOTAL INVESTOR DISTRIBUTION		1638937	1874093	1884084	1925957	1982292	2041452	2103577	2168818	2237330	2309277
INVESTOR CURRENT RETURN- G&P FUNDS		8.400%	9.700%	9.700%	9.87%	10.00%	10.00%	10.00%	11.00%	11.00%	11.00%

SALES ANALYSIS - GAIN ON SALE-----

		10 YEAR PROJECTION		
CAPITALIZATION RATE		8.00%	9.00%	10.00%
=====				
NOI FOR	1999	3010619	3010619	3010619
PROJECTED SALES PRICE		37632735	33451320	30106188
LESS:SALES EXPENSES @	3.00%	1128982	1003540	903186
NET SALES PRICE		36503753	32447780	29203002
LESS:EXISTING DEBT		18924718	18924718	18924718
TOTAL PROCEEDS FROM SALE		17579034	13523062	10278284
LESS:CUMULATIVE RETURN DUE INVESTOR		0	0	0
BALANCE TO SPLIT		17579034	13523062	10278284
TOTAL PROCEEDS TO INVESTORS		8789517	6761531	5139142

INTERNAL RATE OF RETURN FOR INVESTORS -	-----ALL FUNDS-----			-----EQUITY CAPITAL-----		
	8.00%	9.00%	10.00%	8.00%	9.00%	10.00%
=====						
INITIAL INVESTMENT	-19306000	-19306000	-19306000	-15000000	-15000000	-15000000
CASH FLOW END OF YEAR 1	1638937	1638937	1638937	20714	20714	20714
CASH FLOW END OF YEAR 2	1874093	1874093	1874093	255739	255739	255739
CASH FLOW END OF YEAR 3	1884084	1884084	1884084	265586	265586	265586
CASH FLOW END OF YEAR 4	1925957	1925957	1925957	307302	307302	307302
CASH FLOW END OF YEAR 5	1982292	1982292	1982292	363466	363466	363466
CASH FLOW END OF YEAR 6	2041452	2041452	2041452	422438	422438	422438
CASH FLOW END OF YEAR 7	2103577	2103577	2103577	484360	484360	484360
CASH FLOW END OF YEAR 8	2168818	2168818	2168818	549377	549377	549377
CASH FLOW END OF YEAR 9	2237330	2237330	2237330	617645	617645	617645
CASH FLOW END OF YEAR 10	30023513	27995527	26373138	10978843	8950857	7328468
IRR	12.5431%	12.0191%	11.5813%	30.9239%	29.1760%	27.5742%



**FINANCIAL PROJECTIONS**  
**-BEST CASE-**

REPORT DATE..... 15-Aug-88

PROJECT NAME.....WOODLAWN GABLE - FAIRFAX, VA.

LAND..... 3400000

HARD COSTS.....12782591

SOFT COSTS..... 2202758

A & E FEES..... 147500

G/C FEE..... 500000 3.91% OF HARD COST

DEVELOPMENT FEE... 667151 4.09% OF TDC EX LAND

TOTAL DEV. COSTS..19700000 (79,435) PER UNIT

LOAN AMOUNT.....18200000

REQUIRED EQUITY... 1500000

INVESTOR COM. FEE. 394000 2.00% OF FUNDED AMT.

EXP./UNIT..... 2555

PERM. LOAN RATE.... 8.875%

M I P..... 0.650%

MORTGAGE TERM..... 40 YEARS

CONSTANT..... 9.79103%

EQUITY PART..... 50.00%

PREFERRED RETURN.. 10.00%

SERVICING FEE..... 0.25%

ADVISOR FEE..... 0.00%

EQUITY RAISE..... 7.61%

INVESTOR IS ..... 102.04%

TOT INVESTOR CONT.19306000

DISTRIBUTION IS... 100.00% TO L/P'S

OTHER INCOME..... 0.00 PER D/U PER MONTH

MAX CASH FLOW..... 0.00%

-----BEST CASE-----

BASE YEAR 30-Jun-88

RENTS (TENANTS PAY UTILITIES)

TYPE	DESC	NUMBER	UNIT SQ. FT.	TOTAL SQ. FT.	UNIT RENT/MO	RENT PR SQ/FT	MONTHLY RENT
1BR/1BA LOFT		4	788	3152	860	1.09	3440
1BR/1BA DEN A VIEW		0	0	0	0	ERR	0
1BR/1BA SUNROOM		4	987	3948	905	0.92	3620
1BR/1BA		48	688	33024	695	1.01	33360
1BR/1BA LOFT		24	848	20352	875	1.03	21000
2BR/1BA F/P		48	846	40608	835	0.99	40080
2BR/1BA F/P SUNROOM		56	986	55216	930	0.94	52080
2BR/2BA F/P		24	986	23664	865	0.88	20760
2BR/2BA LOFT F/P		40	1146	45840	990	0.86	39600
2BR/2B DEN TH VIEW		0	0	0	0	ERR	0
3BR/2B TH GARAGE F/P		0	0	0	0	ERR	0
3BR/2B TH GARAGE		0	0	0	0	ERR	0
3BR/2B TH		0	0	0	0	ERR	0
3BR/2B TH VIEW		0	0	0	0	ERR	0
TOTAL OR AVERAGE		248	911	225804	862.66	0.95	213940

PROJECTED GROSS TO 01-Jan-90 9.00% INCREASE 233195

	RENTAL INC.	0.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
	VACANCY %	10.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
RENTAL INCOME		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
<hr/>											
GROSS RENTAL INCOME		2798335	2966235	3144209	3332862	3532834	3744804	3969492	4207661	4460121	4727728
LESS VACANCIES		-279834	-148312	-157210	-166643	-176642	-187240	-198475	-210383	-223006	-236386
LAUNDRY AND OTHER		0	0	0	0	0	0	0	0	0	0
<hr/>											
TOTAL GROSS INCOME		2518502	2817924	2986999	3166219	3356192	3557564	3771017	3997278	4237115	4491342
<hr/>											
EXPENSES: % INCREASE		0.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
<hr/>											
MANAGEMENT FEE RATE		4.00%	4.25%	4.50%	4.75%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
MANAGEMENT FEE		100740	119762	134415	150395	167810	177878	188551	199864	211856	224567
OTHER EXPENSES		589928	605439	627046	649139	671701	703608	737010	771975	808575	846885
<hr/>											
TOTAL EXPENSES		690668	725201	761461	799534	839511	881486	925561	971839	1020431	1071452
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NET CASH FLOW BEFORE DEBT		1827834	2092723	2225538	2366685	2516681	2676077	2845457	3025440	3216685	3419890
DEBT SERVICE ON FIRST MORTGAGE		1781967	1781967	1781967	1781967	1781967	1781967	1781967	1781967	1781967	1781967
DEBT SERVICE ON SECOND MTG.		0	0	0	0	0	0	0	0	0	0
<hr/>											
NET CASH FLOW		45867	310756	443571	584718	734715	894111	1063490	1243473	1434718	1637923
DEVELOPERS GUARANTEE		0	0	0	0	0	0	0	0	0	0
<hr/>											
AVAILABLE CASH FLOW		45867	310756	443571	584718	734715	894111	1063490	1243473	1434718	1637923
INVESTOR DISTRIBUTION											
DEBT SERVICE ON 1ST		1663667	1663667	1663667	1663667	1663667	1663667	1663667	1663667	1663667	1663667
LESS SERVICING		-45443	-45312	-45168	-45012	-44840	-44653	-44449	-44226	-43982	-43715
DEBT SERVICE ON 2ND		0	0	0	0	0	0	0	0	0	0
<hr/>											
TOTAL DEBT SERVICE		1618223	1618355	1618498	1618655	1618826	1619013	1619218	1619441	1619685	1619951
ADVISORS FEE		0	0	0	0	0	0	0	0	0	0
<hr/>											
BALANCE AVAILABLE		1618223	1618355	1618498	1618655	1618826	1619013	1619218	1619441	1619685	1619951
INVESTOR PREFERRED RETURN		150000	150000	150000	150000	150000	150000	150000	150000	150000	150000
<hr/>											
DEFECIENCY		-104133	0	0	0	0	0	0	0	0	0
DUE FROM PRIOR PERIOD		0	-104133	0	0	0	0	0	0	0	0
<hr/>											
TOTAL DUE INVESTOR		104133	104133	0	0	0	0	0	0	0	0
AVAILABLE CASH FLOW		0	160756	293571	434718	584715	744111	913490	1093473	1284718	1487923
<hr/>											
BALANCE TO DISTRIBUTE		0	56623	293571	434718	584715	744111	913490	1093473	1284718	1487923
BONUS TO INVESTORS		0	28312	146786	217359	292357	372055	456745	546737	642359	743962
GP PARTICIPATION		0	28312	146786	217359	292357	372055	456745	546737	642359	743962
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TOTAL INVESTOR DISTRIBUTION		1640091	1900799	1915201	1936014	2004181	2141069	2285963	2316173	2412014	2513913

		10 YEAR PROJECTION		
CAPITALIZATION RATE		8.00%	9.00%	10.00%
=====				
NOI FOR	1999	3419890	3419890	3419890
PROJECTED SALES PRICE		42748624	37998776	34198899
LESS:SALES EXPENSES @	3.00%	1282459	1139963	1025967
NET SALES PRICE		41466165	36858813	33172932
LESS:EXISTING DEBT		18924718	18924718	18924718
TOTAL PROCEEDS FROM SALE		22541446	17934095	14248213
LESS:CUMULATIVE RETURN DUE INVESTOR		0	0	0
BALANCE TO SPLIT		22541446	17934095	14248213
TOTAL PROCEEDS TO INVESTORS		11270723	8967047	7124107

## INTERNAL RATE OF RETURN FOR INVESTORS -

	-----ALL FUNDS-----			-----EQUITY CAPITAL-----		
	8.00%	9.00%	10.00%	8.00%	9.00%	10.00%
=====						
INITIAL INVESTMENT	-19306000	-19306000	-19306000	-15000000	-15000000	-15000000
CASH FLOW END OF YEAR 1	1664091	1664091	1664091	45867	45867	45867
CASH FLOW END OF YEAR 2	1900799	1900799	1900799	282444	282444	282444
CASH FLOW END OF YEAR 3	1915284	1915284	1915284	296786	296786	296786
CASH FLOW END OF YEAR 4	1986014	1986014	1986014	367359	367359	367359
CASH FLOW END OF YEAR 5	2061184	2061184	2061184	442357	442357	442357
CASH FLOW END OF YEAR 6	2141069	2141069	2141069	522055	522055	522055
CASH FLOW END OF YEAR 7	2225963	2225963	2225963	606745	606745	606745
CASH FLOW END OF YEAR 8	2316178	2316178	2316178	696737	696737	696737
CASH FLOW END OF YEAR 9	2412044	2412044	2412044	792359	792359	792359
CASH FLOW END OF YEAR 10	32709355	30405679	28562738	13664685	11361009	9518068
IRR	13.4899%	12.9379%	12.4752%	34.6345%	33.1108%	31.6928%

**FINANCIAL PROJECTIONS**  
**-WORST CASE-**

REPORT DATE..... 15-Aug-88

PROJECT NAME.....WOODLAWN GABLE - FAIRFAX, VA.

LAND..... 3400000

HARD COSTS.....12782591

SOFT COSTS..... 2202758

A & E FEES..... 147500

G/C FEE..... 500000 3.91% OF HARD COST

DEVELOPMENT FEE... 667151 4.09% OF TDC EX LAND

TOTAL DEV. COSTS...19700000 (79,435) PER UNIT

LOAN AMOUNT.....18200000

REQUIRED EQUITY... 1500000

INVESTOR COM. FEE. 394000 2.00% OF FUNDED AMT.

EXP./UNIT..... 2555

PERM.LOAN RATE.... 8.875%

M I P..... 0.650%

MORTGAGE TERM..... 40 YEARS

CONSTANT..... 9.79103%

EQUITY PART..... 50.00%

PREFERRED RETURN.. 10.00%

SERVICING FEE..... 0.25%

ADVISOR FEE..... 0.00%

EQUITY RAISE..... 7.61%

INVESTOR IS ..... 102.04%

TOT INVESTOR CONT.19300000

DISTRIBUTION IS... 100.00% TO L/P'S

OTHER INCOME..... 0.00 PER D/U PER MONTH

MAX CASH FLOW..... 0.00%

-----WORST CASE-----

BASE YEAR 30-Jun-88

RENTS (TENANTS PAY UTILITIES)

TYPE	DESC	NUMBER	UNIT SQ. FT.	TOTAL SQ. FT.	UNIT RENT/MO	RENT PR SQ/FT	MONTHLY RENT
1BR/1BA LOFT		4	768	3152	860	1.09	3440
1BR/1BA DEN A VIEW		0	0	0	0	ERR	0
1BR/1BA SUNROOM		4	987	3948	905	0.92	3620
1BR/1BA		48	688	33024	695	1.01	33360
1BR/1BA LOFT		24	848	20352	875	1.03	21000
2BR/1BA F/P		48	846	40608	835	0.99	40080
2BR/1BA F/P SUNROOM		56	986	55216	930	0.94	52080
2BR/2BA F/P		24	986	23664	865	0.88	20760
2BR/2BA LOFT F/P		40	1146	45840	990	0.86	39600
2BR/2B DEN TH VIEW		0	0	0	0	ERR	0
3BR/2B TH GARAGE F/P		0	0	0	0	ERR	0
3BR/2B TH GARAGE		0	0	0	0	ERR	0
3BR/2B TH		0	0	0	0	ERR	0
3BR/2B TH VIEW		0	0	0	0	ERR	0
TOTAL OR AVERAGE		248	911	225804	862.66	0.95	213940

PROJECTED GROSS TO 01-Jan-90 7.50% INCREASE 229986

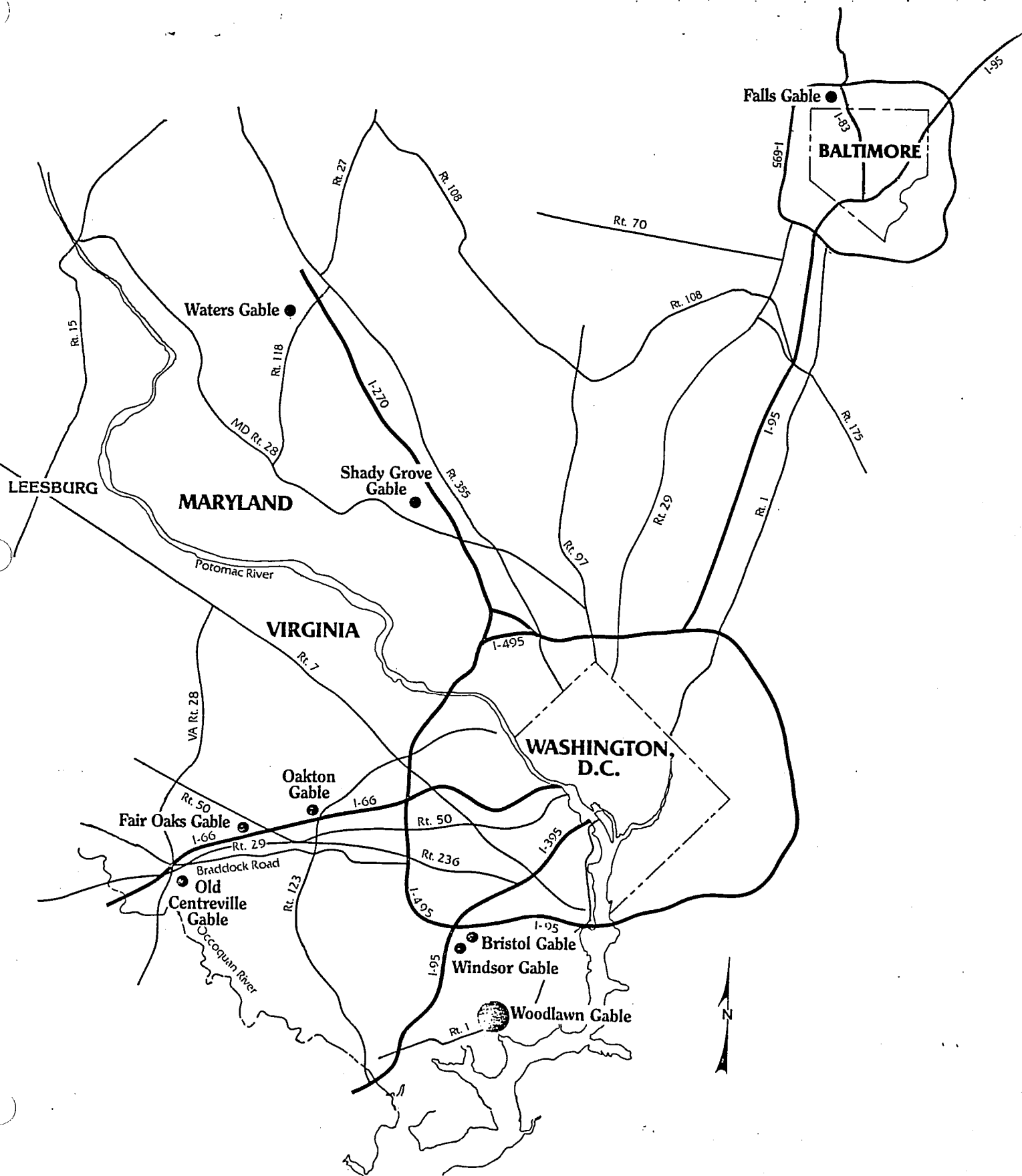
	RENTAL INC.	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	
	VACANCY %	15.00%	10.00%	9.00%	8.00%	7.00%	6.00%	6.00%	6.00%	6.00%	
RENTAL INCOME		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
<hr/>											
GROSS RENTAL INCOME		2759826	2842621	2927899	3015736	3106208	3199395	3295377	3394233	3496065	3600947
LESS VACANCIES		-413974	-284262	-263511	-241259	-217435	-191964	-197723	-203654	-209764	-216057
LAUNDRY AND OTHER		0	0	0	0	0	0	0	0	0	0
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TOTAL GROSS INCOME		2345852	2558359	2664388	2774477	2888774	3007431	3097654	3190584	3286301	3384890
<hr/>											
EXPENSES: % INCREASE		0.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
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MANAGEMENT FEE RATE		4.00%	4.25%	4.50%	4.75%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
MANAGEMENT FEE		93834	108730	119897	131782	144439	150372	154883	159529	164315	169245
OTHER EXPENSES		587329	606491	631085	656744	683519	718924	757941	798936	842073	887463
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TOTAL EXPENSES		681163	715221	750982	788531	827958	869356	912824	958465	1006388	1056707
<hr/>											
NET CASH FLOW BEFORE DEBT		1664689	1843138	1913406	1985946	2060816	2138075	2184830	2232119	2279913	2328183
DEBT SERVICE ON FIRST MORTGAGE		1781967	1781967	1781967	1781967	1781967	1781967	1781967	1781967	1781967	1781967
DEBT SERVICE ON SECOND MTG.		0	0	0	0	0	0	0	0	0	0
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NET CASH FLOW		-117277	61171	131440	203980	278949	356109	402864	450152	497947	546216
DEVELOPERS GUARANTEE		117277	0	0	0	0	0	0	0	0	0
<hr/>											
AVAILABLE CASH FLOW		0	61171	131440	203980	278949	356109	402864	450152	497947	546216
<hr/>											
INVESTOR DISTRIBUTION											
<hr/>											
DEBT SERVICE ON 1ST		1663667	1663667	1663667	1663667	1663667	1663667	1663667	1663667	1663667	1663667
LESS SERVICING		-45443	-45312	-45168	-45012	-44840	-44653	-44449	-44226	-43982	-43715
DEBT SERVICE ON 2ND		0	0	0	0	0	0	0	0	0	0
<hr/>											
TOTAL DEBT SERVICE		1618223	1618355	1618493	1618655	1618826	1619013	1619218	1619441	1619685	1619951
ADVISORS FEE		0	0	0	0	0	0	0	0	0	0
<hr/>											
BALANCE AVAILABLE		1618223	1618355	1618493	1618655	1618826	1619013	1619218	1619441	1619685	1619951
INVESTOR PREFERRED RETURN		150000	150000	150000	150000	150000	150000	150000	150000	150000	150000
<hr/>											
DEFECIENCY		-150000	-88829	-18560	0	0	0	0	0	0	0
DUE FROM PRIOR PERIOD		0	-150000	-238829	-257389	-203410	-74560	0	0	0	0
<hr/>											
TOTAL DUE INVESTOR		150000	238829	257389	257389	203410	74560	0	0	0	0
AVAILABLE CASH FLOW		0	0	0	53980	128949	206109	252864	300152	347947	396216
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BALANCE TO DISTRIBUTE		0	0	0	0	0	131548	252864	300152	347947	396216
BONUS TO INVESTORS		0	0	0	0	0	65774	126432	150076	173973	198108
GP PARTICIPATION		0	0	0	0	0	65774	126432	150076	173973	198108
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TOTAL INVESTOR DISTRIBUTION		1618223	1679526	1749938	1822635	1897676	1989348	1895650	1919517	1943658	1968059

SALES ANALYSIS - GAIN ON SALE-----

		10 YEAR PROJECTION		
CAPITALIZATION RATE		8.00%	9.00%	10.00%
=====				
NOI FOR	1999	2328183	2328183	2328183
PROJECTED SALES PRICE		29102224	25868697	23281828
LESS:SALES EXPENSES @	3.00%	873069	776061	698455
NET SALES PRICE		28229216	25092636	22583373
LESS:EXISTING DEBT		18924718	18924718	18924718
TOTAL PROCEEDS FROM SALE		9304498	6167918	3658654
LESS:CUMULATIVE RETURN DUE INVESTOR		0	0	0
BALANCE TO SPLIT		9304498	6167918	3658654
TOTAL PROCEEDS TO INVESTORS		4652249	3083959	1829327

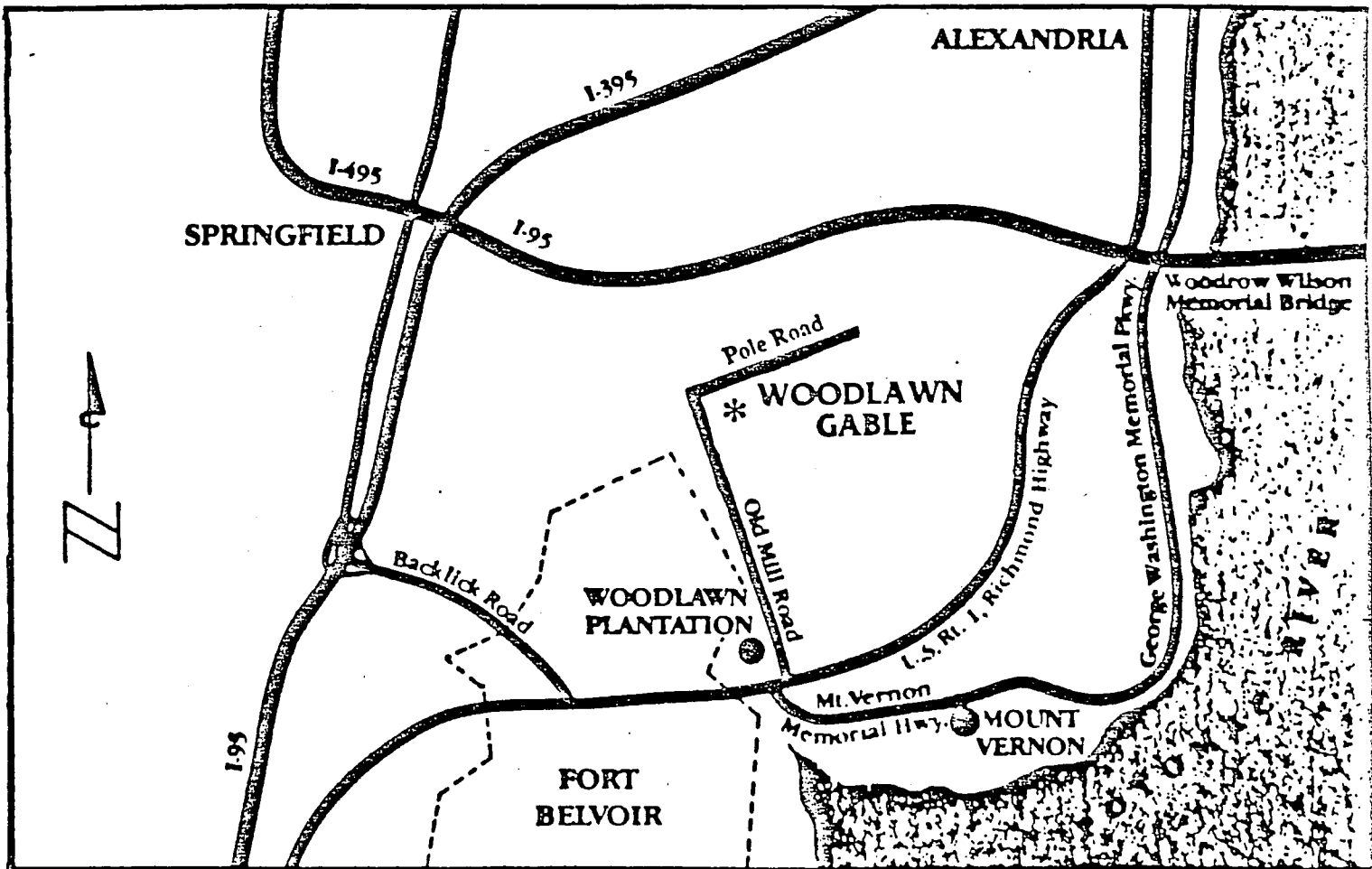
INTERNAL RATE OF RETURN FOR INVESTORS -	-----ALL FUNDS-----			-----EQUITY CAPITAL-----		
	8.00%	9.00%	10.00%	8.00%	9.00%	10.00%
=====						
INITIAL INVESTMENT	-19306000	-19306000	-19306000	-15000000	-15000000	-15000000
CASH FLOW END OF YEAR 1	1618223	1618223	1618223	0	0	0
CASH FLOW END OF YEAR 2	1679526	1679526	1679526	61171	61171	61171
CASH FLOW END OF YEAR 3	1749938	1749938	1749938	131440	131440	131440
CASH FLOW END OF YEAR 4	1822635	1822635	1822635	203980	203980	203980
CASH FLOW END OF YEAR 5	1897676	1897676	1897676	278849	278849	278849
CASH FLOW END OF YEAR 6	1909348	1909348	1909348	290335	290335	290335
CASH FLOW END OF YEAR 7	1895650	1895650	1895650	276432	276432	276432
CASH FLOW END OF YEAR 8	1919517	1919517	1919517	300076	300076	300076
CASH FLOW END OF YEAR 9	1943658	1943658	1943658	323973	323973	323973
CASH FLOW END OF YEAR 10	25545027	23976737	22722105	6500357	4932067	3677435
IRR	10.7102%	10.2437%	9.6552%	21.7069%	19.3140%	16.9746%





2060

# Vicinity Map



FAIRFAX COUNTY MAJOR EMPLOYERS  
1987-88

<u>Company Name</u>	<u>Employment Code</u>	<u>Business Area</u>
AT&T	N	11
ADVANCED TECHNOLOGY, INC. OF DELAWARE	I	02
AIKEN ADVANCED SYSTEMS, INC.	F	20
ALLIED BENDIX COMMUNICATIONS DIVISION	H	05
AMERIBANC SAVINGS BANK	G	15
AMERICAN AUTOMOBILE ASSOCIATION	M	12
AMERICAN SYSTEMS CORPORATION	F	15
ANALYTIC SCIENCES CORPORATION, THE (TASC)	E	05
ATLANTIC RESEARCH CORPORATION	N	20
AUTOMATA, INC.	E	02
BAXTER	G	02
BDM INTERNATIONAL, INC.	N	05
BENHAM GROUP EAST, INC.	H	05
BOEING COMPUTER SERVICES COMPANY	K	05
BRITISH AEROSPACE, INC.	F	01
CACI, INC. - FEDERAL	G	12
CH2M HILL, INC.	F	01
CRC SYSTEMS, INC.	F	10
CABLE & WIRELESS COMMUNICATIONS, INC.	J	05
CITY POSTAL SKY	E	02
COMPUDYNE VEGA DIVISION	G	06
COMPUTER SCIENCES CORPORATION (CSC)	N	13
COMSEARCH, INC.	E	02

CONTEL PAGE - FEDERAL SYSTEMS SECTOR	N	10
DATA BROADCAST, INC.	E	05
DEWBERRY & DAVIS	I	12
DOMINION BANKSHARES MORTGAGE CORPORATION	F	10
DOMINION FEDERAL SAVINGS AND LOAN	K	05
DYNCORP	E	04
DYNATECH DATA SYSTEMS	F	25
E-SYSTEMS - MELPAR DIVISION	L	12
E-SYSTEMS - MELPAR DIVISION	M	10
E-SYSTEMS - MELPAR DIVISION	H	12
ERC INTERNATIONAL	J	11
ELECTRONIC DATA SYSTEMS CORPORATION	F	07
ENGINEERING RESEARCH ASSOCIATES, INC.	F	05
ENTRE COMPUTER CENTERS, INC.	G	05
FAIRFAX OPPORTUNITIES UNLIMITED, INC.	H	16
FEDERAL HOME LOAN MORTGAGE CORPORATION	H	02
FIRST AMERICAN BANK OF VIRGINIA	L	05
FIRST AMERICAN DATA OPERATIONS CENTER	G	02
FLOW GENERAL, INC.	K	05
GTE SPACENET CORPORATION	H	05
GENERAL ELECTRIC COMPANY, SPACE SYSTEM DIV.	N	25
GILBERT SECURITY SERVICE, INC.	H	25
GOODWAY GRAPHICS OF VIRGINIA, INC.	F	20
GRUMMAN SPACE STATION PROGRAM SUPPORT	I	02
HAZEL, WILLIAM A., INC.	N	08
HONEYWELL FEDERAL SYSTEMS, INC.	N	04

HUBBELL, INC. - PULSECOM DIVISION	G	07
IBM - ROLM SYSTEMS	G	05
INSTITUTE OF MODERN PROCEDURES, INC.	F	24
INTERSTATE VAN LINES, INC.	F	18
JAYCOR	F	05
JWK INTERNATIONAL CORPORATION	E	15
JOURNAL NEWSPAPERS, THE	L	20
LOCUS, INC. - A DIVISION OF KAMAN CORP.	F	23
LANIER BUSINESS PRODUCTS	I	12
LOGETRONICS INC.	F	21
MCI	N	05
MRJ, INC.	F	11
MANPOWER TEMPORARY SERVICES	M	05
MCDONNELL DOUGLAS - INCO., INC.	G	05
MCDONNELL DOUGLAS, INC.	E	05
MEDIA GENERAL CABLE OF FAIRFAX, INC.	H	08
MERCHANTS TRUCK TIRE CENTER	E	22
MITRE CORPORATION - THE WASHINGTON CENTER	N	05
MOBIL CORPORATION	N	12
NEC AMERICA, INC.	F	12
NATIONAL ASSOCIATION OF LETTER CARRIERS	H	02
NATIONAL HEALTH LABORATORIES, INC.	H	06
NATIONAL WILDLIFE FEDERATION	H	03
NORTHERN TELECOM, INC.	G	05
NORTHERN VIRGINIA NATURAL GAS	N	20
PIEDMONT AIRLINES RESERVATION CENTER	H	02

PLANNING RESEARCH CORPORATION	N	05
QUESTECH, INC.	E	04
REHAB GROUP, INC.	G	14
RESOURCE CONSULTANTS, INC.	F	05
SMC CONCRETE CONSTRUCTION, INC.	I	15
SCIENCE APPLICATIONS INTERNATIONAL CORP.	N	05
SCOPE, INC.	F	02
SECURIGUARD, INC.	F	04
SHENANDOAH'S PRIDE DAIRY	E	16
SYMBOLICS, INC.	G	05
TITAN SYSTEMS, INC.	E	05
TRW DEFENSE SYSTEMS GROUP	N	10
TRW FEDERAL SYSTEMS GROUP	N	12
TANDEM COMPUTERS, INC.	F	02
TELENET COMMUNICATIONS	N	02
TRAVELERS INSURANCE COMPANIES, THE	F	15
US SPRINT	J	02
USAIR	G	10
UNISYS - DEFENSE SYSTEMS	J	05
UNISYS CORPORATION	N	05
UNITED AIRLINES, INC.	G	05
UNITED MASONRY, INC.	H	22
VM SOFTWARE, INC.	F	02
VSE CORPORATION	K	23
VERSAR, INC.	G	20
VIRGINIA CONCRETE COMPANY	F	20

WASHINGTON FEDERAL SAVINGS BANK

N

01

WASHINGTON POST, THE

I

19

WELLS FARGO GUARD SERVICE

E

13

WILLIAMS INDUSTRIES, INC.

K

12

WOODWARD & LOTHROP, INC.

I

20

ZENITH/INTEQ, INC.

E

07



# SYMBOLS USED IN MAJOR EMPLOYERS LIST

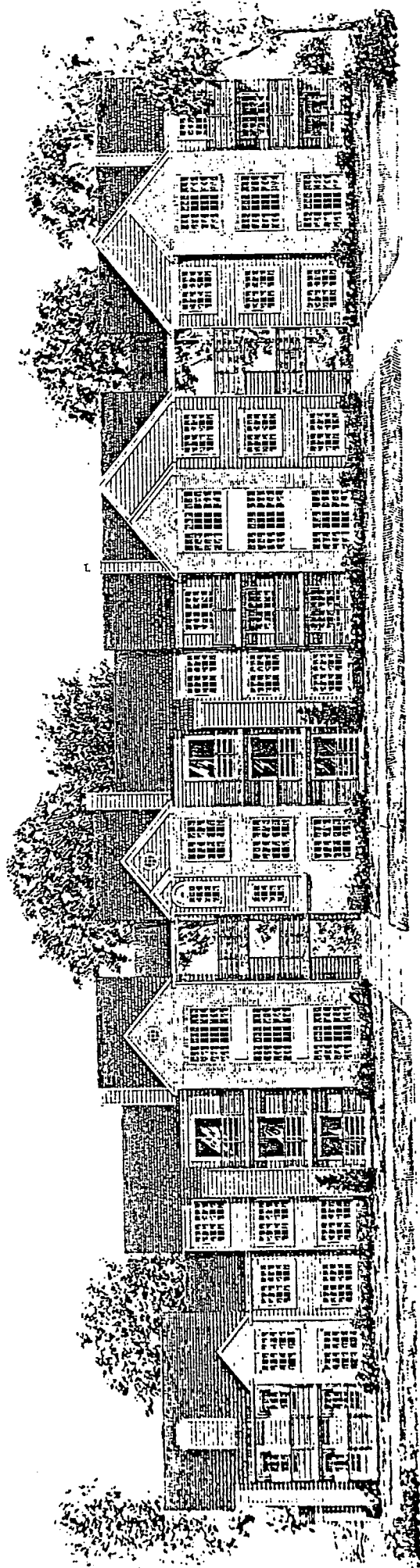
## County Business Areas\*

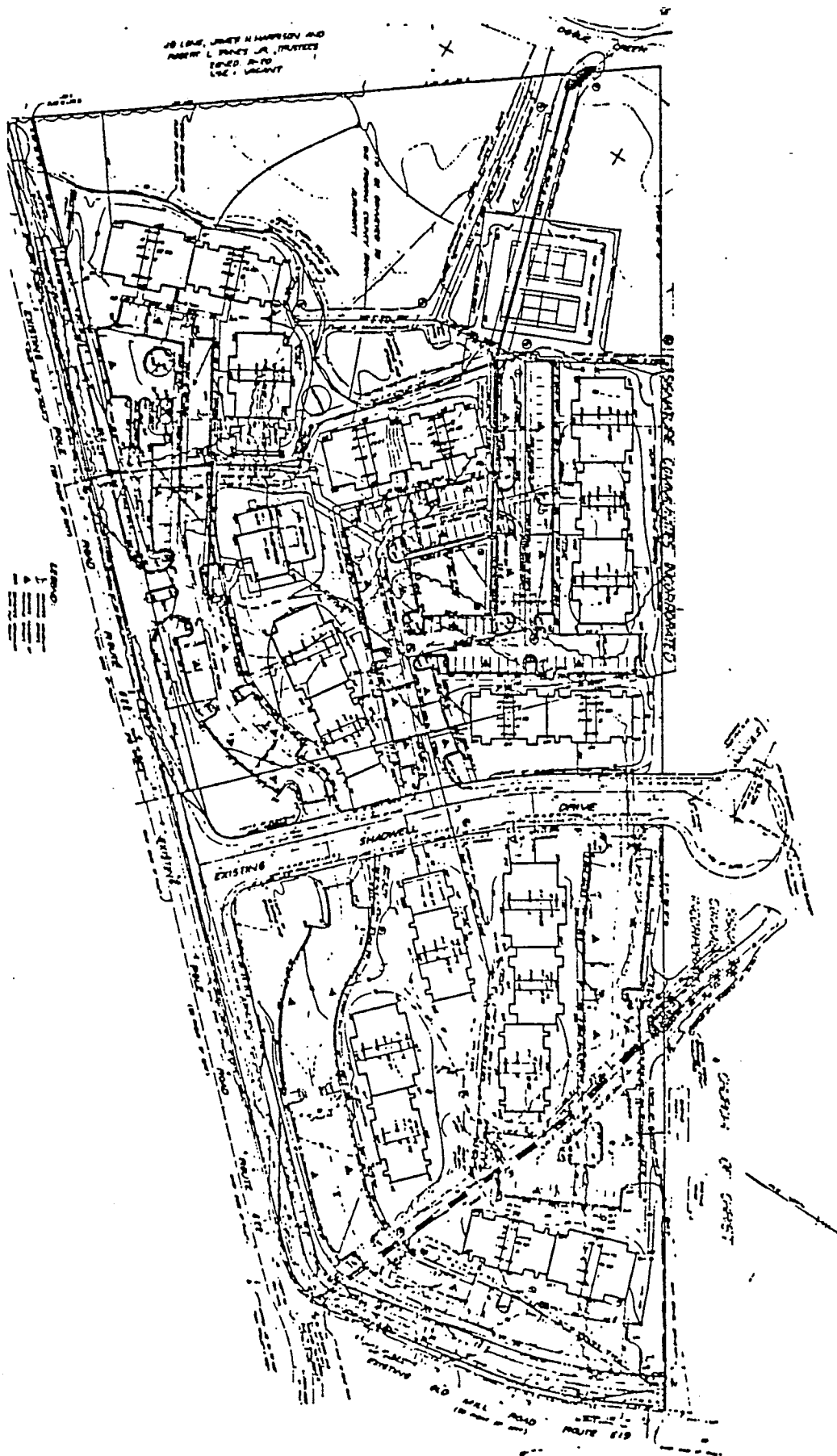
<u>(Numeric Designation) Area</u>	<u>(Numeric Designation) Area</u>
(Area 01) Herndon	(Area 14) Baileys Crossroads
(Area 02) Reston	(Area 15) Annandale
(Area 03) Great Falls/Route 7 Corridor	(Area 16) Ravensworth
(Area 04) McLean	(Area 17) Burke/Fairfax Station
(Area 05) Tysons Corner	(Area 18) West Springfield
(Area 06) Vienna	(Area 19) Southern Railway
(Area 07) Dulles	(Area 20) Shirley
(Area 08) Chantilly	(Area 21) Springfield
(Area 09) Centreville	(Area 22) Franconia/Van Dorn
(Area 10) Fairfax Center	(Area 23) Huntington
(Area 11) Oakton	(Area 24) Mount Vernon
(Area 12) Merrifield	(Area 25) Newington
(Area 13) Seven Corners	(Area 26) Lorton

## Employment Code Key

<u>Code</u>	<u>Range</u>	<u>Code</u>	<u>Range</u>
E	101 - 200	J	601 - 700
F	201 - 300	K	701 - 800
G	301 - 400	L	801 - 900
H	401 - 500	M	901 - 1000
I	501 - 600	N	Over 1000

\*County business areas and their numeric designations correspond with those from the FCEDA Directory of Business and Industry.





	square feet	mix	monthly rent	square foot
<u>Woodlawn Gable</u>				
1 bedroom, 1 bath	688-788	60	\$730	.99
1 bedroom, 1 bath, loft	848	28	870	1.03
2 bedroom, 1 1/2 bath, loft	987	4	870	.88
2 bedroom, 1 bath	846	36	740	.87
2 bedroom, 2 bath	986	80	830	.84
2 bedroom, 2 bath, loft	1146	<u>40</u> 248	990	.86

Fireplace add \$25 to monthly rent.  
 Sunrooms add \$65 to monthly rent.  
 Bay windows add \$10 to rent.

REPORT DATE..... 15-Aug-88

PROJECT NAME.....WOODLAWN GABLE - FAIRFAX, VA.

LAND..... 3400000

HARD COSTS.....12732591

SOFT COSTS..... 2202758

A & E FEES..... 147500

G/C FEE..... 500000 3.91% OF HARD COST

DEVELOPMENT FEE... 667151 4.09% OF TDC EX LAND

TOTAL DEV. COSTS..19700000 (79,435) PER UNIT

LOAN AMOUNT.....18200000

REQUIRED EQUITY... 1500000

INVESTOR COM. FEE. 394000 2.00% OF FUNDED AMT.

EXP./UNIT..... 2555

PERM.LOAN RATE.... 8.875%

M I P..... 0.650%

MORTGAGE TERM..... 40 YEARS

CONSTANT..... 9.79103%

EQUITY PART..... 50.00%

PREFERRED RETURN.. 10.00%

SERVICING FEE..... 0.25%

ADVISOR FEE..... 0.00%

EQUITY RAISE..... 7.61%

INVESTOR IS ..... 102.04%

TOT INVESTOR CONT.19306000

DISTRIBUTION IS... 100.00% TO L/P'S

OTHER INCOME..... 0.00 PER D/U PER MONTH

MAX CASH FLOW..... 0.00%

-----MOST LIKELY-----

BASE YEAR 30-Jun-88

RENTS (TENANTS PAY UTILITIES)

TYPE	DESC	NUMBER	UNIT SQ. FT.	TOTAL SQ. FT.	UNIT RENT/MO	RENT PR SQ/FT	MONTHLY RENT
1BR/1BA LOFT		4	728	3152	860	1.09	3440
1BR/1BA DEN A VIEW		0	0	0	0	ERR	0
1BR/1BA SUNROOM		4	927	3948	905	0.92	3620
1BR/1BA		48	688	33024	695	1.01	33360
1BR/1BA LOFT		24	848	20352	875	1.03	21000
2BR/1BA F/P		48	846	40608	835	0.99	40080
2BR/1BA F/P SUNROOM		56	926	55216	930	0.94	52080
2BR/2BA F/P		24	926	23664	865	0.88	20760
2BR/2BA LOFT F/P		40	1146	45840	990	0.86	39600
2BR/2B DEN TH VIEW		0	0	0	0	ERR	0
3BR/2B TH GARAGE F/P		0	0	0	0	ERR	0
3BR/2B TH GARAGE		0	0	0	0	ERR	0
3BR/2B TH		0	0	0	0	ERR	0
3BR/2B TH VIEW		0	0	0	0	ERR	0
TOTAL OR AVERAGE		248	911	225804	862.66	0.95	213940

# RENT COMPARABLES

August 1988

	square feet	monthly rent	per square foot
<u>Summit Square, Oakton #1</u>			
1 bedroom, 1 bath	707-870	\$730-750	.94
2 bedroom, 1 bath	986	795	.81
2 bedroom, 1 bath	1250	820	.66
2 bedroom, 2 bath	1083	880	.81
2 bedroom, 2 bath	1470	920	.63

Fireplace adds \$10 to monthly rent.

Upper floor units are \$10 more per month.

Top floor units are \$20 more per month.

## The Hermitage, Fairfax #2

1 bedroom, 1 bath	500	\$575	\$1.15
1 bedroom, 1 bath	601	625	1.04
1 bedroom, 1 bath	730	715	.98
1 bedroom, 1 bath with den	870	785	.90
2 bedroom, 2 bath	934	825	.88
2 bedroom, 2 bath	1040	890	.86
3 bedroom, 2 bath	1170	900	.77

Fireplaces add \$25 to monthly rent.

## Oaks at Fair Lakes, Fairfax #3

1 bedroom, 1 bath	699-792	\$745-775	.98
1 bedroom, 1 bath	817	795	.97
1 bedroom, 1 bath, den	945	840	.89
2 bedroom, 2 bath	1059	900	.85
2 bedroom, 2 bath	1092	925	.85

	square feet	monthly rent	per square foot
<u>Saratoga Square, Springfield #4</u>			
1 bedroom, 1 bath,	844	\$725	.86
2 bedroom, 1 bath (townhouse)	980	775	.79
2 bedroom, 2 bath	1012	815	.81

No additional charge for fireplace,  
microwave, or washer/dryer.

Penderbrook, Fairfax #5

1 bedroom, 1 bath	564	\$675	1.20
1 bedroom, 1 bath	700	750	1.07
1 bedroom, 1 bath with den	876	845	.96
2 bedroom, 2 bath	1070	915	.86

Second Floor adds \$10 to monthly rent.  
Third Floor adds \$25 to monthly rent.

Bent Tree, Centreville #6

1 bedroom, 1 bath	680	\$695	1.02
1 bedroom, 1 bath with Den	798	730	.91
2 bedroom, 1 bath	837	765	.91
2 bedroom, 2 bath	934	805	.86
2 bedroom, 2 bath	1048	830	.79
3 bedroom, 2 bath	1073	860	.80

Fireplace adds \$25 to monthly rent.  
Garage adds \$50 to monthly rent.

	square feet	monthly rent	per square foot
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Oaks at Woodlawn, Alexandria #7

1 bedroom, 1 bath	787	\$595	.76
2 bedroom, 2 bath	1035	675	.65

Upper floor add \$10.  
VHDA rent controlled.

Woodside, Lorton #8

1 bedroom, 1 bath	700	\$600	.86
1 bedroom, 1 bath with den	900	665	.74
2 bedroom, 1 bath	1050	700	.67
2 bedroom, 2 bath	1178	790	.67

Upper level add \$10.

Chase Gable, Centreville #9

1 bedroom, 1 bath	749	\$700	.93
1 bedroom, 1 bath, den	854	760	.89
2 bedroom, 2 bath	1045	820	.78
3 bedroom, 2 bath	1314	900	.68

Fireplace adds \$20 to monthly rent.  
Vaulted ceiling adds \$10 to monthly rent.

Chase Windsor, Fair Lakes #10

1 bedroom, 1 bath	749	\$700	.93
1 bedroom, 1 bath, den	854	760	.89
2 bedroom, 2 bath	1045	800	.77
3 bedroom, 2 bath	1314	900	.68

Fireplace adds \$20 to monthly rent.  
Vaulted ceiling adds \$10 to monthly rent.



# NVPROPERTIES

August 1988

	square feet	mix	monthly rent	per square foot
<u>Oakton Gable, Oakton #11</u>				
1 bedroom, 1 bath	788	59	\$790	1.00
2 bedroom, 1 bath	920	58	840	.91
1 bedroom, 1 1/2 bath, loft, fireplace	987	6	905	.92
2 bedroom, 2 bath	1017	88	890	.88
2 bedroom, 2 bath with sunroom	1117	74	965	.86
2 bedroom, 2 bath, loft, fireplace	1148	<u>28</u> 313	1015	.88

Fireplace adds \$25 to monthly rent.  
Sunrooms add \$75 to monthly rent.

## Windsor Gable, Kingstowne #12

1 bedroom, 1 bath	788	47	\$770	.98
2 bedroom, 1 bath	920	68	820	.89
1 bedroom, 1 1/2 bath, loft, fireplace	987	13	885	.90
2 bedroom, 2 bath	1017	69	850	.84
2 bedroom, 2 bath with sunroom	1117	69	915	.82
2 bedroom, 2 bath, loft, fireplace	1148	<u>28</u> 294	975	.85

Fireplace adds \$25 to monthly rent.  
Sunrooms add \$65 to monthly rent.

\* All monthly rents are subject to change without notice

	square feet	mix	monthly rent	per square foot
<u>Old Centreville Gable #13</u>				
1 bedroom, 1 bath	788	46	\$695	.88
2 bedroom, 1 bath	920	60	765	.83
1 bedroom, 1 1/2 bath, loft, fireplace	987	12	840	.85
2 bedroom, 2 bath	1017	57	810	.80
2 bedroom, 2 bath with sunroom	1117	61	875	.78
2 bedroom, 2 bath, loft, fireplace	1148	<u>32</u> 268	920	.80

Fireplace adds \$25 to monthly rent.  
 Sunrooms add \$65 to monthly rent.  
 Bay windows add \$10 to rent.

Providence Park #14

1 bedroom, 1 bath	804	20	\$770	.96
1 bedroom, den, 1 bath	944	4	835	.88
2 bedroom, 2 bath,	1060	81	855	.81
2 master bedroom, 2 bath	1100	27	880	.80
2 bedroom, 2 bath, townhouse	1373	4	990	.72
3 bedroom, 3 bath, townhouse	1553	<u>4</u> 140	1345	.87

Fireplace adds \$25 to monthly rent.

\* All monthly rents are subject to change without notice

	square feet	mix	monthly rent	per square foot
<u>Woodlawn Gable - Blue Dot</u>				
1 bedroom, 1 bath	788	4	\$750	.95
1 bedroom, 1 bath	693	48	695	1.00
1 bedroom, 1 1/2 bath, loft, fireplace	864	24	850	.98
1 bedroom, 1 1/2 bath, loft, fireplace	987	4	870	.88
2 bedroom, 1 1/2 bath	858	48	795	.93
2 bedroom, 2 bath	1004	80	830	.83
2 bedroom, 3 bath, loft, fireplac	1280	<u>40</u> 248	960	.75

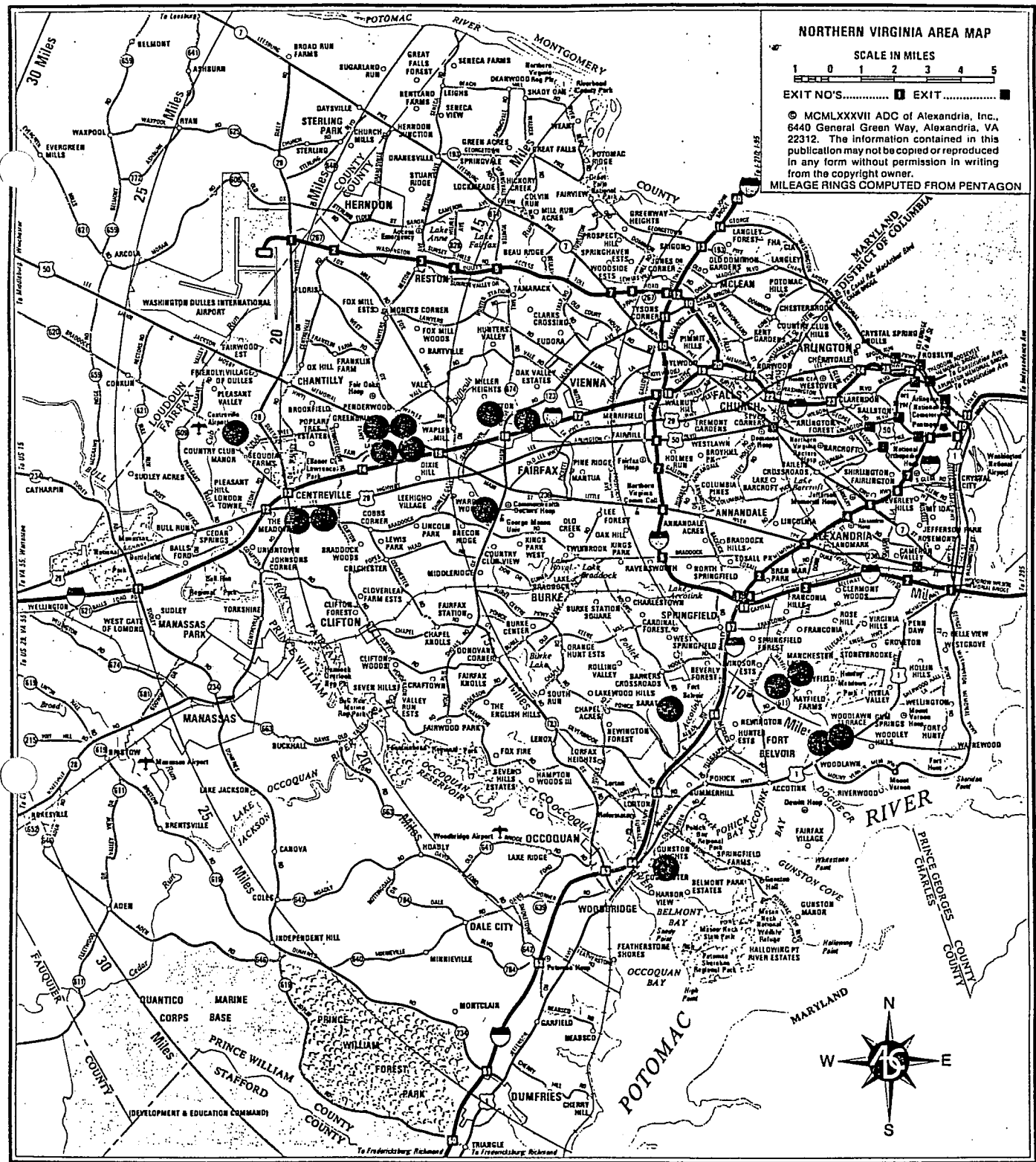
Fireplace add \$25 to monthly rent.  
 Sunrooms add \$65 to monthly rent.  
 Bay windows add \$10 to rent.

Bristol Gable, Kingstowne #15

1 bedroom, 1 bath	788	28	\$800	1.02
1 bedroom, 1 bath	693	70	775	1.12
1 bedroom, 1 1/2 bath, loft, fireplace	864	24	915	1.06
2 bedroom, 1 1/2 bath	858	92	850	.99
2 bedroom, 2 bath	1004	100	880	.88
2 bedroom, 3 bath, loft, fireplace	1280	<u>44</u> 358	1015	.79

Fireplaces add \$25 to monthly rent.  
 Sunrooms add \$65 to monthly rent.

\* Estimated starting rents for November 1988.



STOCK NO. 1010

# NVProperties

## Biographical Information of Principals

### Dwight C. Schar

*Principal and Chairman of the Board of NVProperties, Incorporated, a real estate development and management firm specializing in income producing residential real estate.*

Dwight C. Schar is chairman and the largest unitholder of NVRyan, L.P., a master limited partnership whose units are traded on the American Stock Exchange. NVRyan, composed of the recently merged (June 1987) building operations of Ryan Homes, L.P. and NVHomes, L.P., is one of the largest builders of single family homes in the U.S.

Mr. Schar serves the Northern Virginia business and civic community in many capacities. He is a member of the Board of Directors of First American Bank of Virginia and a Director of the Pittsburgh Baseball Club, owner of the Pittsburgh Pirates. He is also on the Board of Directors of the Northern Virginia Builders Association and is a member of the National Association of Home Builders. In addition, Mr. Schar is on the Board of Trustees for Ashland College in Ohio and on the Board of Trustees of the George Mason University Foundation.

### Eric R. Johnson

*Principal and President of NVProperties, Incorporated.*

Prior to founding NVProperties, Mr. Johnson was employed by Ryan Homes in the Washington area beginning in May, 1979. Responsibilities at Ryan included Regional Land Manager for the Washington Region, Production Manager for largest and most profitable operating division of Ryan Homes, and Vice President and Division Manager of the Fairfax Division. In these last two capacities, he managed the construction of over 1,000 homes in two and a half years.

Graduated from the University of Rhode Island in 1975 and received a Masters in Business Administration from the University of North Carolina in 1979.

**Steve M. Cumbie**

*Principal and Vice President of NVProperties, Incorporated.*

Chairman, President and Principal of NVCommercial Incorporated, a commercial real estate development company with office, industrial, retail and hotel projects throughout the Washington metropolitan area. NVCommercial is an investment builder with projects exceeding \$400 million completed or under development. All portfolio properties are managed by an internal property management firm.

Prior to founding NVCommercial, Mr. Cumbie was President from 1977 to 1983 of Northern Virginia Land Incorporated, a residential land development company, which developed approximately 1000 lots in 1986. Is a founder and principal of all of the "NV" companies including NVRyan, a publicly traded homebuilding company which sold over 9,000 homes in 1986, exceeding \$800 million in revenue and which recently acquired ownership of Ryan Homes. Involved in the ownership and development of numerous other real estate projects throughout the country.

Serves on the Board of Directors for NVHomes and Ryan Homes. Is a Director of the George Mason University Entrepreneurial Center and a member of the Urban Land Institute and National Association of Industrial and Office Parks.

Graduated Phi Beta Kappa from the University of North Carolina in 1970 and received a Masters in Business Administration from UNC in 1973.

**William A. Moran**

*Principal and Executive Vice President of NVProperties, Incorporated.*

Currently the President and Chairman of the Board of NVLand, a residential land development company, which produces approximately 1,000 developed lots a year in the Washington metropolitan area. Involved in the development of numerous real estate projects throughout the country. Is a founder and principal of all of the "NV" companies including NVRyan, a publicly traded homebuilding company which sold over 9,000 homes in 1986, exceeding \$800 million in revenue and which recently acquired ownership of Ryan Homes.

Employed until January 1, 1979 by Ryan Homes as Vice President in charge of the Memphis operation. Responsibilities included land acquisition and managing a 300 unit per year building operation. Also developed approximately 1,500 lots for Ryan in Ohio, Indiana, Kentucky and Washington.

**David D. Flanagan**

*Principal and Vice President of NVProperties, Incorporated.*

Currently Vice President of NVLand, a residential land development company, responsible for delivering approximately 1,000 lots in the Washington area. As regional manager for all operations in Maryland, he has acquired and planned residential lots and mixed use communities in six counties.

Prior to joining NVLand in 1978, graduated from Georgia Institute of Technology in 1976 and received an MBA from the University of North Carolina in 1978.

## **NVProperties**

### **Management Team**

#### **Frank J. Malacane C.P.A.**

*Vice President of Finance.*

Joined NVProperties in May 1985; responsible for Accounting and Finance. Involved in financing \$70,000,000 of various acquisition and construction loans in 1986.

Prior to joining NVProperties, he was employed by Ryan Homes in Corporate Accounting as Chief Accountant. Responsibilities included Construction General Accounting, with emphasis on construction costs, land development and financial analysis.

In 1978 he became a Certified Public Accountant.

#### **David L. Gullick**

*Vice President*

Joined NVProperties in April of 1986, responsible for project overview from land acquisition through lease up.

Prior to NVProperties, he was employed by The Milton Company from 1983 to 1986 as Project Manager and was responsible for a 590 unit townhouse subdivision.

From 1979 to 1983, he was employed by Pulte Home Corporation as Project Manager and responsible for their Southern Maryland Division in St. Charles. During this time he managed the construction of 800 dwelling units.

Graduated from Ohio University in 1977 with a B.S. Degree in Marketing.



**William J. Wogatske**

*Vice President of Construction.*

Joined NVProperties in the Fall of 1985; responsible for project construction.

Before joining NVProperties, he was employed by the Leadership Group since 1978 as Project Manager.

A graduate of Johns Hopkins University, he received a B.S. in 1976.

**Michael J. Reiser**

*Development Manager*

Joined NVProperties in June 1986; responsible for land development and overall coordination of various apartment communities.

Prior to joining NVProperties he was employed as a project engineer for Celanese Corporation, with responsibility for design, estimation, and construction of projects.

Graduated from Virginia Polytechnic Institute in 1979 and received a Masters in Business Administration from the University of North Carolina in 1986.

**Richard M. Moore**

*Director of Property Management*

Joined NVProperties in 1986 to develop and organize the Property Management Division. Mr. Moore brought with him six years of progressively increasing property management and marketing responsibilities. Mr. Moore has developed and supervised marketing and management activities in several cities located in the southeast. During his career in real estate management he has organized a conventional property management division in Raleigh, North Carolina and served as the manager for the largest garden style apartment community in Virginia.

Mr. Moore is a Registered Apartment Manager, Accredited Resident Manager and a Certified Property Manager. He was awarded a Bachelor of Science in Landscape Architecture in 1978 from West Virginia University and holds a Real Estate License in Virginia.

**Hilda Romano**

***Property Manager***

Joined NVProperties in 1987 to serve in the capacity of a Regional Property Manager for the new Gable Communities. She will lend her expertise in establishing the marketing and management procedures for the communities managed by NVProperties.

Prior to joining NVProperties Hilda served for four years as a management specialist for Oxford Development. At Oxford she was responsible for all aspects of sales, marketing, administration, public relations and the training of a leasing staff as it related to new communities. Hilda successfully opened 10 communities that comprised more than 4,000 apartments while at Oxford.

**Margaret Reinhardt**

***Marketing Coordinator***

Joined NVProperties in 1985 as Marketing Coordinator to supervise and manage the marketing and sales of Bristol House, a 152 unit condominium community in Reston, Virginia. She was responsible for developing all of the sales materials including signage, displays, brochures and an award winning model. Her expertise in marketing was instrumental in a successful sales effort that produced 152 sales in nine months.

Prior to joining NVProperties Margaret served as the Business Manager for Lifespring Inc., a California based company sponsoring human development seminars. She was in charge of managing all weekly marketing events at area hotels, scheduling and closing seminar locations. She handled all operations supporting the marketing effort for the seminars.

**Dianne Brauher, CPM**

***Senior Community Director***

Joined NVProperties in 1987 to be responsible for the leasing and management of Windsor Gable and Bristol Gable in Kingstowne. Dianne will be controlling the daily operation of Windsor Gable and was selected due to her outstanding level of experience and education.

Prior to joining NVProperties Dianne was employed by Teklin Corporation as a site manager and rose to a regional manager's position, supervising 720 units during her 7 years with the company. She has had several years experience with communities that have had above average rents in a market that has been very competitive. Dianne has also been active in instructing leasing skills for other regional property managers within Teklin. Dianne brings to NVProperties several years of successful multi-site and on-site management.

**WOODLAWN GABLE  
DEVELOPMENT TEAM**

**ARCHITECT:**

Maleady, Roy & O'Brien, P.C.  
9210 Wightman Road, Suite 400  
Gaithersburg, Maryland 20879  
(301) 948-1903  
Marty Roy

**DEVELOPER'S  
ATTORNEY:**

Bankert & Associates  
3025 Hamaker Court  
Suite 100  
Fairfax, Virginia 22031  
(703) 876-8484  
Wyatt Bethel

**ENGINEER:**

Land Design Consultants  
10759-B Ambassador Drive  
Manassas, Virginia 22110  
(703) 631-8387  
Ed R. Wagaman, L.S.

**LANDSCAPE  
ARCHITECT:**

Brickman Industries  
7301 Contee Road  
Laurel, Maryland 20707  
(301) 621-1844  
David Schrang

**LAND DEVELOPMENT &:  
CONSTRUCTION**

NVProperties, Inc.  
6820 Elm Street, 1st Floor  
McLean, Virginia 22101  
(703) 847-0060  
David L. Gullick  
William J. Wogatske

**PROPERTY MANAGEMENT:**

NVProperties, Inc.  
6820 Elm Street, 1st Floor  
McLean, Virginia 22101  
(703) 847-0060  
Richard M. Moore

**MARKETING CONSULTANT:**

Danforth & Wallace  
1477 Chain Bridge Road  
McLean, Virginia 22101  
(703) 442-4805  
Jon Danforth

# NVProperties

## Management Philosophy

NVProperties maintains a separate Property Management Division to insure the implementation of the corporate management plan.

The goals of the owners and the Property Management Division are to insure that 1) the residents enjoy a sense of community and a lifestyle that promotes apartment living, 2) establish and implement sound marketing programs to insure a timely occupancy by qualified residents, 3) provide controlled business management techniques designed to produce sound financial management and administration, 4) provide maintenance and modernization programs designed to prolong the economic life of the community, 5) establish and provide policies and procedures designed to enhance resident relations so as to instill pride of residence and 6) to establish a good reputation as a highly desirable residential apartment community.

These goals will be accomplished through the implementation of four specific programs which include marketing, accounting management, maintenance and resident relations.

### 1. Marketing

The Property Management Division will work closely with and supervise an advertising agency which will be retained to develop a well thought-out, coordinated, image building and merchandising campaign. The campaign will include programs designated for utilization throughout the rent-up process as well as the development of sustained advertising as may be required thereafter. In this connection, the advertising agency will develop a budget for the entire campaign for owner's approval prior to implementation.

Advertising material will be placed in apartment guides and directories, newspapers and yellow pages. Off-site outreach will include broker and area employer contacts to emphasize both short and long term rentals. Special promotions will include the NVHomes Bonus, resident referrals and other promotions deemed necessary by management.

### 2. Accounting Management

The management division will furnish the full services of its organization for the establishment and supervision of operating programs and procedures, and the provision of accounting, bookkeeping and budgetary service, (including the maintenance of payroll records). Strict procedures, policies and guidelines for day-to-day operations have been established for all management operations which are supervised by the Property Manager and further supervised and implemented by the Resident Manager.

As the property will be new construction, a detailed budget will be prepared for projected operations. Thereafter, with the commencement of each fiscal year, every twelve months detailed budgets are to be prepared which reflect the necessary maintenance, modernization, and planned curing of the prevention of obsolescence. These budgets are first submitted by the on-site

staff, reviewed and modified by the Property Manager and approved by the heads of department with final approval by the owner. Review at various levels assures that the property receives thorough analysis as to its present and future economic life.

Operating within the approved budget, the management firm, working through its staff and on-site personnel, provides supervision of all repairs, alterations and decorating, the purchase of all supplies and the payment of all bills.

All purchases are made through the execution of vouchers, within budget limitations, and sufficient copies are made to ensure budget compliance.

### 3. Maintenance, Repair and Modernization

The key to proper implementation and control of maintenance, repair and modernization objective lies in the budget and its intelligent preparation and implementation. The budgeting process (outlined previously and herein) itself forces a planned continuing program of preventative and corrective maintenance, repair, replacement, and modernization designated to prolong the economic life and preserve competitive position.

All major items of supply or repair are secured on a bid basis. The owner is afforded the benefit of the management firm's bulk buying power and all discounts and rebates applicable to all purchased items or contracted services are credited to the owner.

The Property Manager and Resident Manager will emphasize preventative maintenance to insure that the community continues to increase in value.

### 4. Resident Relations

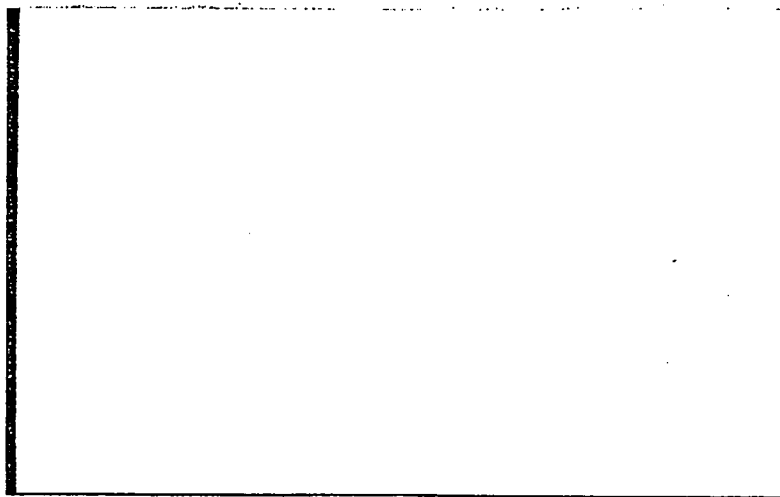
Basic to the establishment of healthy resident relationships is the training of all personnel, both leasing and maintenance staffs, in the recognition of the fact that each resident is a customer of the building vital to its successful operation. Attitudes on the part of the staff which reflect this concept and which recognize invaluable word of mouth advertising are essential.

Pride in residence is in a large part dependent upon a prompt attention by management to the proper repair and maintenance of the premises. Courteous attention to the provision of such services in a proper and prompt manner is totally dependent upon prompt receipts of the income which makes these services possible. The prompt reporting and collection of any rent deficiencies is required of the on-site staff.

In summary, the goals and objectives of this management philosophy as established and the entire program of implementation are designed to enlist the support and participation of the residents on a continuing basis. It is the policy of NV Properties to provide prompt, efficient service, and to maintain the project in optimum condition so as to instill pride of residence and mutual cooperation from the residents.



**NVProperties**



THE NVPROPERTIES ENTITIES

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REPORT ON EXAMINATION OF COMBINED  
FINANCIAL STATEMENTS

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YEAR ENDED DECEMBER 31, 1987

February 14, 1988

Stockholders and Partners  
The NVProperties Entities  
McLean, Virginia

We have examined the combined historical cost basis balance sheet of The NVProperties Entities as of December 31, 1987, and the related combined historical cost basis statements of operations, stockholders' and partners' equity, and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The NVProperties Entities include the accounts of NVProperties, Inc., and the following related partnerships: Oakton Gable Limited Partnership, Woodlawn Gable Limited Partnership, Waters Landing Limited Partnership, Braddock Springs Limited Partnership, Shady Grove Gable Limited Partnership, Hayfield Associates L.P., Second Hayfield Associates L.P., Fairfield Gable Limited Partnership, and NVReston (a general partnership). These entities are all under common ownership and common management.

In our opinion, the historical cost basis financial statements referred to above present fairly the combined financial position of The NVProperties Entities at December 31, 1987, and the combined results of their operations and the changes in their financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

We have also examined the combined current value basis balance sheet of The NVProperties Entities as of December 31, 1987, and the related combined current value basis statement of stockholders' and partners' equity and revaluation equity for the year then ended. As more fully described in Note B to the combined financial statements, the current value basis financial statements supplement the financial statements prepared on a cost basis. They are not intended to present financial position and stockholders' and partners' equity in conformity with generally accepted accounting principles but to provide relevant financial information about the The NVProperties Entities which is not provided by the historical cost basis financial



The NV Properties Entities  
February 14, 1988  
Page Two

statements. In our opinion, the aforementioned combined current value basis financial statements present fairly the information set forth therein at December 31, 1987, on the basis of accounting described in Note B.

*Touche Ross & Co.*  
Certified Public Accountants

THE NVPROPERTIES ENTITIES

COMBINED BALANCE SHEETS

DECEMBER 31, 1987

	<u>Current Value Basis (Note B)</u>	<u>Historical Cost Basis</u>
<u>ASSETS</u>		
Properties:		
Land under development and land deposits (Note C)	\$21,175,000	\$14,209,253
Buildings under construction and rental properties, historical cost basis is at cost, net of accumulated depreciation of \$165,852	<u>53,810,000</u>	<u>40,596,368</u>
Total properties	<u>74,985,000</u>	<u>54,805,621</u>
Cash, including temporary investments of \$145,910	811,360	811,360
Notes receivable (Note C)	85,390	85,390
Prepaid expenses	432,502	432,502
Furniture and equipment, at cost, net of accumulated depreciation of \$43,051	179,117	179,117
Deposits	261,468	261,468
Other assets	<u>111,039</u>	<u>111,039</u>
	<u>1,880,876</u>	<u>1,880,876</u>
	<u>\$76,865,876</u>	<u>\$56,686,497</u>

LIABILITIES AND STOCKHOLDERS' AND PARTNERS' EQUITY

<u>LIABILITIES:</u>		
Mortgage notes payable (Note D):		
Land under development and land deposits	\$13,077,756	\$13,077,756
Buildings under construction and rental properties	<u>39,059,804</u>	<u>39,059,804</u>
	52,137,560	52,137,560
Notes payable - other	800,000	800,000
Accounts payable (Note C)	2,325,292	2,325,292
Tenants' security deposits	206,520	206,520
Accrued interest	248,025	248,025
Other accrued expenses	<u>234,323</u>	<u>234,323</u>
	<u>55,951,720</u>	<u>55,951,720</u>
<u>MINORITY INTERESTS</u>	<u>2,085,088</u>	<u>153,611</u>
<u>STOCKHOLDERS' AND PARTNERS' EQUITY:</u>		
Common stock, par value, \$1.00 per share; authorized 10,000 shares, 900 shares issued and outstanding	900	900
Additional paid-in capital	168,000	168,000
Retained earnings	107,361	107,361
Partners' equity	390,305	390,305
Revaluation equity	18,247,902	-
Less: subscriptions receivable	<u>(85,400)</u>	<u>(85,400)</u>
	<u>18,829,068</u>	<u>581,166</u>
	<u>\$76,865,876</u>	<u>\$56,686,497</u>

See notes to combined financial statements.

THE NVPROPERTIES ENTITIES  
COMBINED STATEMENT OF OPERATIONS  
HISTORICAL COST BASIS  
YEAR ENDED DECEMBER 31, 1987

REVENUES:	
Sales of condominiums	\$2,897,623
Rental income	1,494,164
Other	<u>465,504</u>
	<u>4,857,291</u>
COST AND EXPENSES:	
Costs of condominiums sold	2,331,854
General and administrative	<u>1,014,345</u>
	<u>3,346,199</u>
OPERATING INCOME	1,511,092
INTEREST EXPENSE (Note D)	1,367,990
DEPRECIATION (Note A)	<u>199,843</u>
LOSS BEFORE MINORITY INTERESTS	(56,741)
MINORITY INTERESTS	<u>153,611</u>
NET LOSS	<u>\$ (210,352)</u>

See notes to combined financial statements.

THE NVPROPERTIES ENTITIES

COMBINED STATEMENTS OF STOCKHOLDERS' AND  
PARTNERS' EQUITY AND REVALUATION EQUITY

YEAR ENDED DECEMBER 31, 1987

HISTORICAL COST BASIS STOCKHOLDERS' AND PARTNERS' EQUITY - January 1, 1987	\$ 373,408
Capital contributions - partners' equity	502,610
Receivables from partners	(84,500)
Net loss	<u>(210,352)</u>
HISTORICAL COST BASIS STOCKHOLDERS' AND PARTNERS' EQUITY - December 31, 1987	581,166
Revaluation equity applicable to land, buildings under construction and rental properties	20,179,379
Less-amount of revaluation equity allocable to minority interests	<u>(1,931,477)</u>
TOTAL STOCKHOLDERS' AND PARTNERS' EQUITY AND REVALUATION EQUITY - December 31, 1987	<u>\$18,829,068</u>

See notes to combined financial statements.

THE NVPROPERTIES ENTITIES  
COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION

HISTORICAL COST BASIS

YEAR ENDED DECEMBER 31, 1987

SOURCES OF CASH:

Operations:

Net loss	\$ (210,352)
Add charges not requiring funds -	
Depreciation	199,843
Minority interests	<u>153,611</u>

Funds provided by operations	143,102
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Notes payable - net of repayments	22,660,793
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Decrease in construction fund escrow	13,433,150
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Capital contributions	418,110
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Increases in:

Accrued interest payable	111,755
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Tenant deposits	206,520
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Accounts payable	<u>936,365</u>
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TOTAL SOURCES OF CASH	<u>37,909,795</u>
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APPLICATIONS OF CASH:

Purchases of land	10,954,450
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Purchases of furniture and equipment	181,640
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Payments to holders of minority interests	1,055,876
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Decrease in other accrued expenses	134,925
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Increases in:

Buildings under construction and rental properties	26,419,146
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Notes receivable	85,390
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Prepaid expenses	85,334
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Deposits	247,979
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Other assets	<u>111,039</u>
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TOTAL APPLICATIONS OF CASH	<u>39,275,779</u>
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DECREASE IN CASH	(1,365,984)
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CASH, Beginning Balance	<u>2,177,344</u>
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CASH, Ending Balance	<u>\$ 811,360</u>
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See notes to combined financial statements.

THE NVPROPERTIES ENTITIES  
NOTES TO COMBINED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 1987

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The NVProperties Entities (the Company) include the accounts of NVProperties, Inc. a Subchapter S corporation, and the following partnerships that are commonly owned and managed:

- Oakton Gable Limited Partnership
- Hayfield Associates L.P.
- Second Hayfield Associates L.P.
- Braddock Springs Limited Partnership
- Woodlawn Gable Limited Partnership
- Waters Landing Limited Partnership
- Shady Grove Gable Limited Partnership
- Fairfield Gable Limited Partnership
- NVReston (general partnership)

The Company's primary business purpose is to purchase undeveloped land with the objective of constructing and managing residential apartment communities. The Company purchases land from affiliates and unrelated parties, oversees the construction of residential apartment buildings as the general contractor, and manages the completed apartment communities. The Company also manages nonaffiliated apartments for a fee and has been involved in the construction of condominium units for resale.

The combined financial statements do not include any assets, liabilities, revenues or expenses attributable to the stockholders' or partners' individual activities.

All significant intercompany balances and transactions have been eliminated in these combined financial statements.

Deferred Loan Costs

Deferred loan costs which are included in buildings under construction and rental properties are being amortized on a straight-line basis over the loan period.

Properties

For historical cost purposes, properties are stated at the lower of cost or market value.

THE NVPROPERTIES ENTITIES  
NCIES TO COMBINED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 1987  
(continued)

Buildings under construction and completed buildings include direct and indirect development costs, construction-period interest and taxes, and other development costs. Depreciation is computed on the completed buildings using the straight-line method over a 40-year life.

Revenue Recognition

The Company uses the accrual basis of accounting, which recognizes revenues when earned and expenses when incurred. Sales of condominiums are recognized at the sales settlement date, at which time title passes to the customer.

Income Taxes

The Company's separate operating entities file income tax returns as either partnerships or a Subchapter S Corporation. As such, no federal or state income tax provision is included in these combined financial statements. Each partner/stockholder will include his distributive share of income or losses on his individual income tax return.

B. CURRENT VALUE BASIS FINANCIAL STATEMENTS

(a) Current Value Reporting

The Company's properties have appreciated in value and, accordingly, their current values exceed their historical cost basis determined in conformity with generally accepted accounting principles. Management believes that the current value basis financial statements more realistically reflect the underlying financial strength of the Company.

The current values of the properties have been determined based upon unrelated third-party appraisals. The statements of current value represent the values that could be realized in an orderly disposition of the Company's assets and liabilities

THE NVPROPERTIES ENTITIES  
NOTES TO COMBINED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 1987  
 (continued)

under the willing-buyer, willing-seller concept. Therefore, these values do not represent the liquidation value of these assets. Consequently, current-value stockholders' and partners' equity does not represent the liquidation value of the Company or the market value of its assets taken as a whole.

(b) Basis of Valuation

Properties

The current value of the properties are based on appraisals from independent third-party MAI appraisers. Appraisals were performed using market history in the surrounding geographical areas for similar properties.

The current value for land under development represents the appraised value for the land in its undeveloped stage. Where construction has begun, the amount shown represents the appraised value of the land and the cost of the improvements. For the rental property, the current value was determined using an overall capitalization rate of 8.35%. The capitalization rate was calculated based on interest rates at year-end and the risks associated with the ownership of such property.

Income Taxes

The Company's separate operating entities file income tax returns as either partnerships or a Subchapter S Corporation. Under Subchapter S and Partnership taxation provisions of the Internal Revenue Code, the shareholders and partners have consented to include their pro rata share of the income or loss in their individual tax returns. Therefore, the current-value financial statements do not include any income tax liability for the increase in current value over the historical cost basis.

Other Assets and Liabilities

Other assets and liabilities are carried on the current-value basis balance sheet at the lower of cost or net realizable value, which is the same stated value as on the cost basis balance sheet.



THE NVPROPERTIES ENTITIES  
NOTES TO COMBINED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 1987  
 (continued)

The application of the foregoing methods for estimating current value represents the best judgment of management based upon its evaluation of the current and future economy. Judgments regarding these factors are not subject to precise qualification or verification and may change from time to time as economic and market factors, and management's evaluation of them, change.

Revaluation Equity

The total difference between the current values and the historical costs of the Company's buildings and land less the amount allocable to minority interests is presented as Revaluation Equity in the equity section of the combined current-value basis balance sheet.

C. RELATED-PARTY TRANSACTIONS

The Company's affiliates include entities affiliated through common ownership, primarily through its principal stockholders and partners with whom the Company has significant business relationships (Affiliates). All of the Company's transactions with Affiliates are the result of its normal course of business.

- During 1987, the Company purchased land from Affiliates at an aggregate cost of \$10,654,450. In addition, at December 31, 1987, the Company had an outstanding lot option deposit of \$300,000 with an Affiliate.
- During 1987, the Company paid \$107,239 to an Affiliate in connection with obtaining insurance coverage.
- At December 31, 1987, the Company had accounts receivable of \$48,303, included in other assets, due from related parties, and accounts payable to Affiliates in the amount of \$357,440. In addition, the total notes receivable balance was due from Affiliates, officers, or partners.
- During 1987 the Company received \$45,042 in management fees for the management of communities owned primarily by stockholders.
- During 1987, approximately \$130,000 was paid to partners and stockholders for services provided to the Company.

THE NVPROPERTIES ENTITIES  
NOTES TO COMBINED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 1987  
(continued)

D. NOTES PAYABLE

The Company's notes payable consist of the following:

Land acquisition and construction loans bearing interest at 8% to 9.25% at fixed rates and prime (which was 9% at year-end) to 1.5% over prime at variable rates, secured by deeds of trust.....	\$19,809,560
Note bearing interest at 8.875%, payable in monthly installments of interest only for the first two loan years, and principal and interest at 9.89% for the remaining term of the note, due September 1, 1998; the note is insured by the Federal Housing Administration under Section 221(d)(4) of The National Housing Act and is nonrecourse.....	12,328,000
Variable rate taxable nonrecourse promissory note bearing interest at the prevailing commercial paper rate with a maximum rate of 12%, due on November 1, 2016; the note is secured by a deed of trust on the property, a letter of credit, and the personal guarantees of the partners (Note F); The Company utilizes an interest rate swap to effectively establish a long-term fixed interest rate on variable rate debt; at December 31, 1987, the Company had an interest rate swap agreement effectively establishing a fixed rate of 8.39% on \$20,000,000 of outstanding debt.....	<u>20,000,000</u>
Mortgage notes payable.....	52,137,560
Promissory notes payable to the principal stockholders of the Company, interest at 1/2% over prime and due on demand.....	500,000
Unsecured lines of credit with commercial banks bearing interest at 1/2 to 1% over prime (which was 9% at year-end), due at various dates.....	<u>300,000</u>
Total.....	<u>\$52,937,560</u>

THE NVPROPERTIES ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1987  
(continued)

The long-term indebtedness at December 31, 1987, matures \$9,818,801 in 1988; \$5,228,916 in 1989; \$794,740 in 1990; \$5,568,978 in 1991; \$995,858 in 1992; and \$30,530,267 thereafter.

At December 31, 1987, letters of credit with financial institutions, guaranteed by the Company, totaled approximately \$27,440,000. Of this total \$20,967,000 is for a credit enhancement for the commercial paper issued in connection with the variable rate taxable nonrecourse promissory note.

Total interest cost for the year ended December 31, 1987, was \$3,725,838. Of this total, \$2,357,848 was capitalized in buildings under construction and completed buildings at December 31, 1987.

Substantially all of the Company's properties are pledged as collateral for the notes and loans payable. In addition, the unsecured lines of credit and the land acquisition and construction loans (except for approximately \$1,515,000) are personally guaranteed by the Company's principal shareholders and partners.

E. COMMITMENTS AND CONTINGENCIES

Leases

The Company is obligated under operating leases for office space and automobiles which expire on various dates. The lease provides that the Company shall pay a base monthly rental plus adjustments for inflation, and increases in the costs of utilities, insurance, property taxes, and maintenance. Rental payments charged to expense were \$40,401 for the year ended December 31, 1987.

THE NVPROPERTIES ENTITIES  
NOTES TO COMBINED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 1987  
 (continued)

The future minimum rental commitments are as follows:

<u>Year ending</u> <u>December 31,</u>	
1988	\$ 87,197
1989	111,675
1990	113,873
1991	110,003
1992	107,785
Later years	<u>18,411</u>
Total future minimum rentals	<u>\$548,944</u>

F. SUBSEQUENT EVENTS

On January 27, 1988, the Company experienced a fire in one of its rental communities. The fire damaged nine apartments and damage is estimated at approximately \$330,000. The Company has filed a claim under its real and personal property direct damage coverage. A check in the amount of \$330,000 has been received for building damage, and the apartments are being rebuilt. In the opinion of management, the insurance coverage will adequately provide for the repair of the damaged apartments and loss of rental revenues.

On January 21, 1988, the Company refinanced the variable rate taxable nonrecourse promissory note of \$20,000,000 described in Note D. The new installment note has a principal balance of \$23,000,000, with interest only payable monthly at 9.75%. The principal balance is due on February 1, 1993. The note is nonrecourse except for \$1,500,000, which is personally guaranteed by the Company's principal stockholders and partners. As part of this refinancing the credit enhancement letter of credit of \$20,967,000 will be canceled April 27, 1988.