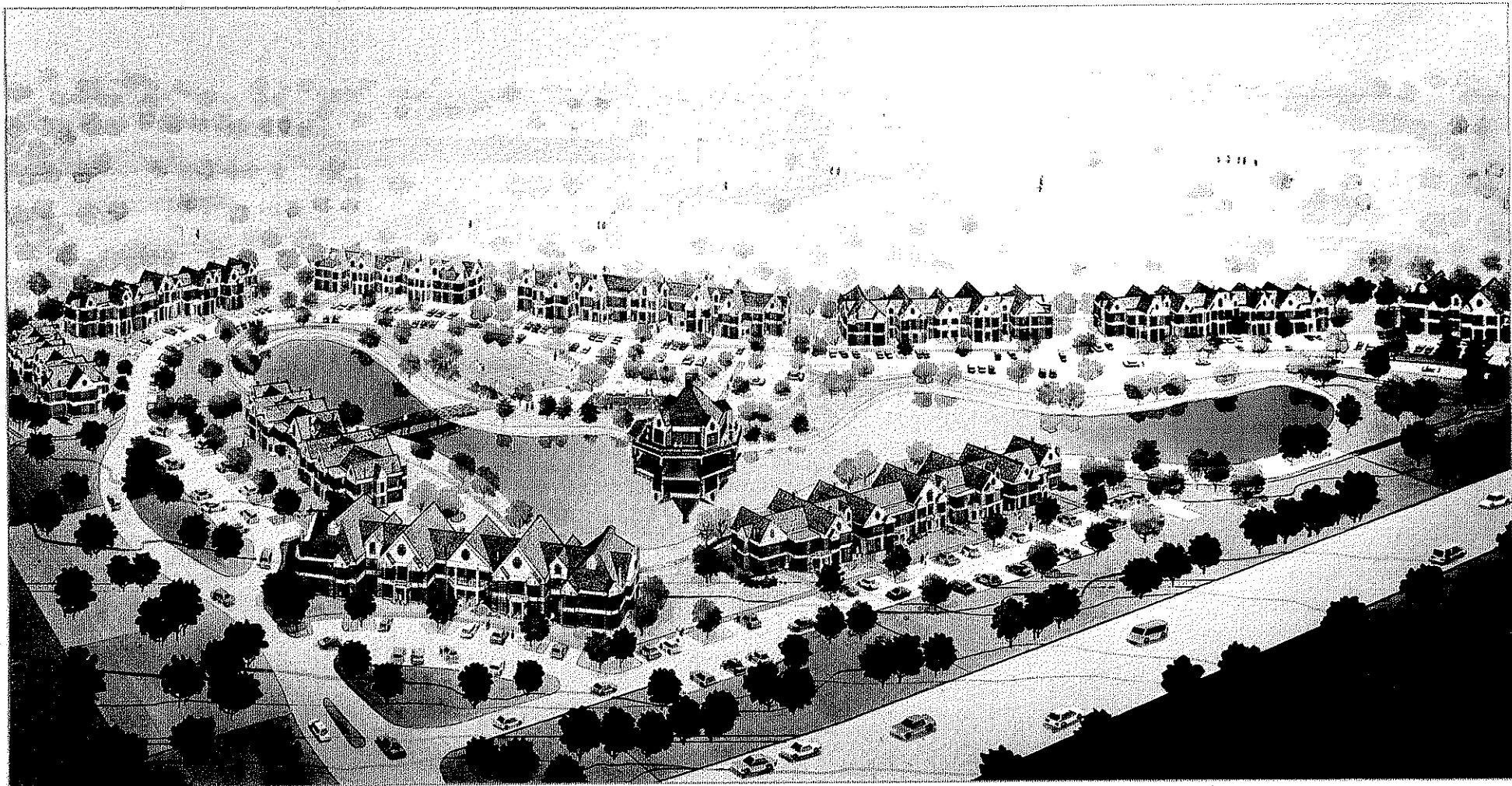


**TURNBERRY LAKE VILLAGE
MCHENRY COUNTY, ILLINOIS**

USF&G Realty Advisors
1010 North Glebe Road, Suite 800
Arlington, Virginia 22201
(703) 522-6200



TURNBERRY LAKE VILLAGE
LAKEWOOD, ILLINOIS
CAPITAL ASSOCIATES DEVELOPMENT CORPORATION

SARANCIK, CONTE AND ASSOCIATES, INC.
Architects

TURNBERRY LAKE VILLAGE APARTMENTS
LAKEWOOD, ILLINOIS
TABLE OF CONTENTS

EXHIBITS	PAGE NO.
Text	1-10
I-1 Application Letter	11-24
II-1 Regional Location Map	25
II-2 Site Vicinity Map	26
II-3 Site Access Map	27
II-4 Subdivision Map	28
II-5 Site Plan	29
II-6 Aerial Photograph	30
II-7 Elevations/Building Floor Plans	31-33
II-8 Sources and Uses of Funds	34
III-1 Population Growth Analysis	35
III-2 Employment Growth analysis	36
III-3 Composition of Employment Base	37
III-4 Residential Permit Activity	38-39
III-5 Projected Residential Development	40-42
III-6 Competitive Property Survey	43-44
IV-1 Capital Organizational Chart	45
IV-2 Biographical Sketches	46
IV-3 Developer Track Record	47-48
IV-4 Chicago Area Properties	49-50

IV-5	Eugenie Terrace Apartments	51
V-1	Pro Forma Income and Expenses	52
V-2	Preliminary Valuation Analysis	53-56
V-3	Assumption Tables	57
V-4	Projected Cash Flow Analysis	58-60
V-5	Investor's Yield Summary	61-63
V-6	Sensitivity Analysis	64
Appendix (A1-A6)	Floor Plans	65-70

Realty Advisors, Inc.

INVESTMENT MEMORANDUM

To: Realty Investment Approval Committee
From: Edward B. Moseley
Date: August 11, 1989
Re: Turnberry Lake Village Apartments
Lakewood, Illinois

Enclosed for your review is an Investment Report on Turnberry Lake Village Apartments ("Turnberry"). Turnberry is a to-be-built, 200-unit multifamily development in the northwestern suburbs of Chicago, Illinois. Construction is scheduled to begin in September 1989 with completion anticipated in the first quarter of 1991. The regional developer, Capital Associates Development Corporation ("Capital"), is headquartered in downtown Chicago and has a strong presence in the local apartment market with over 3,200 rental units. Total project costs are \$15,500,000. USF&G's initial funding of \$15,100,000 will occur following issuance of final certificates of occupancy and upon the earlier of (a) 71% economic occupancy (\$123,750 per month), or (b) the issuance of a letter of credit equal to twenty-four (24) times the difference between \$123,750 and the previous month's rental income as evidenced by executed leases. Exhibit I-1 is a copy of the executed Application Letter which summarizes the transaction.

THE PROPERTY**A. Location**

Turnberry will be in the town of Lakewood in Southeast McHenry County, Illinois, a northwestern suburb of Chicago. The primary arterials serving McHenry County are Highway 14 and Interstate 90 (see Exhibit II-1). Highway 14 is a four lane arterial running northwest from downtown Chicago through McHenry County and onto Southern Wisconsin. Interstate 90 is a six lane arterial servicing downtown Chicago and the northwestern suburbs. The Metra (Chicago's commuter train line) runs adjacent to Highway 14, servicing Northwest Chicago from McHenry County. Residents of McHenry County enter the Metra in Crystal Lake, 10 minutes northeast of the subject and travel to Downtown Chicago.

B. Access

Highway 31 presently serves as the north/south connector between Interstate 90 and Southeastern McHenry County. Highway 31, however, has many stops as it cuts through several small towns. Randall Road is the major north/south artery servicing Lakewood but Interstate 90 is not yet accessible from Randall Road. However, a cloverleaf connecting Randall Road with Interstate 90 is currently under construction. Plans call for Randall Road to be widened from two to four lanes as it extends from McHenry County to Interstate 90. Following completion of the new interchange in August 1990, residents of

Turnberry will have excellent access to the Interstate 90 from Randall Road, thereby affording commuters quick access to the employment centers of Schaumburg and the surrounding areas (see Exhibit II-2). The new interchange will insure continued growth in southeastern McHenry County by greatly enhancing commutation into the suburban employment locations of northern and northwestern Cook County. From Interstate 90, residents of Turnberry will travel north (10 minutes) on Randall Road, west on Ackman Road and enter the community at Briarwood Road (see Exhibit II-3). Shopping, dining, and recreation are located along Highway 14 in Crystal Lake, five to ten minutes north of the subject.

C. Neighborhood

Turnberry will occupy 27.7 acres in the Turnberry Country Club planned unit development ("PUD") (see Exhibit II-4). Arthur T. McIntosh began developing the PUD in 1972, building upscale single family homes and an 18 hole championship golf course designed by Lawrence Packard. McIntosh Limited, an investment syndicate, acquired the property in 1985. A second 18 hole golf course is in the final stage of development and is scheduled to open in the Spring of 1990. The additional 18 hole course, designed by Roger Packard (son of Lawrence Packard), will generate 250 new memberships. The existing golf course has a large clubhouse offering fine dining, men and women's locker rooms, an olympic sized swimming pool, and four tennis courts. Both golf courses will occupy 400 acres of the 1,200 acre development including four large man-made lakes. McIntosh sold 250 home lots on which 130 single family homes have been developed to date. In addition to lot sales, McIntosh is currently developing 45 zero lot line (12 feet separates each lot) detached single family homes on a build to suit basis. Ten homes have been sold and are in various stages of construction. Sales to date have ranged between \$243,000 and \$369,000 each. Three-quarter acre lots currently sell for \$69,000 and up, while recent home/lot packages have been selling between \$325,000 and \$750,000. In addition to the existing recreational facilities within the PUD there are plans for an equestrian center and riding trails. When complete, the PUD will consist of 436 single family homes, 140 cluster homes and 200 luxury apartment units (the subject property).

D. Site

The triangular shaped site is situated at the corner of Ackman Road and Briarwood Road (see Exhibit II-5). Turnberry will have excellent visibility and accessibility from Briarwood which will serve as the main entrance to the PUD. The site is bound to the east by Briarwood and beyond by 17 single family lots. The 11th fairway of the new golf course will rap around the site, forming the northern and western boundaries. To the south, there is a small commercial site for sale and farmland is beyond Ackman Road (see Exhibit II-6). The site is zoned R4 multifamily and all the utilities are presently available to the property. The topography is basically flat except for a depression in the middle where a lake will be formed. The density is 7.2 units per acre, a very low density even for a suburban project.

E. Improvements

Turnberry will consist of 200 multifamily apartment units in 10 buildings of two-story design. The construction will be of wood frame with a combination brick and vinyl siding (see Exhibit II-7A). The property will offer a variety of one and two-bedroom floor plans comprised of 30% one bedroom units and 70% two bedroom units as follows:

- 1) 50 one-bedroom/one-bath "flat" units of 787 square feet;
- 2) 10 one-bedroom/one-bath "loft" units of 947 square feet;
- 3) 120 two-bedroom/two-bath units ranging from 1,103 to 1,115 square feet; and
- 4) 20 two-bedroom/two and a half-bath "loft" units ranging from 1,268 to 1,385 square feet.

Total -- 200 units, average unit size 1,043 square feet.

Exhibit II-7B presents building floor plans and appendices A-1 through A-6 are unit floor plans. Project amenities include a 4,000 square foot clubhouse with a community/social room, a swimming pool, two tennis courts, whirlpool, exercise room, jogging and bicycle trails, and 314 surface parking spaces (1.6 parking spaces per unit). Each unit will be equipped with glass enclosed doors opening to a private balcony or patio, individual washers and dryers, balcony access from the master bedrooms (where applicable), kitchens equipped with frost-free refrigerators and ice makers, dishwashers, microwave ovens, electric ranges with continuous clean ovens, breakfast areas with windows, garbage disposals, ceramic vanities, and designer wallcoverings. Fireplaces, skylights and vaulted ceilings are available in two bedroom units.

F. Sources and Uses of Funds

The sources and uses of funds statement is presented in Exhibit II-8. The total project cost is estimated to be \$15,500,000, representing a unit cost of \$77,500 or \$74.28 per square foot. Land costs are \$1,150,000 or \$5,750 per unit. Direct construction costs will be \$11,372,000 or \$56,860 per unit (\$54.50 per square foot), and indirect construction costs are estimated to be \$2,978,000 (including a \$220,100 contingency reserve) or \$14,890 per unit (\$14.27 per square foot).

MARKET OVERVIEW

A. The Chicago Market

The Chicago Metropolitan Area is the third largest MSA in the nation with a current population of 6.2 million persons. Between the first quarter of 1983 and the fourth quarter of 1987, 87,000 jobs were created in Chicago, more than any other metropolitan area in the nation with the exception of Los Angeles. In 1988 downtown Chicago absorbed 6.2 million square feet of office space and increased its employment base 2.9%, from 3,027,600 to 3,114,700 jobs.

While total population growth in the Chicago MSA has been stable, the outmigration from the central city to the surrounding suburbs has resulted in significant population increases outside of the Chicago Central Business District (CBD) and an equally significant decrease within the CBD. Between 1970 and 1986, the Chicago CBD declined in population from 3.4 million persons to 3.0 million persons, while suburban northeastern Illinois (comprised of six counties including Cook, DuPage, McHenry, Kane, Lake and Will) grew from 3.6 million persons to 4.3 million persons, an increase of 19.4 percent or approximately 1.2 percent per year. Initially, this growth was concentrated in the suburbs within close proximity to the Chicago CBD. However, as these communities matured and little developable land was available, communities further north experienced the growth.

In tandem with this population growth, the northwestern suburbs also developed their own extensive commercial bases. Major suburban markets include:

- (1) Schaumburg, which houses 65 Fortune 500 companies, contains over 17 million square feet of class A office space, and is the second largest suburban office market of the Chicago MSA (the largest suburban office market is the Oak Brook area, due west of Chicago). Schaumburg is projected to be the second largest urban sector in the state of Illinois by the year 2000;
- (2) the O'Hare airport area has over 14.1 million square feet of class A office space and 1.0 million square feet under construction;
- (3) Southern Lake County has been particularly successful in luring health related businesses due to its attractive tax rates. More than 17,000 employees are shared between three giants in the health industry: Abbott Labs, Walgreen's, and Baxter-Travenol; and
- (4) the State Route 53 and Dundee Road area has added over 2 million square feet of office space since 1978 and has another 1.2 million square feet under construction.

In total, over 35 million square feet of office and commercial space is existing, under construction or planned in these suburban markets alone, all of which are located within 30 minutes of the subject property, with downtown Chicago being one hour away.

B. McHenry County Market

Turnberry is located in the southeastern McHenry County market area. Due to its relatively low land costs, as well as its location in the path of Chicago's outward expansion, the local market has exhibited a steady population growth of 3.6% per year from 1970 to 1980, increasing at an annual level of 3,163 persons from a 1970 base of 88,370 persons. Annual growth slowed to approximately 2,470 persons between 1980 and 1987. However, population projections show an annual growth of 3,500 persons between 1989 and 2010, indicating a total population of 222,000 persons by 2010. McHenry County is projected to be second among the six county region in terms of percentage change in population growth between 1980 and 2010 (see Exhibit III-1).

McHenry County's employment growth has also been consistent, second only to DuPage County from 1980 to 1985 (see Exhibit 111-2). Employment growth is expected to remain strongest in DuPage County through 2010, although all of the surrounding counties indicate continued stability. With rising single family home costs and continued congestion in Dupage and Cook Counties, McHenry County is an attractive alternative for residents working in the Schaumburg/O'Hare corridor. The relative maturity of the close-in suburbs has caused economic growth and diversification in the local market area. The market has a very large manufacturing sector, representing over 34% of the total employment base. Major manufacturers in the area include Sun Electric, Precision Twist Drill, Oak Industries, and TC (Terra Cota) Industries. Retail trade is the second largest employment sector in the area, representing 18% of the total employment base. Future growth is projected to be most significant in the finance and retail sectors as opposed to the historically dominant manufacturing sector (see Exhibit III-3). The market is served by two major community shopping centers; the Commons, a 390,000 square foot center, and Crystal Point Mall, a 400,000 square foot enclosed mall. Phase II of Crystal Point Mall, which is currently in the planning stage, will double its current size to nearly 800,000 square feet when complete. Also, a new 300,000 square foot mall is under construction several blocks south of the existing Crystal Point Mall. Total 1988 retail sales for the area were estimated to be \$360 million, equivalent to over one-third of the retail sales for all of McHenry County.

Residential building permits in McHenry County have averaged 1900 units per year of which approximately 465 units were multifamily. Both single family and multifamily construction peaked in 1986, exhibiting nearly an 80% change in total housing activity and a 250% change in multifamily activity (see exhibits III-4A and III-4B). Exhibit III-5A is a listing of the potential residential projects in the vicinity, indicating a continued prevalence of single family construction. Exhibit III-5B is a map plotting the location of the potential residential developments.

C. Competitive Properties

The average age of an apartment complex in the immediate area is in excess of ten years with very few project amenities, and the majority of these projects are smaller developments with under 100 units. Most of the properties are well maintained and share an average vacancy of 6%. The average monthly rental rate in this market is \$676 or \$.73 per square foot. The bulk of the existing multifamily units have been developed within close proximity to the retail areas along Highway 14. None of the recently developed multifamily projects are tailored to the higher end market, including the one year old Skyridge Club Apartments which is located approximately two miles east of the subject property. The 192-unit Skyridge Club Apartments is currently 100% leased, averaging 16 units per month absorption at an average monthly rental rate of \$633 per unit or \$.71 per square foot. Skyridge Club is considered inferior to the proposed subject property in terms of its construction and amenity package, however, Skyridge is well located off Randall Road with good visibility and access.

The competitive property survey and accompanying map are presented in Exhibits III-6A and III-6B. The Property Company of America ("PCA") built two multifamily projects in Schaumburg which are comparable to the subject in terms of quality construction and amenity package, however, the units are much smaller than the subject which is typical of PCA properties. The two PCA projects, The Pointe Apartments and The Lakes Apartments, have a competitive advantage over the subject in terms of their proximity to employment centers, but they are in very congested areas, with traffic problems and higher site density. They are also at a disadvantage in that they are not situated within a planned community having restricted adjacent land uses. The Pointe and The Lakes properties are averaging monthly rental rates of \$807 and \$781 per unit, respectively. The average unit size is 819 square feet and 779 square feet for The Pointe and The Lakes, indicating an average rent per square foot of \$.99 and \$1.00 respectively. The Pointe property is currently in its initial lease-up, and The Lakes is 96% leased. National Housing Partnerships ("NHP") has two properties in the Schaumburg/Palatine area. Garden Glen Apartments, which closely resembles Turnberry for its amenity package, quality construction and design; and Clover Ridge Apartments are averaging monthly rental rates of \$884 and \$714 per unit, respectively. The average unit size is 1,098 square feet and 884 square feet for Garden Glen and Clover Ridge, indicating an average rent per square foot of \$.81 for both projects. The Clover Ridge property is currently 87% occupied (a competing complex recently opened across the street and lured tenants with very aggressive move-in specials) and offering one month's free rent, while Garden Glen is 97% occupied with no concessions. Windsong Apartments, built by Zale, is averaging \$723 per month. The average unit size is 905 square feet, indicating an average rent per square foot of \$.80. Windsong is currently 98% occupied and offering no concessions. Zale is a major developer in the single family market, controlling several large planned unit developments in the northwest suburbs of Chicago.

Turnberry's pro forma monthly rental rate of \$866 or \$.83 per square foot, compares to the competitive properties average monthly rent of \$770 or \$.88 per square foot. Although its average monthly rental rate is currently \$100 above the market, Turnberry will offer much larger unit sizes, lower site density, and a location within an affluent single family community with extensive recreational facilities. The average unit size in the subject property is 1,043 square feet, 18% larger than the market comparables which average 887 square feet. It is customary in the appraisal industry to adjust for unit size differential. Therefore, Turnberry is competitively priced based on an incremental rent increase of \$.40 per square foot (industry standard for subject market) of size differential. Absorption is anticipated to be 16 units per month, which represents a lease-up period of nearly 12 months, excluding any preleasing during construction.

THE BORROWER/DEVELOPER

The borrowing entity will be an Illinois Limited Partnership whose general partner will be Capital Associates Development Corporation ("Capital"). Capital is a regional real estate developer based in Chicago, Illinois. Capital's organizational chart is presented in Exhibit

IV-1, and biographical sketches of its two principals, Terry A. McKay and Thomas B. Rosenberg (whose combined net worth is approximately \$60 million), are presented in Exhibit IV-2. Capital has developed 50 multifamily projects totalling more than 7,000 units throughout the midwestern and western states (see Exhibit IV-3). Capital has developed and currently maintains over 3,200 rental units in the Chicago area with an average occupancy rate of 97% (see Exhibits IV-4A and IV-4B). Management and leasing for the property will be performed by CAMCO, Inc., a wholly owned subsidiary of Capital. Capital's most recent apartment development was the 575-unit highrise apartment project known as Eugenie Terrace in downtown Chicago. Eugenie Terrace was developed on the last available site along Lincoln Park overlooking Lake Michigan (see Exhibit IV-5). The property is currently 97% leased and tops the market with average rental rates of \$1.35 per square foot. Financing for Eugenie Terrace was provided by Aetna for \$50 million. Capital is currently negotiating a sale of the property to a public fund through JMB for approximately \$85 million.

THE RISK AND RETURN

A. Investment Structure

The proposed investment is a participating first mortgage for \$15.5 million. The significant features of the loan are as follows:

- 1) USF&G's funding is contingent upon 71% economic occupancy (\$123,750 per month), or issuance of a letter of credit;
- 2) A development fee holdback of \$400,000 which will only be funded if the property meets or exceeds pro forma expectations within the first two years;
- 3) The interest rate is 9.5% with a pay rate schedule as follows:
 - Year 1 -- The greater of 7.0% or net operating income, not to exceed 9.5%.
 - Year 2 -- The greater of 8.5% or net operating income, not to exceed 9.5%.
 - Years 3-10 -- 9.5%;
- 4) A 15-month "Negative Cash Flow Guaranty" from Capital Associates;
- 5) An appraisal contingency which permits USF&G to call the loan if the annual appraisal exceeds 95% loan to value, and
- 6) A Minimum Additional Interest Clause which insures USF&G a 12.3% internal rate of return up to 100% of net sale proceeds.

B. Valuation

1. Pro Forma Income and Expenses

USF&G's initial funding of \$15,100,000 will occur after issuance of certificates of occupancy and the earlier of (a) monthly effective gross income of \$123,750, or (b) issuance of a letter of credit equal to twenty-four (24) times the difference between \$123,750 and the previous months income. Funding of the Development Fee Holdback will only occur if pro forma rental rates (at 90% occupancy) are achieved during the first

24 months of the loan. Pro forma income and expenses are presented in Exhibit V-1. The average monthly pro forma rental rate is \$865.80 per unit or \$.83 per square foot. Therefore, in order for the developer to earn the holdback, the property must either (a) produce a monthly effective gross income of \$155,844 for three consecutive months during the first year of operation, or (b) produce a monthly effective gross income of \$163,636 for three consecutive months during the second year of operation [(\$865.80 avg. rent x 200 units x 90% occupancy = \$155,844), and (\$155,844 x 1.05) = \$163,636]. The pro forma is based on stabilization in 1992, and the economic projections assume a 20% vacancy factor in the first year and a 5.0% vacancy factor in years two through ten. The indicated debt coverage ratio at stabilization is 1.00. This low debt coverage ratio is a result of the pay rate structure, i.e. the greater of net operating income or the scheduled pay rate. The actual pay rate at stabilization is projected to be 9.28% while the scheduled pay rate in year 2 is 8.5%.

2. Preliminary Value Estimate

USF&G Realty Advisors has estimated the value of Turnberry Lake Village to range from \$17,300,000 to \$17,600,000 using most likely pro forma assumptions (see Exhibit V-2A through V-2D). The appraisal contingency, which requires an MAI market value appraisal of \$17,225,000 insures USF&G a 90% loan to value ratio at funding. The preliminary value estimate of \$17,300,000 indicates a loan to value of 89.6%.

C. Annual Returns

The annual cash flow projections are based on the assumptions described in Exhibit V-3. The cash flows contributing to USF&G's annual cash returns are:

	Most Likely Scenario		
	Year 2	Year 6	Year 10
Debt Service	\$1,471,453	\$1,508,917	\$1,508,917
plus: Additional Interest	0	139,822	332,545
	-----	-----	-----
equals: Total Cash Flow	\$1,471,453	\$1,648,739	\$1,841,462
	=====	=====	=====
divided by: Invested Capital	\$15,500,000	\$15,500,000	\$15,500,000
equals: USF&G's Annual Cash Return	9.5%	10.6%	11.9%

The estimated annual cash returns to USF&G are presented in Exhibits V-4A through V-4C. Capital Associates will guaranty to fund any negative cash flow for 15 months from USF&G's funding. All cash flow remaining after debt service payments will be shared 50/50 between USF&G and Capital.

D. Sale Proceeds

Net sale proceeds will be split 50/50 after repayment of USF&G's Outstanding Loan Balance, subject to USF&G's receiving its 12.3% internal rate of return. The Minimum Additional Interest Clause provides that Capital's sale proceeds are subordinate to USF&G receiving a 12.3% internal rate of return, up to 100% of the net sale proceeds. USF&G's Outstanding Loan Balance, assuming a 10 year holding period, is \$15,883,338 (comprised of its original loan balance of \$15,500,000 and accrued interest of \$383,338), and USF&G's cash proceeds from sale are \$6,102,329 (representing 60% of net sale proceeds to split).

E. Yield Analysis

The estimated nominal yield or internal rate of return on USF&G's capital is 12.3%. This yield represents a real or inflation adjusted internal rate of return of 7.3%. The estimated nominal yield on USF&G's capital is comprised of the following:

- 1) Debt service payments;
- 2) Additional interest from operations;
- 3) Additional interest from sale (including Minimum Additional Interest, if applicable), and
- 4) USF&G's Outstanding Loan Balance (including accrued and unpaid interest).

The sensitivity of USF&G's internal rate of return to changes in inflation and terminal capitalization rates is presented in Exhibit V-6. Due to USF&G's Minimum Additional Interest Clause, USF&G's nominal yield should never be less than 12.3%.

F. Risks

The risks in this investment are the: 1) market risk, 2) default risk, and 3) interest rate risk. The major risk in this investment is the market risk, which occurs if Turnberry fails to achieve pro forma rental rates and occupancy levels. This risk is somewhat mitigated by the investment structure as follows:

- 1) USF&G's funding is contingent upon a leasing requirement or issuance of a letter of credit;
- 2) The \$400,000 Development Fee Holdback, and
- 3) The initial appraisal contingency of \$17,225,000, producing a 90% loan to value ratio.

The risk of default occurs if: 1) the developer is unable to make debt service payments, and 2) the Outstanding Loan Balance exceeds property value as a result of the accrual feature. The default risk is addressed as follows:

- 1) A cash flow guaranty from Capital for 15-months;
- 2) The pay rate schedule referred to in the pro forma section of this report protects

USF&G against excessive accrual in that debt service payments are the greater of net operating income or the scheduled pay rate, and

3) The annual appraisal contingency (see Application Letter) requires that Capital must (a) pay debt service at the interest rate (9.5%), or (b) pay down the Outstanding Loan Balance if the loan to value ratio exceeds 95%.

The interest rate risk is present due to the forward commitment nature of the loan. This risk occurs if interest rates rise beyond their current level. Interest rates typically increase due to rising inflation, which would result in an increase in USF&G's nominal yield due to the participating feature of this investment. In the event interest rates decrease, the borrower will be locked in through a Tri-Party Agreement with the construction lender, and the real rate of return to USF&G will increase accordingly. Additionally, if inflation lags behind projections, USF&G's return is somewhat secured by the Minimum Additional Interest Clause.

G. Conclusions and Recommendations

Turnberry Lake Village Apartments is a to-be-built, 200-unit luxury apartment community located in Lakewood, Illinois, a northwestern suburb of Chicago. The project consists of ten buildings of two-story design on 27.7 acres. Chicago's economy appears stable, exhibiting good diversification, and steady employment and population growth. There appears to be a continuing demand for quality, well located suburban multifamily housing, evidenced in part by high occupancy levels and increasing rental rates in competitive properties. The Chicago apartment market is currently 93.5% occupied and the subject market area is 94% occupied. The subject's pro forma rental rate is \$.83 per square foot in the most likely scenario, which is comparable to those competitive properties with similar amenity packages. The property will be managed and leased by Capital, a regional apartment developer with a strong presence in the Chicago market. The returns for this investment are considered adequate given the risks involved. Therefore, USF&G Realty Advisors recommends that the Real Estate Investment Committee for the United States Fidelity and Guaranty Company approve the issuance of a commitment for a \$15,500,000 participating first mortgage under the terms and conditions outlined in Exhibit I-1.

If you have any question or would like to discuss this report prior to the August 21st Committee Meeting, please call me or Dan Kohlhepp.

Realty Advisors, Inc.

July 31, 1989

Mr. Thomas B. Rosenberg
Capital Associates Development Corp.
1122 North LaSalle Drive
Chicago, Illinois 60610

**Re: Turnberry Lake Village Apartments
Lakewood, Illinois**

Dear Tom:

USF&G Realty Advisors is prepared to recommend to its client's Investment Committee that it issue a forward commitment for a participating accrual rate mortgage loan ("Loan") subject to the terms and conditions described below.

Property: Turnberry Lake Village (the "Property") - A to-be-built 200-unit garden apartment complex in 10 buildings of a two-story design, with a variety of one and two-bedroom floor plans as follows: 50 one-bedroom/one-bath "flat" units of 787 square feet, 10 one-bedroom/one-bath "loft" units of 947 square feet, 120 two-bedroom/two-bath units ranging from 1,103 to 1,115 square feet, and 20 two-bedroom/two and one half-bath "loft" units ranging from 1,268 to 1,385 square feet. Unit amenities will include fireplaces and skylights, vaulted ceilings (only in loft units), glass inclosed doors opening to a private balcony or patio, individual washers and dryers, frost-free refrigerators, dishwashers, microwave ovens, electric ranges with continuous clean ovens, breakfast areas with windows, garbage disposals, ceramic vanities, and designer wall coverings. Project amenities include a 2,700 square foot clubhouse with a community/social room, a European designed swimming pool, exercise room, whirlpool, and 314 surface parking spaces (1.57 parking spaces per unit).

Personal Property: All personal property used in connection with the Property will be used as additional security.

Location: Ackman Road and Briarwood Lane, Lakewood, Illinois.

Site: Approximately 27.7 acres, zoned R4 multifamily.

Borrower: Capital Associates Development Corporation ("Capital").

Lender: USF&G Corporation ("USF&G").

Loan Amount: Up to \$15,500,000 (See Exhibit A)

Interest Rate: 9.5% compounded monthly. The interest rate shall be applied to the outstanding loan balance, all subsequent disbursements and all accrued but unpaid interest. The term "Outstanding Loan Balance" shall be defined as the Initial Funding (defined below) plus Development Fee Holdback (if funded) plus accrued and unpaid interest.

Amortization: Not applicable, interest only.

Pay Rate: The pay rate shall be applied to the Outstanding Loan Balance. The pay rate will never exceed 9.5%.

Pay rates will be as follows:

<u>Loan Year</u>	<u>Pay Rate</u>
1	Greater of 7.0% or the net operating income
2	Greater of 8.5% or the net operating income
3-10	9.5%

Maximum Accrual: Capital may accrue interest on the Loan until the loan to value ratio exceeds 95%. If the loan to value ratio exceeds 95% in any year, Capital may elect to (1) pay debt service at the interest rate (9.5%) or (2) pay down the Outstanding Loan Balance so that the Outstanding Loan Balance plus the projected accrual for the next 12 month period will produce a loan to value ratio (based on the current market value) of 95% or less. The loan to value ratio shall be determined annually based on an appraisal to be performed by an MAI-designated appraiser acceptable to USF&G (annual appraisal will be an approved operating expense).

Term: 10 Years

Call Option: USF&G shall have the option to call the Loan anytime after the 5th Loan year. USF&G shall give Capital 180 days written notice of its intent to call the Loan. No prepayment fee or yield maintenance fee will be charged if the call option is exercised.

Notwithstanding the above, if the annual appraisal indicates a loan to value ratio in excess of 95% in any Loan year and Capital does not (1) pay debt service at the interest rate (9.5%) or (2) pay down the Outstanding Loan Balance so that the Outstanding Loan Balance plus the projected accrual for the next 12 month period will produce a loan to value ratio (based on the current market value) of 95% or

less, then Lender shall have the option to call the Loan immediately due and payable.

Prepayment:

- * No prepayment allowed before the fifth anniversary of Initial Funding.
- * If the Loan is prepaid prior to the 5th anniversary of the Initial Funding due to default, there will be a prepayment penalty equal to the greater of 10% of the Outstanding Loan Balance or the Mortgage Yield Maintenance Fee (see calculation provided in Exhibit B) plus 50% of the difference between the appraised value (as determined by an MAI-designated appraiser) and the Outstanding Loan Balance.

Recourse: Capital shall guarantee to fund any negative cash flow for fifteen (15) months from Initial Funding. The term "Negative Cash Flow" shall mean the sum of (a) annual interest payments at the pay rate, and (b) approved annual operating and capital expenses in excess of (c) Annualized Effective Gross Collected Income. Annualized Effective Gross Collected Income will be calculated in conformity with Exhibit C to this letter. Otherwise, the Loan will be non-recourse to Capital and its partners.

Commitment Fee: \$310,000; \$155,000 paid in cash which is earned upon acceptance of the Commitment and \$150,000 in an unconditional, irrevocable Letter of Credit which will be refunded to Capital at permanent Loan closing.

Initial Funding: Initial Funding will be defined as the lessor of (a) \$15,100,000 or (b) actual development costs less the \$400,000 Development Fee Holdback. Initial Funding will occur within 90 days of receipt of final certificate of occupancy provided, however, that Capital shall have furnished to USF&G, leases from tenants in occupancy and paying rent, that reflect in the aggregate a monthly Effective Gross Income of not less than \$123,750 based on effective rents calculated in conformity with Exhibit C. In the alternative, if all other conditions of closing are satisfied, funding will occur when Capital has furnished USF&G with an irrevocable Letter of Credit in an amount equal to twenty-four (24) times the difference between \$123,750 and the previous month's rental as evidenced by executed leases (conforming to Exhibit C) from tenants in occupancy and paying rent. The Letter of Credit will be reduced quarterly on a pro-rata basis which reflects the executed leases by tenants in occupancy and paying rent during the last month of each quarter. The Letter of Credit will be released in total when the monthly Effective Gross Income as described above reaches \$123,750. Initial Funding must occur within 18 months from acceptance of the commitment letter.

**Development Fee
Holdback:**

\$400,000 will be held back from the Loan Amount at Initial Funding and funded to Capital at the earlier to occur of (1) achievement of a monthly Effective Gross Income of at least \$155,844, at 90% occupancy, for three consecutive months in the first year, or (2) achievement of a monthly Effective Gross Income of at least \$163,636, at 90% occupancy, for three consecutive months in the second year. If the Property fails to achieve the income target at the end of twenty-four (24) months, the Development Fee Holdback will not be funded.

Additional Interest:

- A. Operations:** Borrower shall pay Lender 50% of the annual net cash flow from operation of the Property. The term "Net Cash Flow" shall mean the excess of (a) collected gross income less (b) the sum of (i) actual and approved capital and operating expenses for the Property and, (ii) interest at the pay rate on the Outstanding Loan Balance. Additional Interest payments are payable quarterly.

Notwithstanding the above, if at the end of any year the loan to value ratio is in excess of 95%, USF&G will be entitled to 100% of the cash flow available for distribution, 100% of which will be applied against the Outstanding Loan Balance.

**B. Sale, Refinancing
or Maturity:**

If Borrower sells the Property in a bona fide sale, refinances the Property, or the maturity date occurs then Borrower shall pay Lender 50% of the difference between (a) the net sales price for the Property (ie. the gross sales price less sales expenses not to exceed 3.0% of the gross sales price) or refinance proceeds, as applicable over (b) the Outstanding Loan Balance (less any accrued and unpaid interest), provided however, that Lender's annual yield (IRR) is equal to or greater than 12.3% (Minimum Additional Interest). If Lender's yield is less than 12.3% the Minimum Additional Interest will be increased to an amount that provides Lender with a 12.3% annual yield (see Exhibit D for the calculation of Minimum Additional Interest).

- Loan Provisions:** The following Loan provisions will be included in USF&G's Loan documents.

- A. Leases: USF&G shall have the right to review and approve the standard lease form and all leases for the Property which differ from the standard lease form.
- B. Secondary Financing: Secondary financing is not permitted.
- C. Budget Approval: During the term of the Loan, Capital shall submit to USF&G annual operating and capital budgets for the Property for USF&G's review and approval.
- D. Right of First Offer: If Capital intends to sell or transfer the Property, it shall first offer the Property to USF&G under the terms and conditions for which Capital is willing to sell the Property. Such offer shall provide for payment in full in cash at closing only in United States dollars. USF&G shall have the option to purchase the Property from Capital under such terms and conditions by giving Capital notice of USF&G's election within thirty (30) business days after receipt of Capital's offer. If USF&G does not elect to purchase the Property within the 30 business day period, then Capital may sell the Property to a third party. Capital shall not, however, sell the Property at a lower price or on terms materially more favorable than those offered to USF&G without first providing USF&G the opportunity to purchase the Property at such lower price or more favorable terms. USF&G shall have the option to purchase the Property at such lower price or more favorable terms by giving Capital notice of such election within five (5) business days following receipt of Capital's offer of such lower price or more favorable terms. USF&G shall be deemed to have elected not to exercise such option to purchase at such lower price or more favorable terms if USF&G fails to respond within the 5-business day period. If USF&G elects not to purchase the Property, then Capital shall have the right to accept the offer of such third party and sell or transfer the Property in accordance with such offer.
- E. Callable On Sale: If the Property is sold or substantial partnership interests owned by Capital are sold, the Loan shall be callable and payable along with any applicable yield maintenance fees, Additional Interest from operations, and Additional Interest at sale (including the Minimum Additional Interest clause).
- F. Accountant: Capital will engage an accounting firm satisfactory to USF&G who

- Contingencies:** The Commitment shall include the following contingencies:
- A. Economic Due Diligence:** The Commitment will be contingent upon USF&G Realty Advisors being satisfied with the results of its economic due diligence.
- B. Engineer:** Capital will engage an inspecting engineer approved by USF&G to review the plans and specifications. USF&G reserves the right to review and approve the scope and substance of the inspection. USF&G must be satisfied, and approve of, the results of the inspection. All costs associated with the engineering review will be paid by Capital.
- C. Environmental:** USF&G shall have received an environmental study of the Property by a reputable engineering or environmental firm acceptable to USF&G which demonstrates to USF&G's reasonable satisfaction that there are no environmental hazards or hazardous or toxic materials existing upon or affecting the Property. The analysis will involve a physical inspection of the Property and a historic review of the previous uses of the land. Soil borings will be conducted and the results will be analyzed by a laboratory. All costs associated with the environmental study will be paid by Capital.
- D. Committee Approval:** This Recommendation Letter must be approved by USF&G's Investment Committee.
- E. Market Value Appraisal:** USF&G must receive and approve of a market value appraisal of the Property from a MAI-designated appraiser approved by USF&G stating that the market value of the Property at stabilized occupancy is at least \$17,225,000. The cost of the appraisal will be paid by Capital.
- F. Title and Survey:** USF&G reserves the right to review and approve the condition of the title, title insurance and the property survey. All costs associated with the title, title insurance and property survey will be paid by Capital.
- G. Closing Costs:** All costs associated with the closing of the Loan including USF&G's reasonable attorney's fees will be paid by Capital.
- H. General Contractor:** USF&G reserves the right to approve the General Contractor.
- I. Management Fees:** Capital Affiliates shall be the property manager and shall be entitled to earn current market management fees.

Tom Rosenberg
July 31, 1989
Page 7

If the terms outlined in this letter are acceptable, please sign below and return this letter at your earliest convenience. USF&G acknowledges receipt of an application fee in the amount of \$25,000. The application fee will be returned to Capital (less reasonable and documented out-of-pocket expenses incurred to date by USF&G and/or USF&G Realty Advisors) if USF&G does not issue a commitment according to the terms outlined in this letter. The application fee will be earned by USF&G upon issuance of a commitment according to the terms outlined in this letter and the \$155,000 cash commitment fee to be paid by Capital will be reduced by \$25,000.

Sincerely,



Edward B. Moseley
Vice President

Accepted:

CAPITAL ASSOCIATES DEVELOPMENT CORPORATION

By:

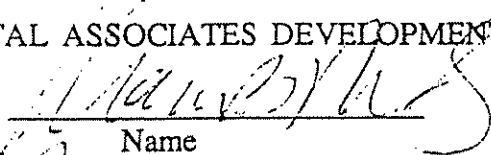
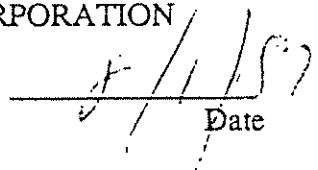

Name
Date
Title

EXHIBIT A
SOURCES AND USES OF FUNDS

	<u>Total Cost</u>	<u>Per Unit</u>	<u>Cost PSF</u>
Sources of Funds:			
First Mortgage (USF&G)	<u>\$15,500,000</u>	<u>\$77,500</u>	<u>\$ 74.28</u>
Total Sources of Funds	\$15,500,000	\$77,500	\$74.28
Uses of Funds:			
Land	\$1,150,000	5,750	5.51
Architect & Engineering	238,000	1,190	1.14
Legal	125,000	625	.60
Taxes	100,000	500	.48
Title & Recording	15,000	75	.07
Marketing	240,000	1,200	1.15
Interest Reserve	1,053,802	5,269	5.05
Developer's Overhead	262,500	1,313	1.26
Developer's Fee	400,000	2,000	1.92
Construction	11,372,000	56,860	54.50
Loan Fees	323,598	1,618	1.55
Contingency	<u>220,100</u>	<u>1,100</u>	<u>1.05</u>
Total Uses of Funds	\$15,500,000	\$77,500	\$74.28

Exhibit B

MORTGAGE YIELD MAINTENANCE FEE CALCULATION

The Mortgage Yield Maintenance Fee at a specific time ("n" years) will be calculated as follows using a Treasury Note Rate which will be the yield on U.S. Treasury Notes that mature when the mortgage would have matured, i.e. Notes that mature in 10-n years:

times: Mortgage Balance in year n
Compound Amount of \$1, 9.5%, 10-n years

(A) Compound Amount at Interest Rate

times: Mortgage Balance in year n
Compound Amount of the Treasury Note Rate, 10-n years

(B) Compound Amount at Treasury Note Rate

less: (A) Compound Amount at Interest Rate
(B) Compound Amount at Treasury Note Rate

(C) Lost Interest from year n to year 10
times: Present Value of \$1, Treasury Note Rate, 10-n year

equals: (D) Yield Maintenance Fee due at year n

EXHIBIT C **CALCULATION OF EFFECTIVE GROSS COLLECTED INCOME**

When calculating effective gross collected income, the income will be based on effective rents (net of all concessions, gifts, etc.) and non-refundable fee income will be pro-rated over the term of the lease.

Individual Lease Calculation

<u>Line</u>	<u>Line</u>	<u>Example</u>
1	Contract Rent for Lease Period (\$500 X 6 Mos.)	\$3,000
2	Plus: Non-refundable Fees or Deposits	+ 75
3	Less: Free Rent or Other concessions from Contract Rent (2 weeks @ \$500/month)	- 250
4	Less: Actual Cost of Gifts, Premiums or Service	- 75
5	Less: Cash Bonuses	- 50
6	Equals: Actual Rent for Lease Term	\$2,700
7	Divided By: Lease Term in Months	6
8	Equals: Effective Monthly Rent	\$ 450

Project Income Calculation

9	Total Effective Monthly Rent from Leases in Effect During Preceding Quarter	
10	Plus: Other Income Approved by Lender	
11	Less: Bad Debts	
12	Equals: Effective Quarterly Gross Collected Income	
13	Times: 4	
14	Equals: Annualized Effective Gross Collected Income	

All leases shall include the following:

- initial lease terms not less than six (6) months nor greater than twelve (12) months
- security deposits not less than one half of one month's rent
- stipulate any rent concessions, gifts, or inducements
- stipulate first months rent payable, net of all concessions and deposits, and
- stipulate annual payment due, date payable, and term of lease.

The Pro Forma income schedule for this property runs as follows:

<u>Unit Type</u>	<u>No. of Units</u>	<u>Sq. Ft.</u>	<u>Rent</u>	<u>Rent per Sq. Ft.</u>
1Br/1Ba	50	787	\$717	\$.91
1Br/1Ba	10	947	819	.86
2Br/2Ba	120	1,111	907	.82
2Br/2Ba	20	1,329	1,014	.76
	200	1,044	\$866	\$.83

Exhibit D

CALCULATION OF THE MINIMUM ADDITIONAL INTEREST AT SALE, REFINANCING OR MATURITY

The Minimum Additional Interest is that amount which must be paid to Lender at sale, refinancing or maturity so that Lender's annual yield (IRR) is equal to 12.3%.

The Minimum Additional Interest is calculated as follows:

	Lender's Initial Funding
+	Present Value of Lender's Subsequent Fundings @12.3%
-	Present Value of Lender's Annual Base Interest Payment @ 12.3%
-	Present Value of Lender's Annual Additional Interest from Cash Flow @ 12.3%
-	Present Value of Any Loan Repayments @ 12.3%
-	<u>Present Value of the Outstanding Loan Amount @ 12.3%</u>

=	Present Value of Minimum Additional Interest
x	<u>Compound of 1,12.3% to Date of Sale, Refinancing or Maturity</u>

= Minimum Additional Interest

If Minimum Additional Interest is greater than 50% of the difference between (a) the net sales price for the property (i.e. the gross sales price less sales expenses not to exceed 3% of the gross sales price) over (b) the Outstanding Loan Balance (less any accrual or unpaid interest), then the Additional Interest Due shall be the Minimum Additional Interest.

The calculation of the Minimum Additional Interest is algebraically stated below where:

IF₀ =Initial Funding

SF_t =Subsequent Funding in Loan Year t

12.3% =Discount Rate or Required Minimum Yield

n =Number of Years from Loan Closing to Sale, Refinancing, or Maturity

BI_t =Base Interest Collected in Loan Year t

Alt =Additional Interest Collected in Loan Year t

R_t =Loan Repayment (if any) in Loan Year t

OLB_n =Outstanding Loan Balance in Loan (date of sale, etc.) Year n

MAI_{Lender} =Minimum Additional Interest needed to provide a 12.3% yield (IRR) to
at Sale

(1) Present Value of the Loan Disbursed @ 12.3% = Present Value of the Cash Benefits Received @ 12.3%

$$(2) \quad IF_0 + \sum_{t=1}^n \frac{SF_t}{(1 + .123)^t} = \sum_{t=1}^n \frac{BL_t + AL_t + R_t}{(1 + .123)^t} + \frac{OLB_0}{(1 + .123)^n} + \frac{MAL_0}{(1 + .123)^n}$$

Rearranging Terms,

$$(3) \quad IF_0 + \sum_{t=1}^n \frac{SF_t}{(1 + .123)^t} - \sum_{t=1}^n \frac{BL_t + AL_t + R_t}{(1 + .123)^t} - \frac{OLB_0}{(1 + .123)^n} = \frac{MAL_0}{(1 + .123)^n}$$

So That,

$$(4) \quad MAL_0 = (1 + .123)^n \left[IF_0 + \sum_{t=1}^n \frac{SF_t}{(1 + .123)^t} - \sum_{t=1}^n \frac{BL_t + AL_t + R_t}{(1 + .123)^t} - \frac{OLB_0}{(1 + .123)^n} \right]$$

Numerical Example if calculated for 12.3% IRR

Assumptions

Initial Funding	=	\$10,000
Subsequent Fundings	=	0
Base Interest Rate	=	9.5%
Base Interest Payments	=	950
Additional Interest From Cash Flow		
Year 1	=	0
Year 2	=	100
Year 3	=	100
Year 4	=	100
Year 5	=	100
Annual Loan Repayments	=	0
Net Sales Price in Year 5	=	15,000
Outstanding Loan Balance at Sale in Year 5	=	10,000

Calculation of Minimum Additional Interest

	Lender's Initial Funding	10,000
+	Present Value of Lender's Subsequent Fundings	
0		
-	Present Value of Base Interest Payments	
	Year 1: $950 \times 1/(1.123)^1$	(845.95)
	Year 2: $950 \times 1/(1.123)^2$	(753.29)
	Year 3: $950 \times 1/(1.123)^3$	(670.79)
	Year 4: $950 \times 1/(1.123)^4$	(597.31)
	Year 5: $950 \times 1/(1.123)^5$	(531.90)
-	Present Value of Additional Interest from Cash Flow	
	Year 1: $0 \times 1/(1.123)^1$	
	Year 2: $100 \times 1/(1.123)^2$	(79.29)
	Year 3: $100 \times 1/(1.123)^3$	(70.61)
	Year 4: $100 \times 1/(1.123)^4$	(62.88)
	Year 5: $100 \times 1/(1.123)^5$	(55.98)
-	Present Value of Annual Loan Repayments	(0)
-	Present Value of Outstanding Loan Balance at Sale	
	Year 5, $10,000 \times 1/(1.123)^5$	<u>(5,598.88)</u>
=	Present Value of Minimum Additional Interest at Sale	733.12
x	<u>Compound Amount of 1.123%, 5 Years: $(1.123)^5$</u>	<u>1.780</u>
	Minimum Additional Interest Due	1,307.07

Calculation of Minimum Additional Interest (Continued)

Test: Is minimum Additional Interest Due equal to or greater than 50% of cash proceeds?

Is $MAI \geq .50(15,000 - 10,000)$?

Is $1,176.39 \geq 2,500$? No

Therefore, Additional Due at Sale = 2,500.

*Note: To check the validity of this calculation, the Lender's yield (IRR) can be calculated separately as follows:

Year	0	1	2	3	4	5
- Initial Funding (10,000)						
- Subsequent Fundings		0	0	0	0	0
+ Base Interest		950	950	950	950	950
+ Additional Interest from Cash Flow			100	100	100	100
+ Loan Repayments		0	0	0	0	0
+ Outstanding Loan Balance						10,000
+ Minimum Additional Interest at Sale						1,307.07

Lender's Cash Flow (10,000) 950 1,050 1,050 1,050 12,357.07

Lender's Yield (IRR)= 12.3%

Exhibit II-1 REGIONAL LOCATION MAP

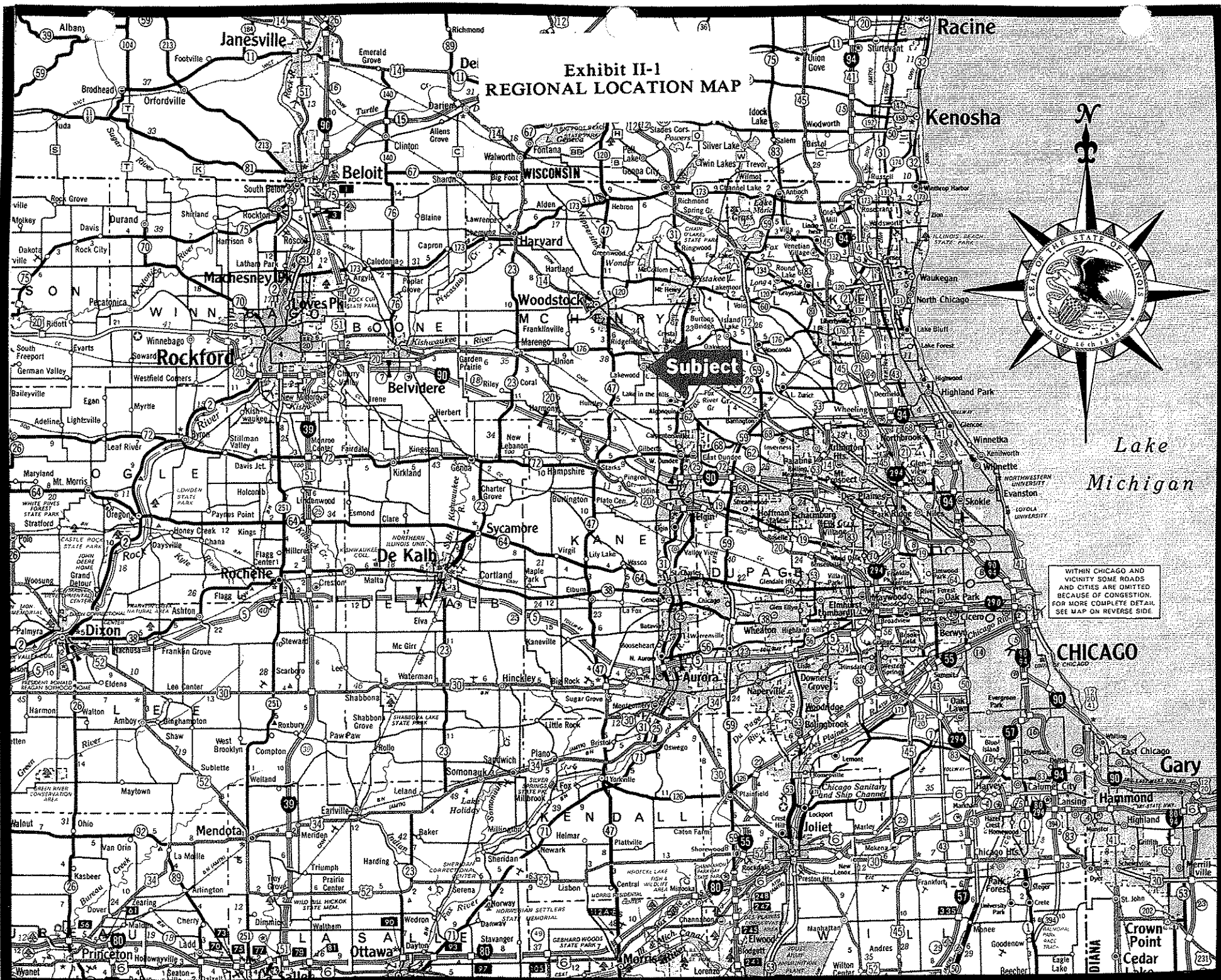
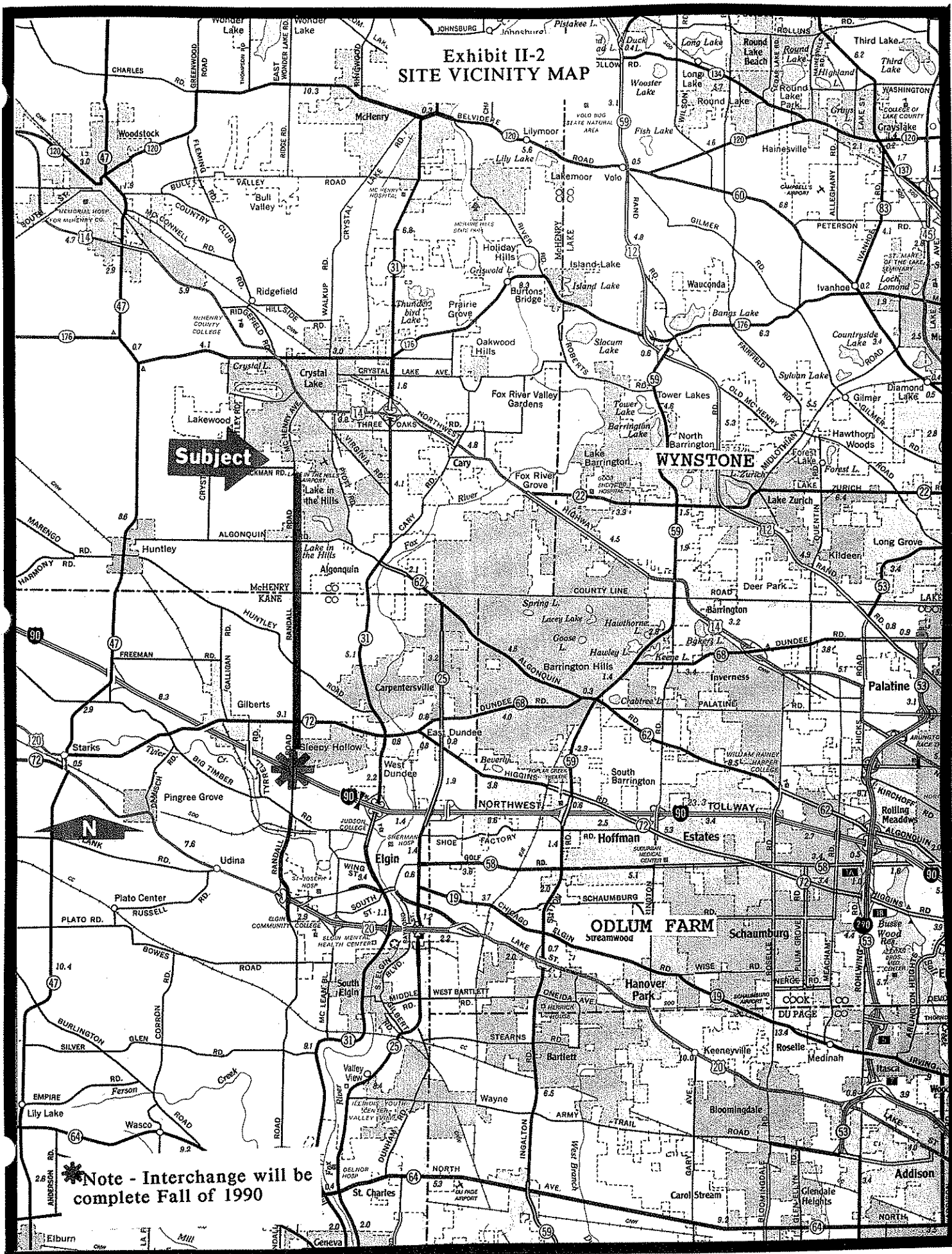


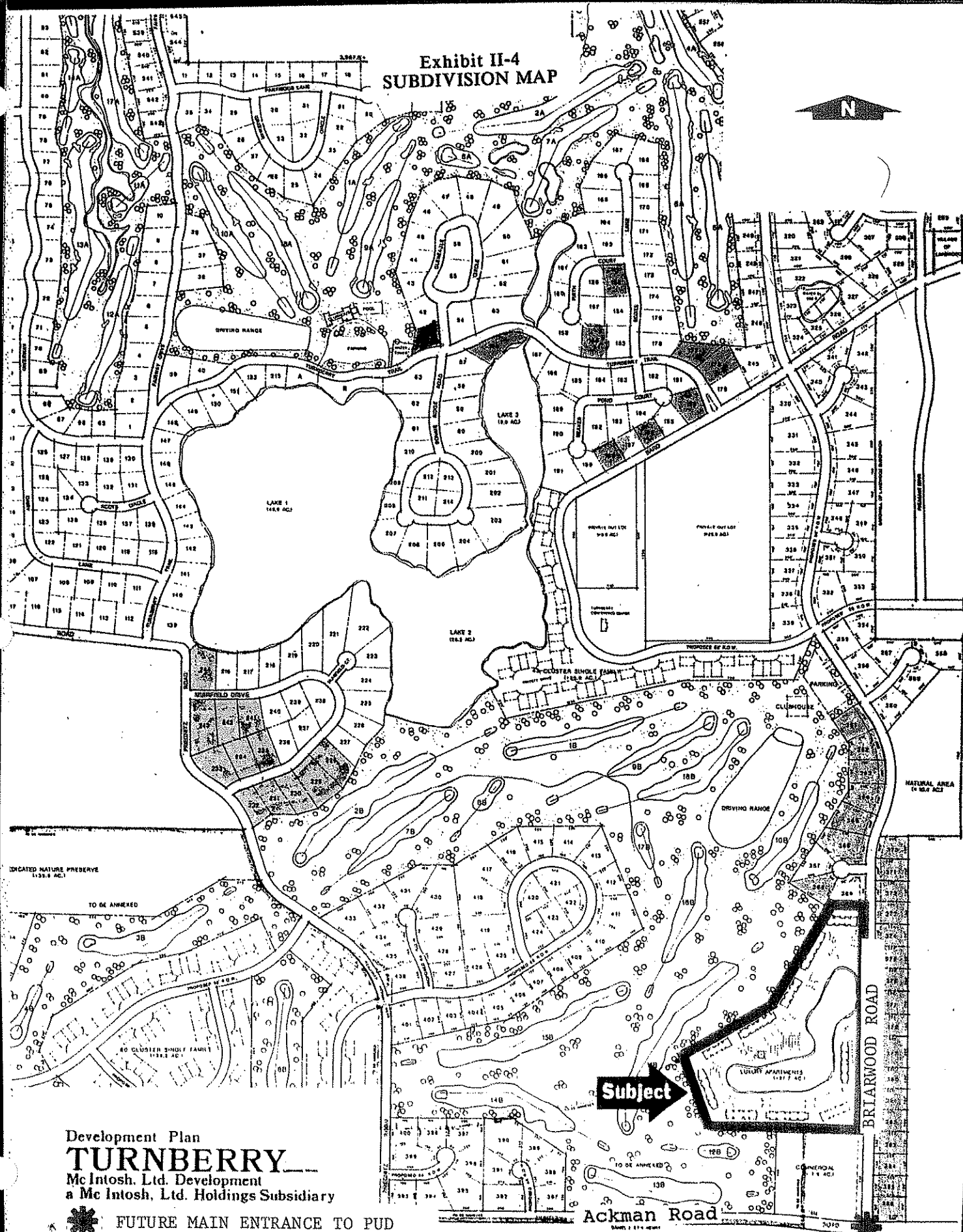
Exhibit II-2 SITE VICINITY MAP



Crystal Lake



Exhibit II-4 SUBDIVISION MAP



Development Plan
TURNBERRY
 McIntosh, Ltd. Development
 a McIntosh, Ltd. Holdings Subsidiary



FUTURE MAIN ENTRANCE TO PUD

Subject

Ackman Road

BRIARWOOD ROAD

Exhibit II-5 SITE PLAN

CODE ADOPTED 15 NOV 1982
USE GROUP 15 M-2
CONSTRUCTION TYPE 15 SA

1. PROVIDE 2" WOOD OR 4" ALUMINUM BUILT UP/PIPE BARRIER AT TOP OF TERRACE SEPARATION WALLS. (271.4 UNLESS OTHERWISE NOTED)
2. PROVIDE MIN. 22" x 30" 1 HOUR RATED ACCESS PANEL TO CONCEALED ROOF SPACE AT EACH STAIRWELL. FOR ARCHITECTURAL PURPOSES, PUT A LIGHT OR A SWITCH IN THE ATTIC AREA FOR INSPECTION. (271.5)
3. PENETRATION OF COMBUSTIBLE PIPE THROUGH PIPE CHIMNEYS MUST COMPLY WITH TEST REQUIREMENTS OF ASTM E814. (271.5.1)
4. UNLESS OTHERWISE STAIRWELL/JENTRY CORRIDORS MUST EXTEND TO THE UNDERSIDE OF THE ROOF SHEATHING. (271.5.2)
5. STAIR ENCLOSURES MUST BE 1 HOUR FIRE RATED. (271.5.3)
6. TERRACE SEPARATION WALLS MUST BE 1 HOUR FIRE RATED, EXTENDING TO THE UNDERSIDE OF THE ROOF. (271.5.4, TABLE 403)

PROJECT DATA

BUILDING 1 (TYPE OF THIS TYPE)		BUILDING 2 (TYPE OF THIS TYPE)	
ONE BEDROOM	8 281 S.F.	ONE BEDROOM	2 794
TWO BEDROOM	6 1,102 S.F.	ONE BDRM. LOFT	2 947
TOWNHOUSE	2 1,268 S.F.	TWO BEDROOM	16 1,115
TOWNHOUSE	2 1,268 S.F.	TWO BEDROOM	2 1,205
TOTAL	30	TOTAL	22
5 X 18 = 90 UNITS		5 X 22 = 110 UNITS	
TOTAL APARTMENT UNITS = 200		BUILDING AREA = 26,161 S.F.	
BUILDING AREA = 19,229 S.F.		TOTAL BUILDING AREA, APARTMENTS = 220,255 S.F.	
TOTAL BUILDING AREA, APARTMENTS = 220,255 S.F.		TOTAL PROJECT BUILDING AREA = 324,291 S.F.	

PARKING PROVIDED = 314 CARS - INCLUDING 20 MC STALLS AND 10 SPACES AT POOL AND CLUBHOUSE
PARKING LAND BANKED = 100 SPACES

TOTALS = 314 CARS PROVIDED - 414 CARS POTENTIALLY AVAILABLE

SITE DATA

ORIGINAL LOT AREA	21,569 ACRES
ADDITIONAL LOT AREA	6,500 ACRES
TOTAL AREA	27,669 ACRES = 1,206,132.8 SQ. FT.

SITE COVERAGE

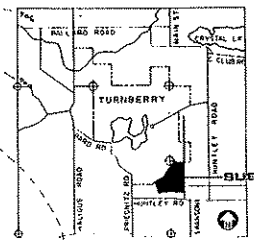
BUILDING	119,150 SQ. FT.	9.9%
PAVED AREAS (PAVES, DRIVES AND PARKING NOT INCLUDING LAND BANKED AREAS)	189,000 SQ. FT.	15.6%
GREEN / OPEN AREAS	899,982.8 SQ. FT.	74.5%
TOTAL	1,206,132.8 SQ. FT.	100.0%

APARTMENT UNIT COUNT

BUILDING I		BUILDING II	
ONE BEDROOM	40	ONE BEDROOM	10
TWO BEDROOM	40	ONE BDRM. LOFT	10
TOWNHOUSE	10	TWO BEDROOM	10
TOWNHOUSE	10	TOWNHOUSE	10
TOTAL (3 X 38)	90	TOTAL (5 X 22)	110
TOTAL APARTMENT UNITS = 200			

SITE LIGHTING

- 1. 5'-0" HIGH WALK BOLLARDS 1000 W. VIBRATORY VAPOR
 - 2. 15'-0" HIGH LOW CUT OFF METAL HALIDE, 175 W WITH SQUARE COLUMN POLE
- NOTE: 1. TYPICAL STREET WIDTH IS 24'
2. TYPICAL PARKING STALL IS 7'-0" x 19'-0"
3. ALL ROADS ARE TO BE PRIVATE 2 WAY TRAFFIC WITH APPROPRIATE DIRECTIONAL & TRAFFIC CONTROL SIGNAGE.



LOCATION MAP
1" = 1/4 MILE

SITE PLAN

7/2/87	12/1/87
9/2/87	2/1/88
10/21/87	3/17/88
11/6/87	12/21/87
1/1/88	6/12/88
2/1/88	8/1/88
3/1/88	8/1/88
12/1/87	8/1/88

TURNBERRY LAKE VILLAGE

LAKEWOOD, ILLINOIS
CAPITAL ASSOCIATED DEVELOPMENT CORPORATION

BARANKI, CONTE AND ASSOCIATES, INC.

Architects

211 WEST BRYANT STREET CHICAGO, ILL. 60604

6-7-89 17-89

A-1



SITE PLAN

SCALE 1" = 60'-0"

BRIARWOOD ROAD

1535.0'

PROJECT SIGNAGE

282.45'

282.45'

282.45'

282.45'

282.45'

282.45'

282.45'

282.45'

282.45'

282.45'

282.45'

282.45'

282.45'

282.45'

282.45'

282.45'

282.45'

282.45'

282.45'

282.45'

282.45'

282.45'

282.45'

282.45'

282.45'

Exhibit II-6
AERIAL PHOTOGRAPH

Crystal Lake

Skyridge Club Apartments

Ackman Road

Briarwood Road

Site

Turnberry Country Club

2

Exhibit II-7A
ELEVATIONS



BUILDING 1 - FRONT ELEVATION
SCALE 1/8" = 1'-0"



BUILDING 1 - SIDE ELEVATION
SCALE 1/8" = 1'-0"



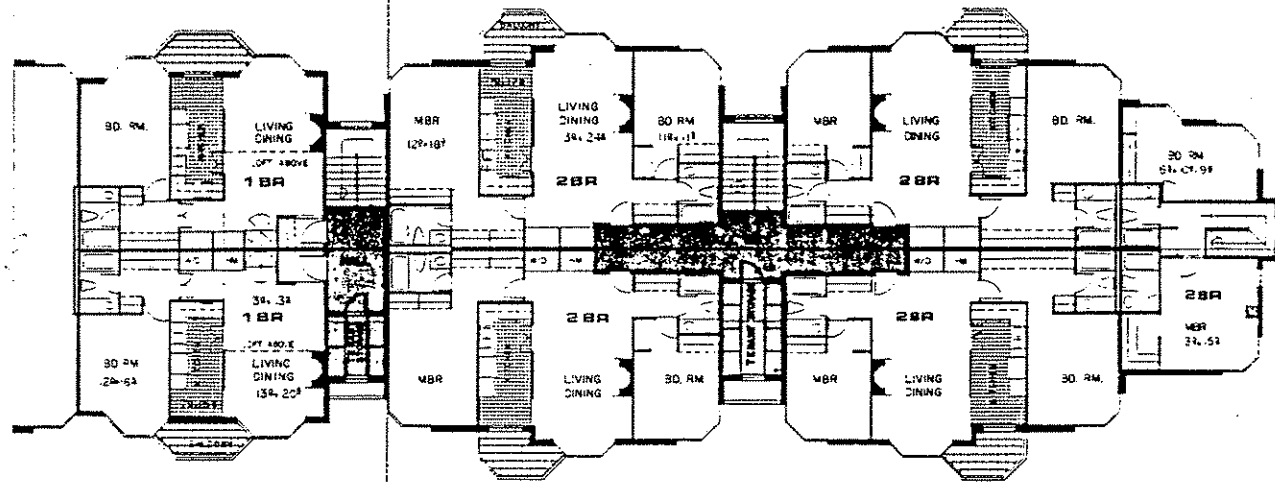
BUILDING 2 - SIDE ELEVATION
SCALE 1/8" = 1'-0"



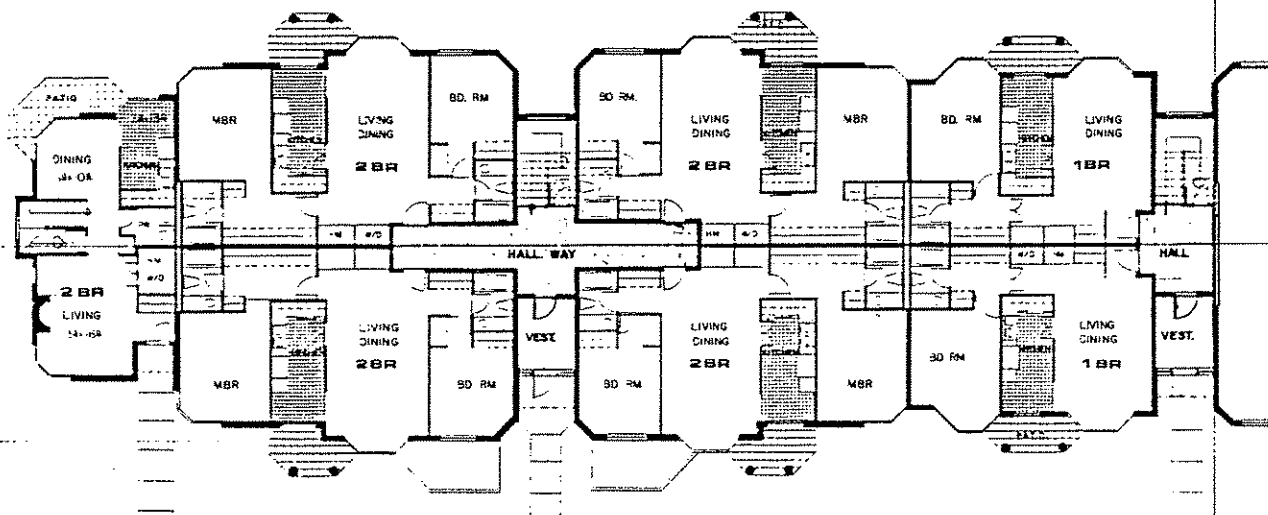
BUILDING 2 - FRONT ELEVATION
SCALE 1/8" = 1'-0"

2/2/81	TURNBERRY APARTMENTS	4-11-81
1/2/81	LAKEWOOD, ILLINOIS	4-11-81
1/2/81	CAPITAL RESOURCES DEVELOPMENT CORPORATION	4-11-81
1/2/81	BARBARA CONTE AND ASSOCIATES INC.	4-11-81
1/2/81	Architects	4-11-81

Exhibit II-7B DOOR PLANS



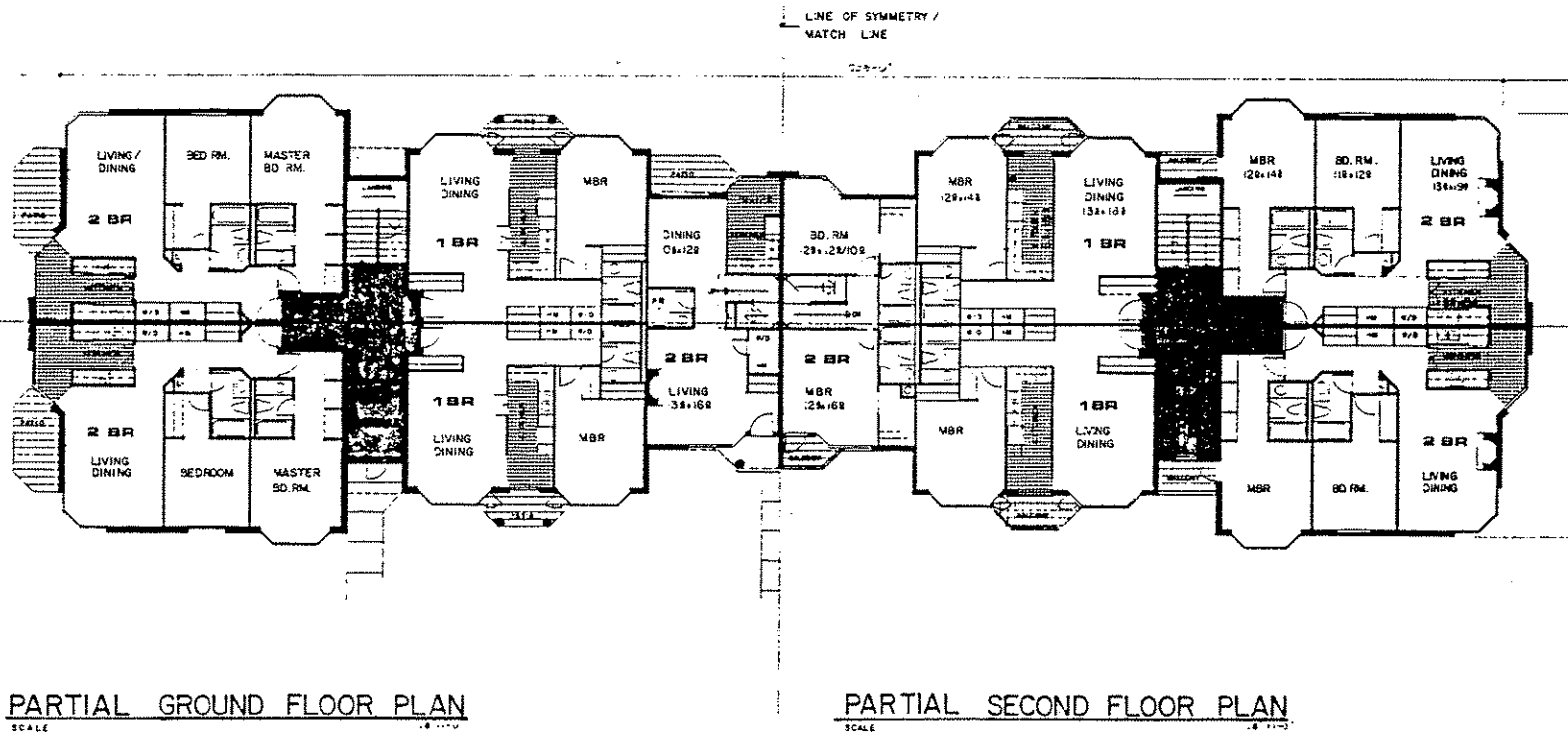
PARTIAL SECOND FLOOR PLAN
SCALE 1/8" = 1'-0"



PARTIAL GROUND FLOOR PLAN
SCALE 1/8" = 1'-0"

BUILDING 1 - FLOOR PLANS			
NO. 1	NO. 2	NO. 3	NO. 4
1	2	3	4
TURNBERRY APARTMENTS			
LAKEWOOD, ILLINOIS			
CAPITAL ASSOCIATES DEVELOPMENT CORPORATION			
BARANCIK, CONTE AND ASSOCIATES, INC.			
Architects			
111 EAST DUTCH STREET CHICAGO, ILL. 60611			

Exhibit II-7B
(Cont)

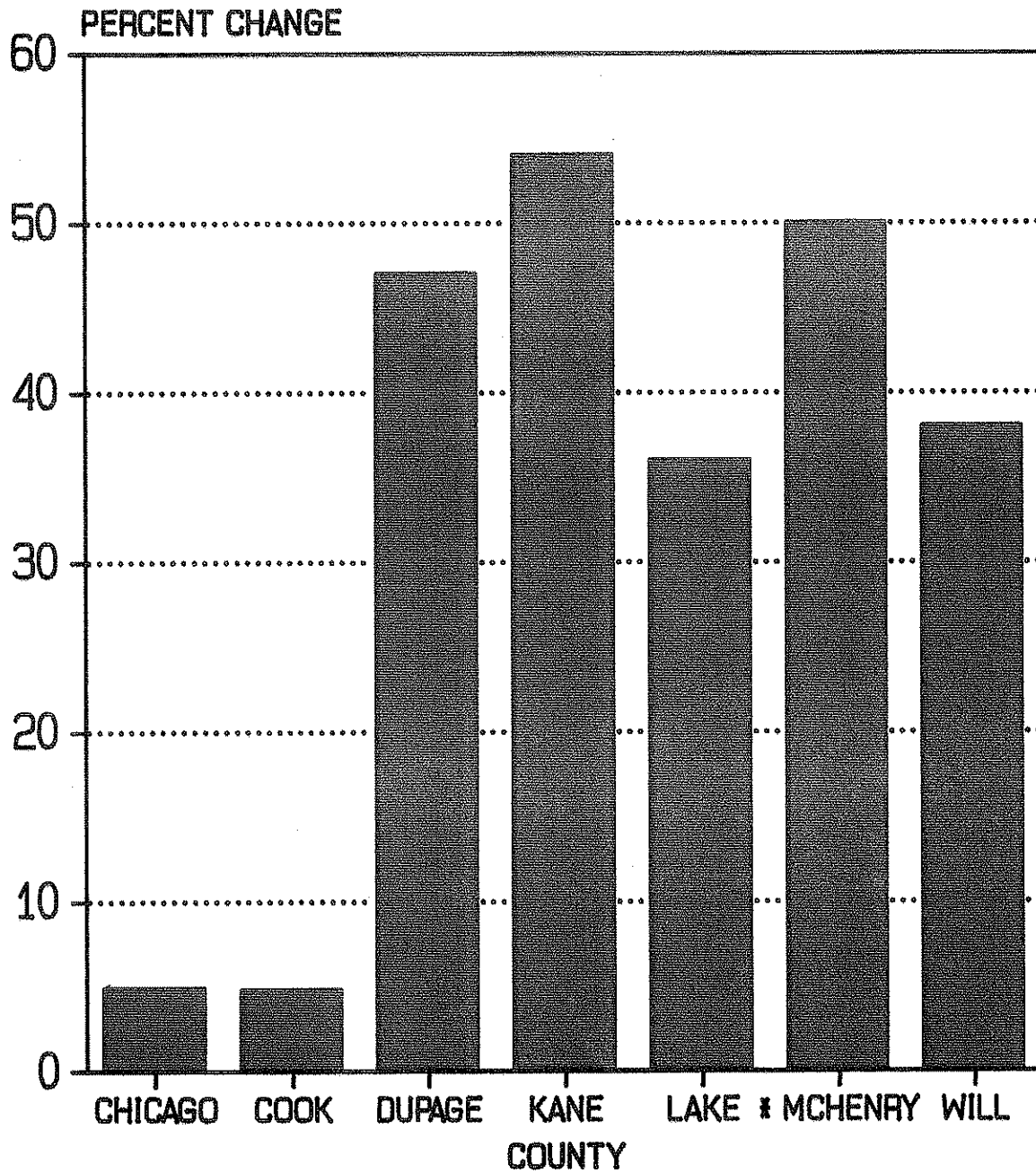


BUILDING 1 - FLOOR PLAN			
5/24/87	TURNBERRY APARTMENTS	5-24-87	27-87
5/24/87	LAKEWOOD, ILLINOIS	5/24/87	2
5/24/87	CAPITAL ASSOCIATES DEVELOPMENT CORPORATION	5/24/87	
5/24/87	BARANICK, COMTE AND ASSOCIATES, INC.	5/24/87	
5/24/87	Architects	5/24/87	
5/24/87	274 EAST BENTLEY STREET	5/24/87	
5/24/87	CHICAGO, ILL. 60641	5/24/87	

Exhibit II-8
SOURCES AND USES OF FUNDS

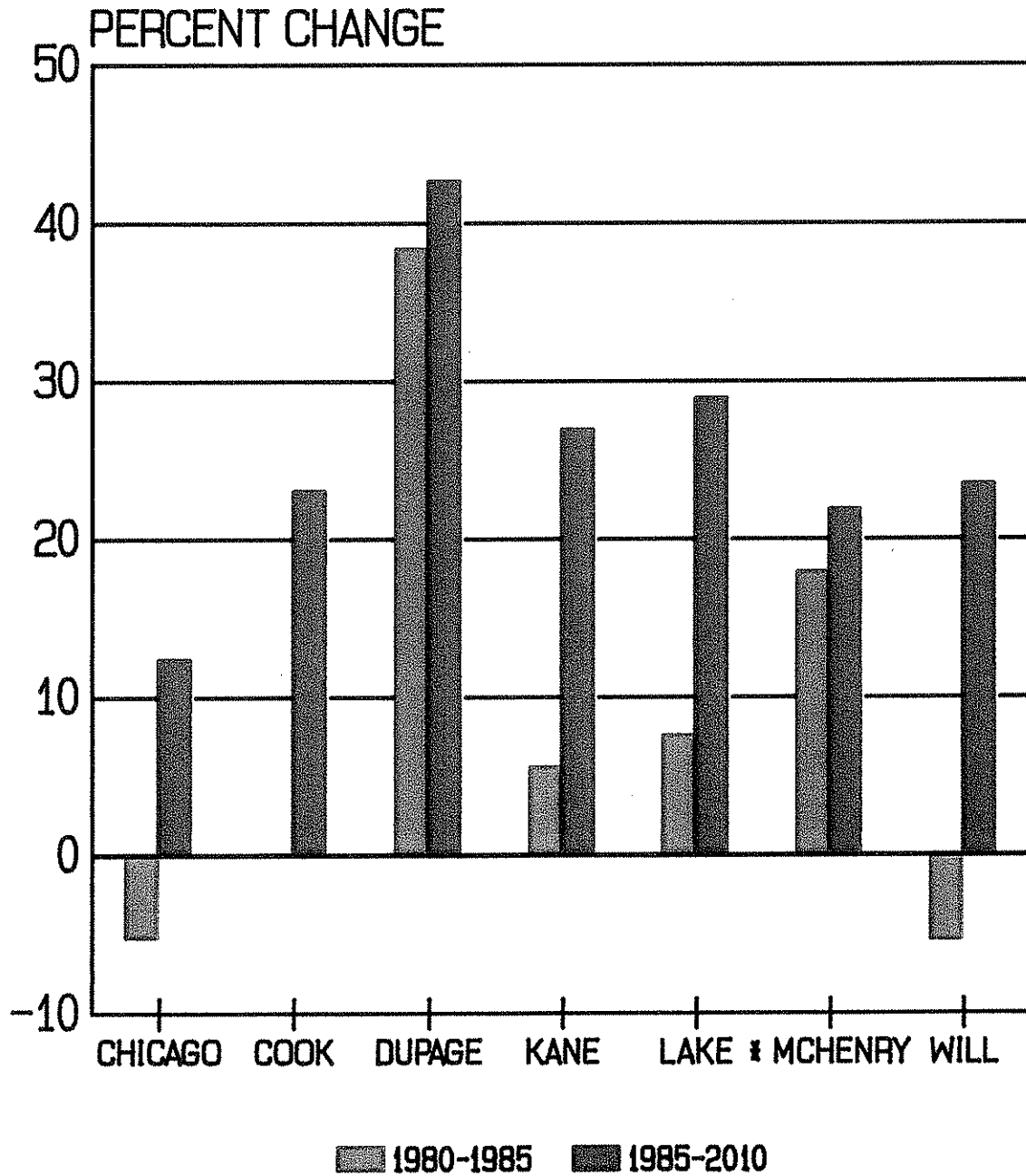
		<u>Total Cost</u>	<u>Per Unit</u>	<u>Cost PSF</u>
Sources of Funds:				
First Mortgage (USF&G)		<u>\$15,500,000</u>	<u>\$77,500</u>	<u>\$74.28</u>
Total Sources of Funds		<u>\$15,500,000</u>	<u>\$77,500</u>	<u>\$74.28</u>
Uses of Funds:				
Land		\$1,150,000	5,750	5.51
Direct Construction Costs		11,372,000	56,860	54.50
Indirect Construction Costs				
Architect & Engineering	238,000		1,190	1.14
Legal	125,000		625	.60
Taxes	100,000		500	.48
Title & Recording	15,000		75	.07
Marketing	240,000		1,200	1.15
Interest Reserve	1,053,802		5,269	5.05
Developer's Overhead	262,500		1,313	1.26
Developer's Fee	400,000		2,000	1.92
Loan Fees	<u>323,598</u>		<u>1,618</u>	<u>1.55</u>
Total		2,757,900	13,790	13.22
Contingency		<u>220,100</u>	<u>1,100</u>	<u>1.05</u>
Total Uses of Funds		<u>\$15,500,000</u>	<u>\$77,500</u>	<u>\$74.28</u>

PROJECTED POPULATION GROWTH FOR
CHICAGO AND SUBURBAN COUNTIES
BETWEEN 1980-2010



NIPC REPORT 1988
* SUBJECT COUNTY

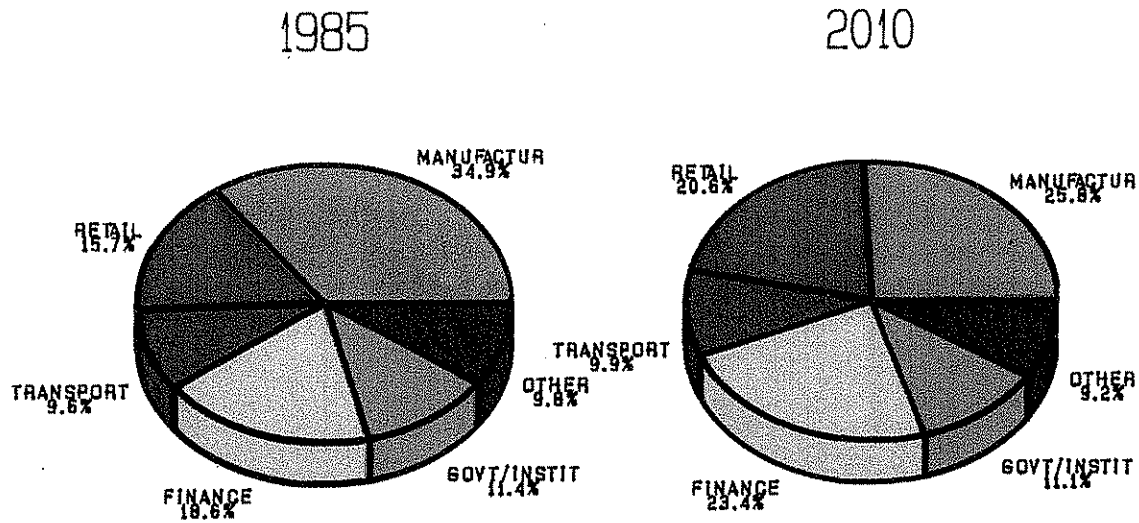
CHANGE IN EMPLOYMENT IN NORTHEASTERN ILLINOIS FOR CHICAGO AND SUBURBAN COUNTIES



NIPC REPORT 1988
* SUBJECT COUNTY

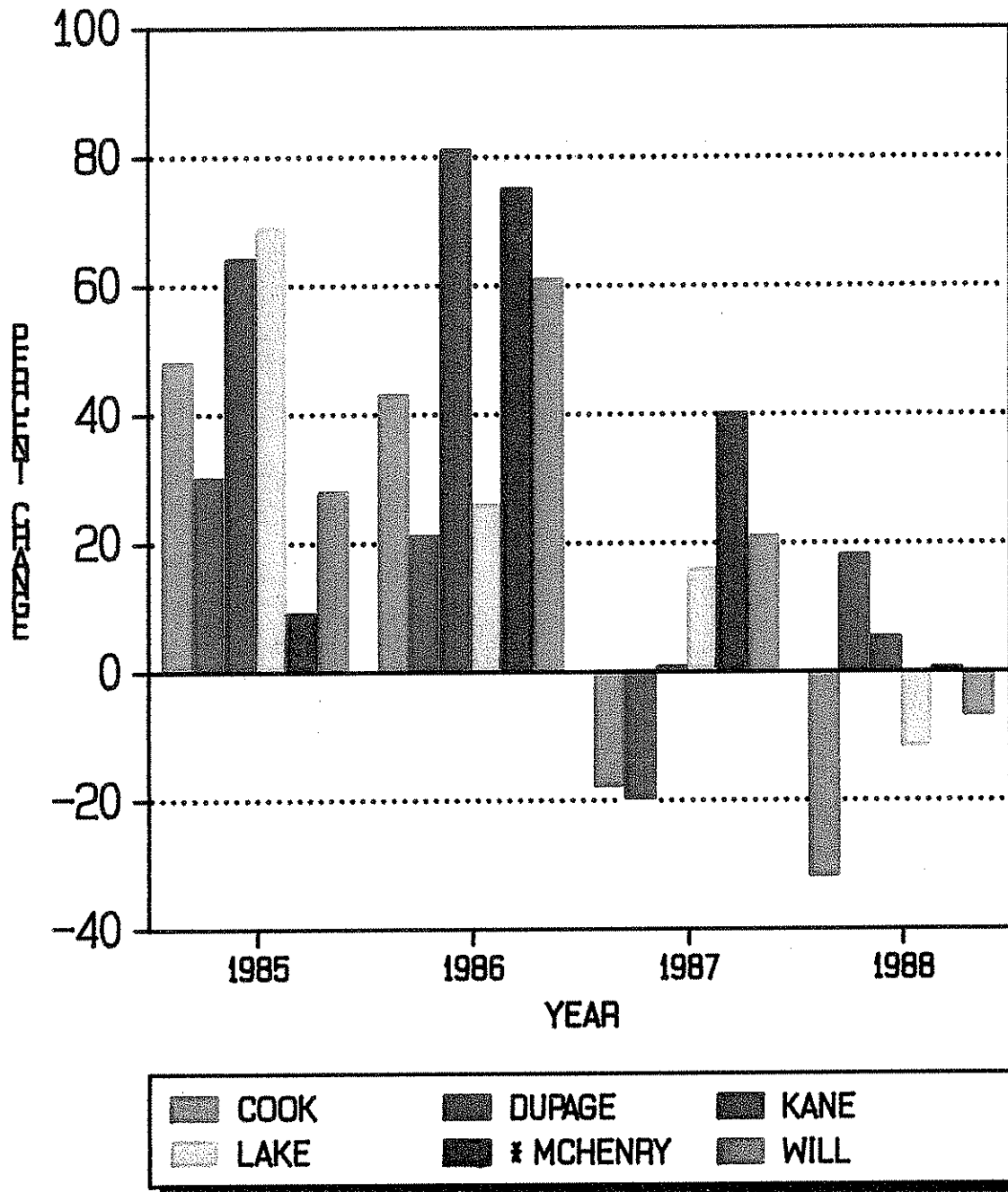
Exhibit III-3

COMPOSITION OF EMPLOYMENT BASE
MCHENRY COUNTY, ILLINOIS
BETWEEN 1985 - 2010



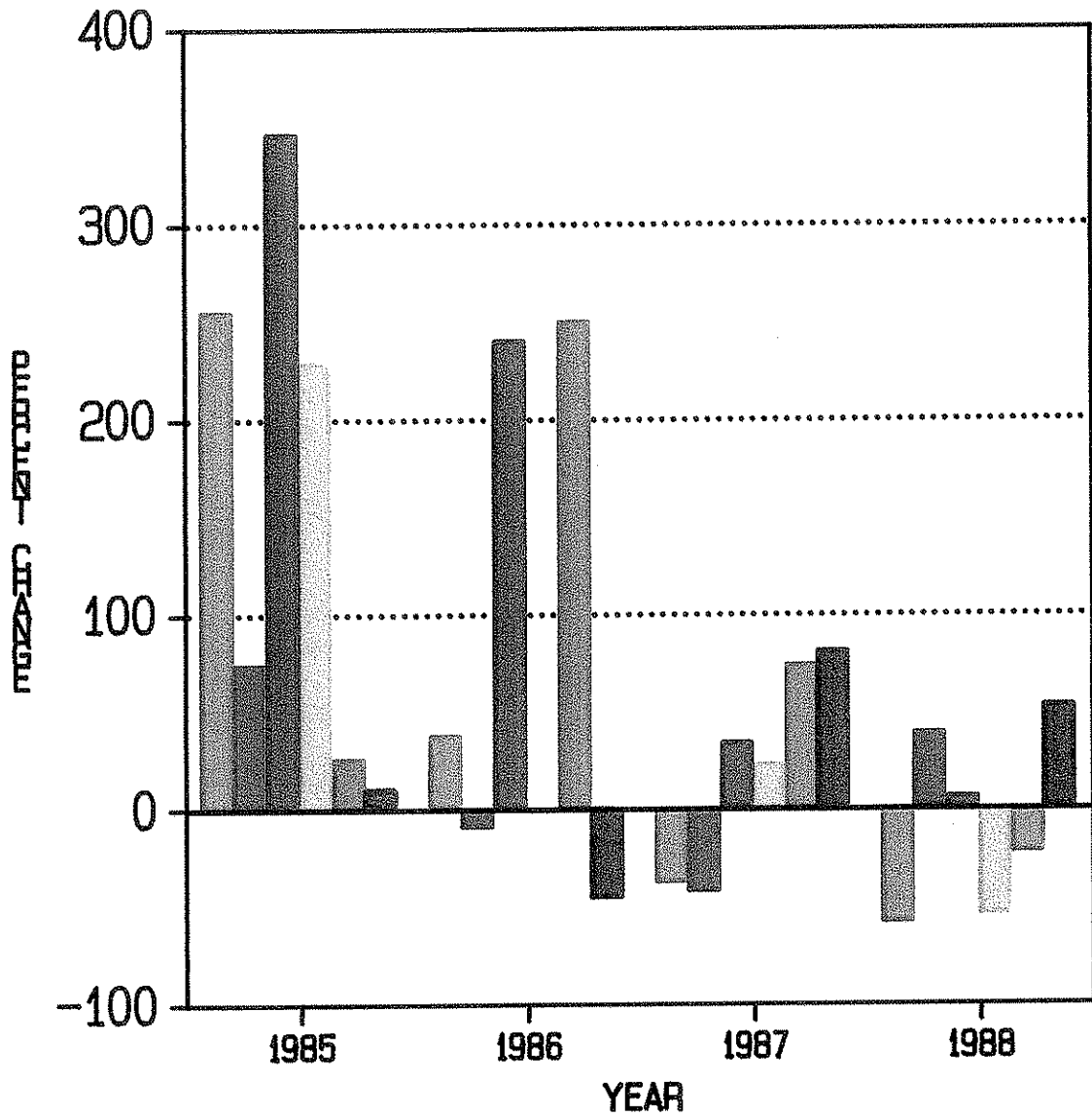
NIPC REPORT MAY 1988

RESIDENTIAL HOUSING PERMIT ACTIVITY NORTHEASTERN ILLINOIS COUNTIES



NIPC REPORT 1988
* SUBJECT COUNTY

MULTI-FAMILY HOUSING PERMIT ACTIVITY NORTHEASTERN ILLINOIS COUNTIES



NIPC REPORT 1988
* SUBJECT COUNTY

**Exhibit III-5A
PROJECTED RESIDENTIAL DEVELOPMENT**

MAP NUMBER	NAME OF PROJECT	TYPE OF PROJECT	STAGE
1	ARROWSTONE	100 SINGLE FAMILY/ TOWNHOMES	CONCEPTUAL
2	BARTLEY	112 SINGLE FAMILY 153 TOWNHOMES	PRELIMINARY PUD APPROVAL PENDING
3	BERKSHIRE PLACE	2 SINGLE FAMILY 30 TOWNHOMES	FINAL, PUD APPROVAL
4	CANTURBURY	2,000 ELDERLY APTS 1 NURSING HOME	PRELIMINARY PUD APPROVAL FINAL PUD APPROVAL FOR 2,000 APTS. AND NURSING HOME
5	CRYSTAL GLADE	120 TOWNHOMES	PRELIMINARY PUD APPROVAL
6	CRYSTAL IN THE PARK	348 SINGLE FAMILY	FINAL PUD APPROVAL FOR UNIT I
7	CRYSTAL OAKS	19 SINGLE FAMILY	FINAL APPROVAL
8	DARTMOOR CENTER	35 TOWNHOMES	APPROVED BY COURT ORDER
*9	DEERGROVE	35 SINGLE FAMILY 96 CONDOS 228 APARTMENTS	FINAL PUD APPROVAL
10	DUNN ANNEXATION	16 APARTMENTS 2 SINGLE FAMILY 4 TOWNHOMES	PRELIMINARY PUD APPROVAL
11	FEDDERSON SUBDIVISION	16 SINGLE FAMILY	PRELIMINARY APPROVAL
12	FOUR COLONIES LOT 76	80 CONDOS/APTS	CONCEPTUAL ONLY
13	FOUR COLONIES LOT 111	40 TOWNHOMES	CONCEPTUAL ONLY
14	FOUR COLONIES UNITS 12&13	125 SINGLE FAMILY	FINAL APPROVAL-UNIT 12 & 13
15	FOX CREEK ESTATES	35 SINGLE FAMILY	FINAL APPROVAL
16	FOX FIRE UNIT 4	4 SINGLE FAMILY	FINAL APPROVAL
17	GREENBRIER PARK	264 SINGLE FAMILIES 104 TOWNHOMES	PRELIMINARY PUD APPROVAL

**Exhibit III-5A
PROJECTED RESIDENTIAL DEVELOPMENT
(Continued)**

18	HIDDEN ACRES	3 SINGLE FAMILY	PRELIMINARY APPROVAL
19	INDIAN HILL TRAILS	62 SINGLE FAMILY	FINAL APPROVAL 25 SINGLE FAMILY PRELIMINARY APPROVAL 7 SINGLE FAM
20	JELLY PROPERTY	110 SINGLE FAMILY 103 TOWNHOMES	PRELIMINARY PENDING
21	KAPER	245 TOWNHOMES	CONCEPTUAL ONLY
22	KIMURA ESTATES (COUNTY)	6 SINGLE FAMILY	FINAL APPROVAL
23	LUTTER ANNEXATION	9 SINGLE FAMILY	FINAL APPROVAL
24	MONTICELLO UNIT I	11 SINGLE FAMILY	ANNEXATION AGREEMENT
25	PEBBLE CREEK	60 SINGLE FAMILY	PRELIMINARY APPROVAL
26	RDG LOTS	46 TOWNHOMES	PRELIMINARY PUD PENDING
27	ST PAUL RETIREMENT PUD	40 APTS FOR ELDERLY	FINAL PUD APPROVAL
*28	SKYRIDGE CLUB APARTMENTS (Phase 2)	172 APARTMENTS (HUD Project)	FINAL PUD APPROVAL
29	STERLING ESTATES UNIT 1	52 SINGLE FAMILY	FINAL APPROVAL
	STERLING ESTATES UNIT 2	327 SINGLE FAMILY	PRELIMINARY APPROVAL PENDING
30	THE VILLAGES LEXINGTON HOMES	669 SINGLE FAMILY 287 TOWNHOUSES	FINAL PUD APPROVAL
31	WEDGEWOOD	159 SINGLE FAMILY 111 TOWNHOMES	PRELIMINARY PUD APPROVAL FINAL - UNIT I
32	WYNDMUIR	125 SINGLE FAMILY 70 TOWNHOMES	FINAL PUD APPROVAL
33	STEEPLE RUN	71 SINGLE FAMILY	FINAL APPROVAL
34	WYNDMUIR RIDGE	20 SINGLE FAMILY	FINAL PUD APPROVAL
35	WYNDWOOD	44 SINGLE FAMILY	FINAL APPROVAL
36	ZAK'S DEVELOPMENT	180 TOWNHOMES	CONCEPTUAL ONLY

* Potential apartments units to be built.

CRYSTAL LAKE
ILLINOIS

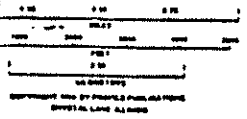


Exhibit III-5B
PROJECTED RESIDENTIAL DEVELOPMENT MAP

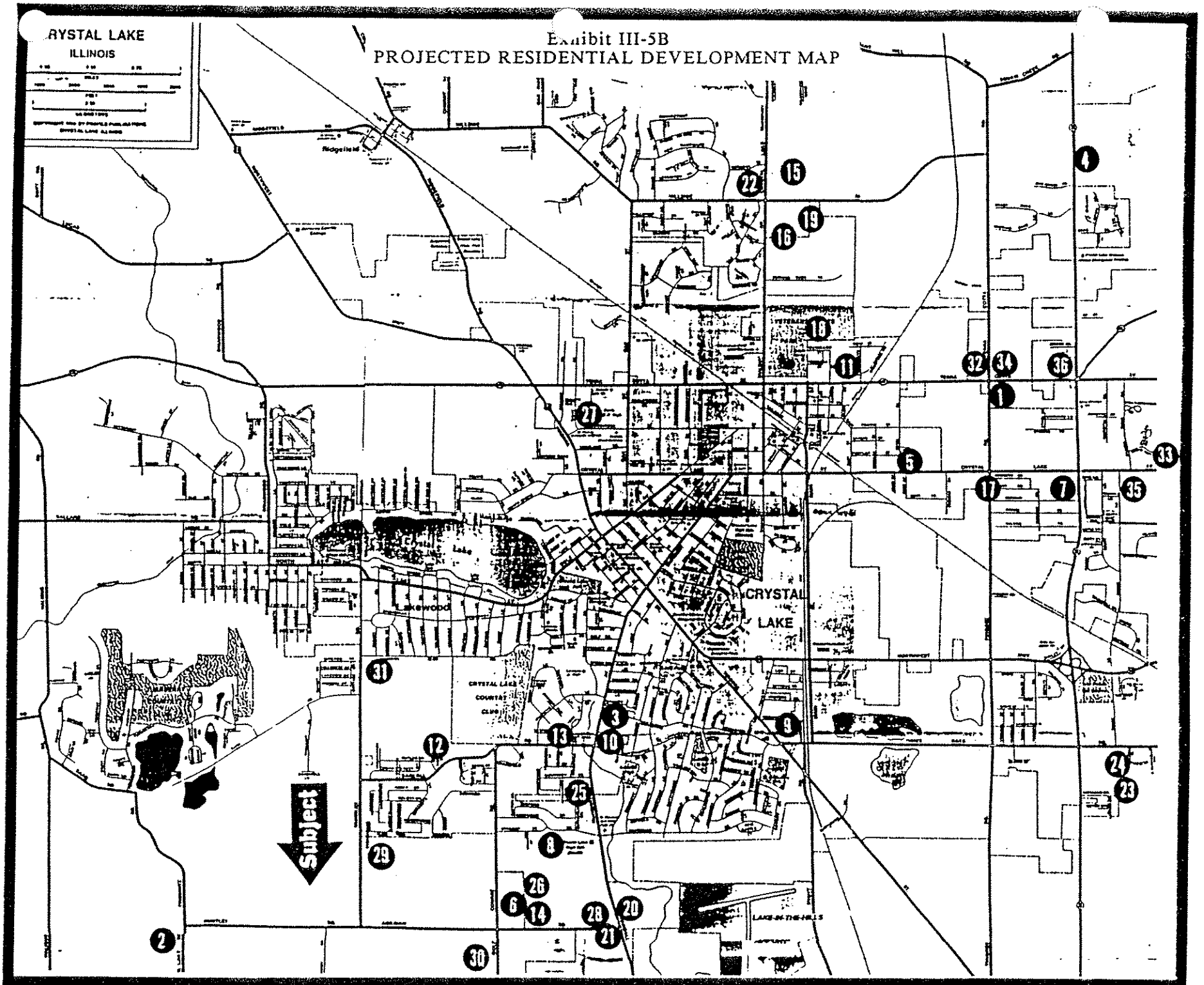


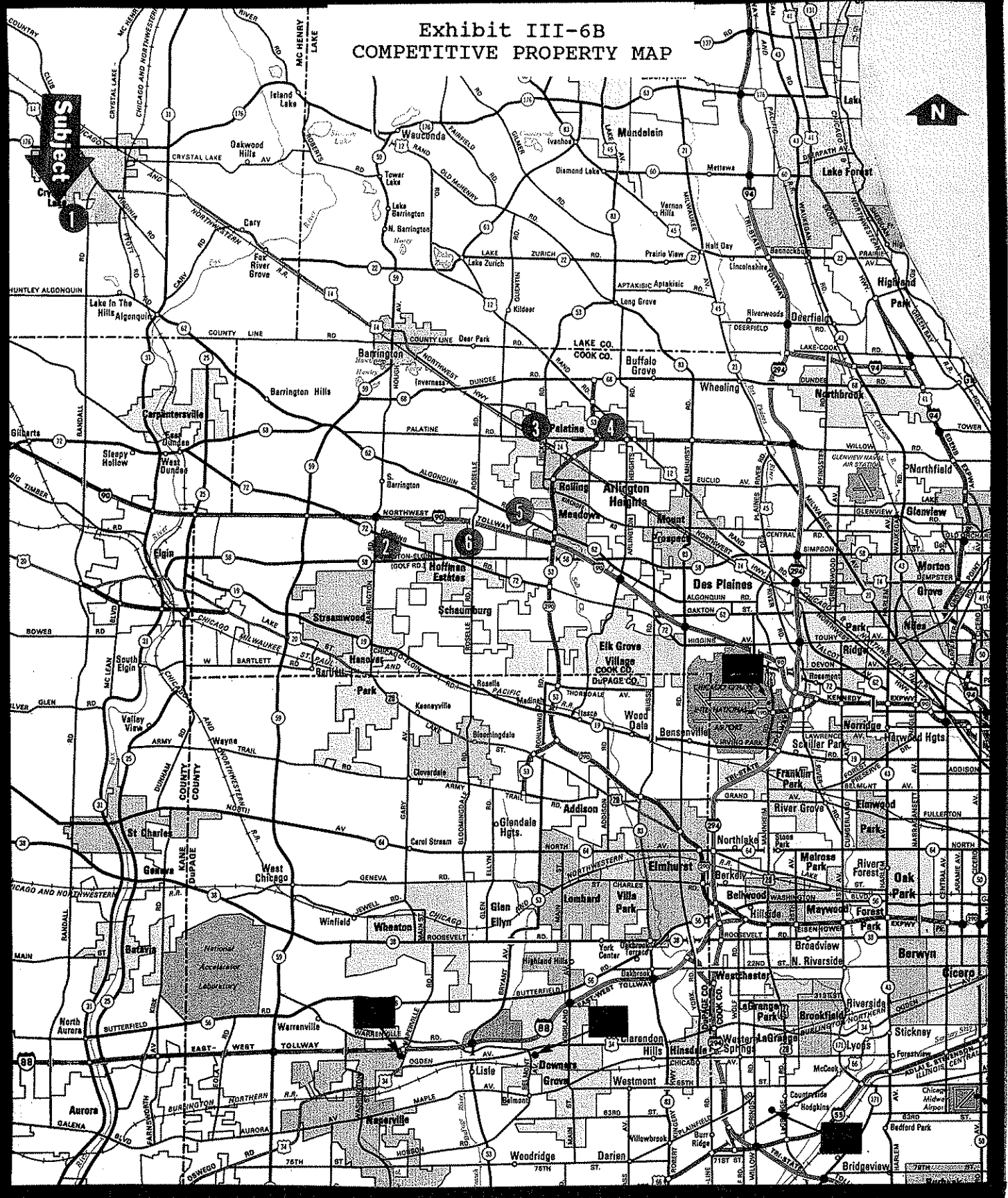
Exhibit III-6A

COMPETITIVE PROPERTY SURVEY TURNBERRY LAKE VILLAGE APARTMENTS

MAP#	Project Name and Location	Unit Type	Unit Mix	Area Sq.Ft.	Total Sq.Ft.	Monthly Rent	P.S.F.	Dvlpr.	Age	Occupancy	Comments
1	Skyridge Club Apartments Crystal Lake, Illinois	1BR/1BA	40	700	28,000	\$565	\$0.81	Ludwig	1 yr	100%	Amenities: Cable TV, Clubhouse pool, whirlpool, tennis court, volleyball court, small exercise room, and washer/dryer.
		1BR/1BA	52	800	41,600	\$610	\$0.76				
		2BR/2BA	62	950	58,900	\$650	\$0.68				
		2BR/2BA	38	1,100	41,800	\$710	\$0.65				
		Total Units/Avg. Rent Per S.F.		192	887	170,300	\$633	\$0.71			
2	Windsong Apartments Schaumburg, Illinois	1BR/1BA	46	815	37,490	\$660	\$0.81	Zale	3 yr	98%	Amenities: Washer/dryer, and Cable TV.
		2BR/1BA	60	850	51,000	\$700	\$0.82				
		2BR/2BA	60	946	56,760	\$750	\$0.79				
		2BR/2BA	30	1,070	32,100	\$810	\$0.76				
		Total Units/Avg. Rent Per S.F.		196	905	177,350	\$723	\$0.80			
3	Clover Ridge Apartments Palatine, Illinois	1BR/1BA	46	792	36,432	\$670	\$0.85	N.H.P.	2 yr	87%	Amenities: Clubhouse, pool, whirlpool, suana, tanning beds microwave oven, exercise room, and washer/dryer.
		1BR/1BA	92	914	84,088	\$720	\$0.79				
		2BR/1BA	138	895	123,510	\$725	\$0.81				
		Total Units/Avg. Rent Per S.F.		276	884	244,030	\$714	\$0.81			
4	The Point Apartments Arlington Heights, Illinois	1BR/1BA	168	750	126,000	\$745	\$0.99	P.C.A.	New	Lease Up	Amenities: Garages, Clubhouse, pool, whirlpool, microwave oven, exercise room, fireplaces, and washer/dryer.
		1BR/1BA	80	800	64,000	\$825	\$1.03				
		2BR/2BA	48	1,000	48,000	\$940	\$0.94				
		2BR/2BA	16	1,100	17,600	\$975	\$0.89				
		Total Units/Avg. Rent Per S.F.		312	819	255,600	\$807	\$0.99			
5	The Lakes of Schaumburg Schaumburg, Illinois	1BR/1BA	84	625	52,500	\$670	\$1.07	P.C.A.	2 yrs	96%	Amenities: Clubhouse, pool, whirlpool, exercise room, fireplaces, and washer/dryer.
		1BR/1BA	144	650	93,600	\$695	\$1.07				
		1BR/1BA	96	800	76,800	\$810	\$1.01				
		2BR/2BA	40	1,000	40,000	\$945	\$0.95				
		2BR/2BA	64	1,100	70,400	\$975	\$0.89				
		Total Units/Avg. Rent Per S.F.		428	779	333,300	\$781	\$1.00			
6	Garden Glen Apartments Schaumburg, Illinois	1BR/1BA	49	997	48,853	\$745	\$0.75	N.H.P.	2 yrs	97%	Amenities: Clubhouse, pool, whirlpool, exercise room, fireplaces, microwave ovens and washer/dryer.
		2BR/1BA	49	1,043	51,107	\$825	\$0.79				
		2BR/1BA	49	1,074	52,626	\$830	\$0.77				
		2BR/1BA	49	1,090	53,410	\$855	\$0.78				
		2BR/2BA	48	1,148	55,104	\$935	\$0.81				
		2BR/2BA	60	1,211	72,660	\$1,075	\$0.89				
		Total Units/Avg. Rent Per S.F.		304	1,098	333,760	\$884	\$0.81			
Sub	Turnberry Lake Village Crystal Lake, Illinois	1BR/1BA	50	787	39,350	\$717	\$0.91	Capital TBB			Amenities: Clubhouse, pool, whirlpool, exercise room, fireplaces, microwave ovens, washer/dryer, skylights, and vaulted ceilings.
		1BR/1BA	10	947	9,470	\$819	\$0.86				
		2BR/2BA	120	1,111	133,270	\$907	\$0.82				
		2BR/2BA	20	1,329	26,580	\$1,014	\$0.76				
		Total Units/Avg. Rent Per S.F.		200	1,043	208,670	\$866	\$0.83			

Ave. Rent Per. Sq. Ft: \$0.85

Exhibit III-6B COMPETITIVE PROPERTY MAP



SECTION IV
THE BORROWER

Exhibit IV-1
ORGANIZATIONAL CHART

CAPITAL ASSOCIATES DEVELOPMENT CORP.

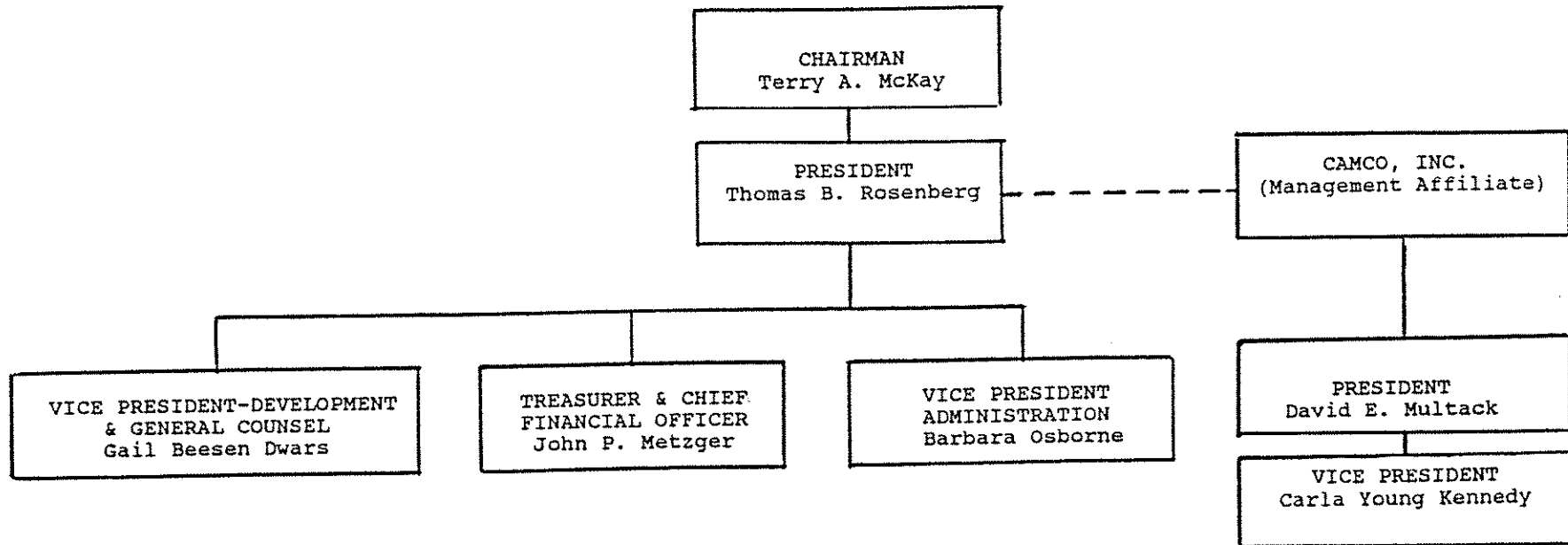


Exhibit IV-2

BIOGRAPHICAL INFORMATION

THOMAS B. ROSENBERG

President, Capital Associates Development Corporation. CADC is a national real estate development firm having developed over fifty multi-unit apartment projects comprising over 7,000 units throughout the Midwest, California and Arizona.

A recognized expert in the field of rental housing, Mr. Rosenberg was a member of the Democratic Congressional Housing Task Force, as well as an advisor to Vice President Walter Mondale during his 1984 Presidential campaign.

Education:

B.A., University of Wisconsin, 1964

J.D., University of California, 1972
(Boalt Hall)

Experience:

1972 - 1977

Private Practice of Law

1977 - Present

President, Capital Associates Development Corporation

Memberships:

State Bar Association of Colorado, Illinois and Missouri

TERRY A. MCKAY

Chairman, Capital Associates Development Corporation. CADC is a national real estate firm headquartered in Chicago.

Education:

B.A.E.E. - University of Detroit, 1968
Notre Dame High School, Niles, Illinois - 1963

Experience:

1968 - 1977

Principal, Packers Trading Company, a national commodities brokerage firm.

1977 to Present

Chairman, Capital Associates Development Corporation. Mr. McKay is in charge of all design, construction and marketing of all Capital Associates' developments.

Exhibit IV-3
DEVELOPER TRACK RECORD

CAPITAL ASSOCIATES DEVELOPMENT CORP.
PROJECT SUMMARY

CONSTRUCTION START DATE	NAME	LOCATION	NUMBER OF UNITS
1977	Ridgeview Commons	Richland Center, Wisconsin	78
1978	Highland Commons	Arlington, Minnesota	41
1978	Northwood Commons	Raudette, Minnesota	32
1978	Rivertown Commons	Stillwater, Minnesota	96
1978	Valleyview Commons	Mahomen, Minnesota	32
1978	Willow Heights Apartments	Decatur, Illinois	64
TOTAL FOR 1978			265
1979	Diana Court Apartments	East Moline, Illinois	76
1979	Hillcrest Apartments	Leroy, Illinois	28
1979	LaLoma Apartments	Rancho Cordova, California	34
1979	Parkview Apartments	Sacramento, California	97
1979	Ridgewood Apartments	Sacramento, California	41
1979	Windwood Apartments	Cotati, California	28
TOTAL FOR 1979			304
1980	Collins Apartments	Chicago, Illinois	195
1980	Fullerton Court Apartments	Chicago, Illinois	196
1980	1120 N. LaSalle Drive	Chicago, Illinois	263
1980	Noble Tower	Oakland, California	195
1980	River Terrace Apartments	Benton Harbor, Michigan	270
1980	Willow Springs Apartments	Mt. Vernon, Illinois	100
1980	Wolford Apartments	Danville, Illinois	100
TOTAL FOR 1980			1,319
1981	1111 N. Dearborn Street	Chicago, Illinois	286
1981	Ike Simms Village	Chicago, Illinois	200
1981	1000 N. LaSalle Drive	Chicago, Illinois	148
1981	Orlando Apartments	Decatur, Illinois	87
1981	Park Place Apartments	Mesa, Arizona	60
1981	Southern Hills Apartments	Decatur, Illinois	125
1981	Sundance Apartments	Bakersfield, California	60
1981	The Woodlands	Peoria, Illinois	68
1981	Valley View Apartments	Delano, California	91
TOTAL FOR 1981			1,125

Exhibit IV-3
DEVELOPER TRACK RECORD
(Continued)

CONSTRUCTION START DATE	NAME	LOCATION	NUMBER OF UNITS
1982	Winthrop Beach	Chicago, Illinois	71
1982	Davis Apartments	Chicago, Illinois	81
1982	Van Buren Park	Chicago, Illinois	300
1982	Universal City	Chicago, Illinois	160
1982	Bloomingtondale Apartments	Chicago, Illinois	111
1982	Posada Vallarta Apartments	Phoenix Arizona	336
1982	Mountain View Apartments	Sierra Vista, Arizona	60
TOTAL FOR 1982			1,119
1983	Michigan Blvd. Garden Apartments	Chicago, Illinois	447
1983	Walsh Park Apartments	Chicago, Illinois	134
TOTAL FOR 1983			581
1984	Campbell Terrace	Chicago, Illinois	249
1984	South Shore Rehab. (10 Properties)	Chicago, Illinois	227
TOTAL FOR 1984			476
1985	Cushing/Cunnard	Columbus, Ohio	104
1985	Regency Arms	Columbus, Ohio	406
TOTAL FOR 1985			510
1986	Eugenie Terrace	Chicago, Illinois	575
1987	The Pines	Gurnee, Illinois	330
1988	Manchester Greens	Buffalo Grove, Illinois	200
GRAND TOTAL			6,882
1989	Turnberry Lake Village	Crystal Lake, Illinois	200

Exhibit IV-4A

CAPITAL ASSOCIATES DEVELOPMENT CORP. CHICAGO AREA PROPERTIES

RENTAL PROPERTIES

MAP NO.	NAME	START DATE	COMPLETION DATE	NO. OF UNITS	OCCUPANCY
1	Bloomingtondale Apts.	9/82	10/83	111	100%
2	Campbell Terrace	5/84	7/85	249	100%
3	Davis Apartments	10/82	11/83	81	98%
4	1111 N. Dearborn	3/81	6/82	286	93%
5	1120 N. LaSalle	7/80	11/81	263	94%
6	Eugenie Terrace Apts.	4/86	5/88	575	97%
7	Fullerton Court Apts.	10/80	2/82	196	100%
8	Ike Sims Village Apts.	5/81	6/82	200	100%
9	Michigan Blvd. Apts.	4/83	2/85	447	96%
10	The Park LaSalle	3/81	3/82	148	97%
11	Universal City Apts.	9/82	11/83	160	100%
12	Van Buren Park Apts.	11/82	2/84	300	99%
13	Walsh Park Apts.	12/83	12/84	134	100%
14	Winthrop Beach Apts.	10/82	9/83	69	94%
Sub	Turnberry Lake Village	N/A	N/A	200	N/A
TOTAL/AVERAGE				3,419	97%

PURCHASED AND SOLD PROPERTIES

		PURCHASE	SALE	NO. OF
		DATE	DATE	UNITS
		-----	-----	-----
15	East 71st Apts.	8/81	12/87	30
16	Forrostr 48th Apts.	8/84	6/89	19
17	King 51st Apts.	8/82	1/89	30
18	Mich 53rd Apts.	4/83	3/89	25
19	Mich 59th Apts.	8/84	1/89	20
20	Park 51st Apts.	8/84	2/86	16
21	Pax 68th Apts.	4/81	9/87	31
22	Prairie 53rd Apts.	8/84	Under Cntrct	24
23	West 71st Apts.	7/84	8/87	26
TOTAL				221
				=====

FOR SALE PROPERTIES

	START DATE	COMPLETION DATE	NO. OF UNITS	NO. OF UNITS SOLD
24	The Pines	8/88	Under Cntret	92
25	Manchester Greens	8/89	Start Pending	10

Exhibit IV-4B
CHICAGO PROPERTY MAP

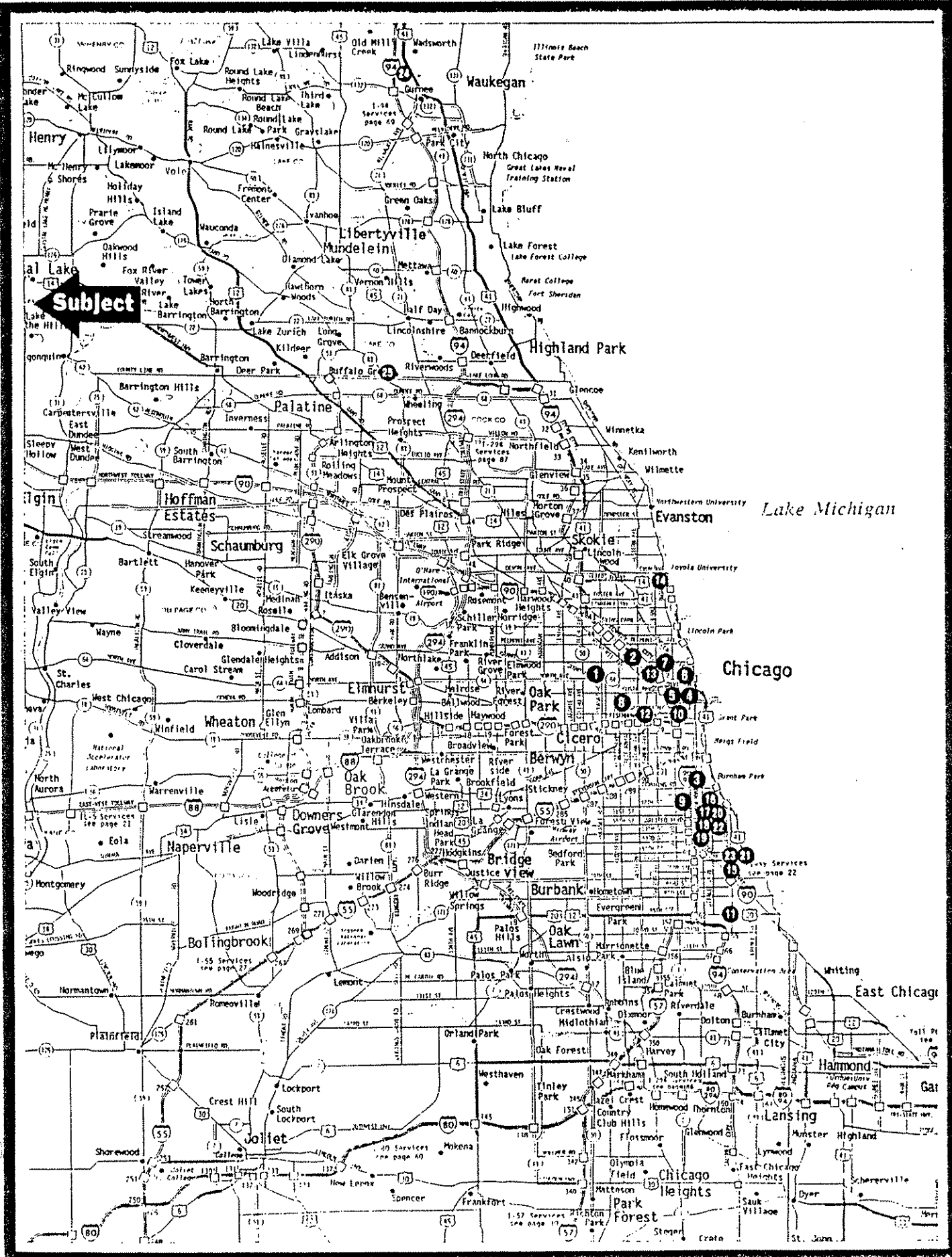


Exhibit IV-5
CAPITAL ASSOCIATES
MOST RECENTLY COMPLETED PROJECT



EUGENIE TERRACE

BAPANCIK, CONTE AND ASSOCIATES, INC.
Architects

Exhibit V-1
Pro Forma Income and Expenses
Turnberry Lake Village Apartments

		Conservative	Most Likely	Optimistic
		-----	-----	-----
	Rental Income	2,102,436	2,181,816	2,261,196
Plus:	Other Income @ \$12.60 per unit/per month	30,240	30,240	30,240
		-----	-----	-----
Equals:	Gross Income	2,132,676	2,212,056	2,291,436
Less:	Vacancy @ 5.0%	106,634	110,603	114,572
		-----	-----	-----
Equals:	Effective Gross Income	2,026,042	2,101,453	2,176,864
Less:	Total Operating Expenses:	626,229	630,000	633,770
		-----	-----	-----
	Management Fee @ 5.0% of EGI	101,302	105,073	108,843
	Administration	92,082	92,082	92,082
	Utilities	38,319	38,319	38,319
	Salaries/Payroll Taxes	67,180	67,180	67,180
	Repairs/Maintenance	69,321	69,321	69,321
	Taxes and Insurance	236,245	236,245	236,245
	Miscellaneous	21,780	21,780	21,780
		-----	-----	-----
Equals:	Net Operating Income	1,399,813	1,471,454	1,543,094
Less:	Debt Service @ Payrate	1,399,813	1,471,454	1,500,262
		-----	-----	-----
Equals:	Cash Flow to Split	0	0	42,832
		-----	-----	-----
	Indicated Debt Coverage Ratio	1.00	1.00	1.03
	Annual Cash on Cash Return	9.3%	9.5%	9.8%
Note :	(1) Rental Rate	\$0.80	\$0.83	\$0.86
	(2) Loan Amount	15,100,000	15,500,000	15,500,000
	(3) Debt service is equal to the greater of the pay rate or the net operating income, not to exceed 9.5% of the Outstanding Loan Balance.			

Exhibit V-2A
PRELIMINARY VALUATION ANALYSIS
TURNBERRY LAKE VILLAGE APARTMENTS

Cost Approach

	Cost Approach (Exhibit II-8) 208,670 SF@ \$68.77 PSF	\$14,350,000
plus:	Land Value @ \$7,645 per unit (Exhibit V-2B)	+ 1,529,000
plus:	<u>Developer is Profit @10%</u>	<u>+ 1,587,900</u>
equals:	estimated Value	\$17,466,900
	Rounded to:	\$17,500,000

Direct Sales Comparison Approach

	Direct Capitalization Method	
	Net Operating Capitalization Rate (Exhibit V-4B)	\$ 1,471,453
divided by:	<u>Overall Capitalization Rate (OCR) (Exhibit V-2D)</u>	<u>/ .085</u>
equals:	Estimated Value	\$17,311,212
	Rounded to:	\$17,300,000

Capitalization Income Approach

	Present Value of Net Operating Income @ 12% (Exhibit V-4B)	\$ 9,238,043
plus:	<u>Present Value of Net Sales Proceeds @ 12% (Exhibit v-4B)</u>	<u>+ 8,387,311</u>
equals:	Estimated Value	\$17,625,353
	Rounded to:	\$17,600,000

The market value of the subject property at stabilized occupancy is preliminarily estimated to be:

\$17,300,000 *

Indicated Loan to Value Ratio: 89.6%

* Note: The commitment will contain an appraisal contingency which requires valuation by a Lender approved MAI-designated appraiser indicating a market value at stabilized occupancy of at least \$17,225,000.

Exhibit V-2B
COMPARABLE LAND SALES
TURNBERRY LAKE VILLAGE APARTMENTS

NO.	LOCATION	SALE DATE	PARCEL SIZE (ACRES)	TOTAL PRICE	ZONING	NO. OF UNITS	PRICE/ UNIT	UNITS/ ACRE
1	SWC of Carriage Way and Standford Lane Arlington Heights, IL	10/88	5.4000	\$462,500	R-6/PD	92	\$5,027	17.0
2	SS of Old Checker Road, W of Buffalo Grove Road Buffalo Grove, IL	4/88	15.6672	\$1,764,000	R-9	200	\$8,820	12.8
3	E of Meacham Road, N of Old Schaumburg Road Schaumburg, IL	4/88	102.9700	\$5,701,495	R-7 PUD	828	\$6,886	8.0
4	NEC of Meacham Road and Old Schaumburg Road Schaumburg, IL	4/88	23.9500	\$1,760,000	R-7 PUD	139	\$12,662	5.8
5	SS of Northwest Highway, 1/4 mile E of Quentin Road Palatine, IL	12/87	12.0900	\$450,000	PUD	70	\$6,429	5.8
6	SEC Rand Road & IL Route 53 Arlington Heights, IL	9/87	20.1600	\$3,282,000	R-6 PD	312	\$10,519	15.5
7	NS of Happfield Drive, W of Arlington Heights Road Arlington Heights, IL	8/87	7.9500	\$437,503	R-6 PD	138	\$3,170 ----- \$7,645	17.4
Subject	NWC of Ackman Road and Briarwood Road Lakewood, IL	N/A	27.7000	\$1,150,000	R-4	200	\$5,750	7.2

Exhibit V-2C
Comparable Land Sale Map
Turnberry Lake Village

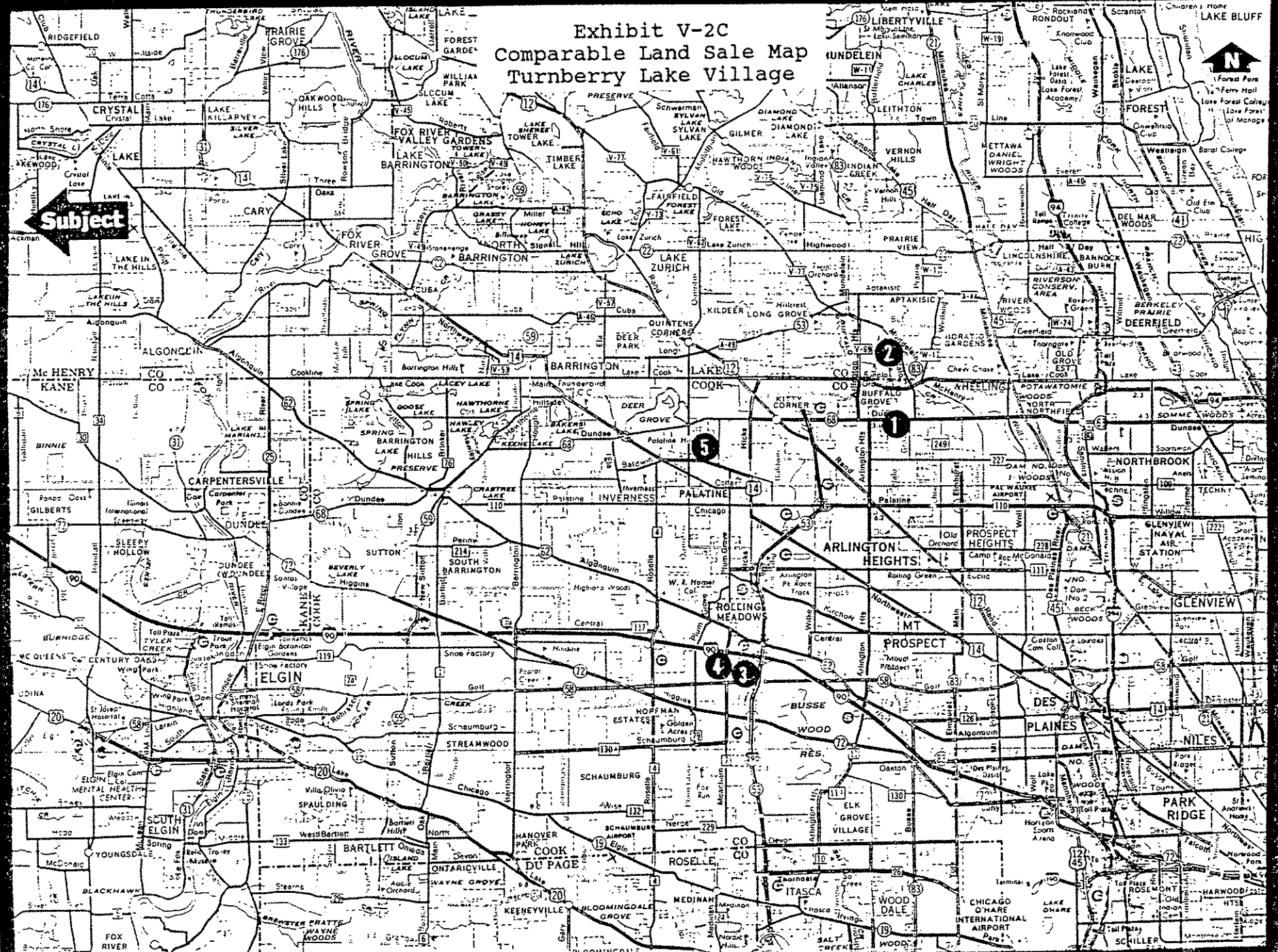


Exhibit V-2D
COMPARABLE BUILDING SALES
TURNBERRY LAKE VILLAGE APARTMENTS

	COMPARABLE #1	COMPARABLE #2	COMPARABLE #3	COMPARABLE #4	COMPARABLE #5	MEAN
PROJECT:	Windscape Village	Stewarts Glen Apartments	Chanteclear Lakes Apartments	Runaway Bay Apartments	Autumn Run Apartments	
LOCATION:	896 Benedetti Drive Naperville, IL	Rt. 83 & Knollwood Dr. Willowbrook, IL	1550 N. River Road Naperville, IL	1000 Bay Drive Palatine, IL	1646 Country Lakes Dr. Naperville, IL	
DATE OF SALE:	12/87	7/87	12/86	12/86	6/86	
SALES PRICE:	\$19,038,900	\$20,250,000	\$17,900,000	\$13,795,000	\$15,925,725	
NUMBER OF UNITS:	352	288	304	348	320	
PRICE PER UNIT:	\$54,088	\$70,313	\$58,882	\$39,641	\$49,768	
EFFECTIVE GROSS INCOME MULTIPLIER:	7.56	8.02	7.49	6.16	7.50	7.35
EFFECTIVE GROSS INCOME PER UNIT:	\$596	\$730	\$655	\$536	\$553	
OPERATING EXPENSES PER UNIT:	\$2,889	\$2,802	\$3,224	\$3,405	\$2,488	
NET INCOME MULTIPLIER:	12.69	11.80	12.70	13.10	12.00	
OVERALL CAP RATE:	7.88%	8.47%	7.87%	7.65%	8.33%	8.04%

Sale comparable #2 (Stewart's Glen Apartments) is the closest comparable to the subject property, therefore, an 8.5% capitalization rate was employed in valuing Turnberry.

Source: Sudler Maling, Inc.
USF&G Realty Advisors

Exhibit V - 3
Assumptions to Cash Flow Summaries
Turnberry Lake Village Apartments

	Conservative	Most Likely	Optimistic
Loan Amount -----	\$15,100,000	\$15,500,000	\$15,500,000
Interest Rate -----	9.50%	9.50%	9.50%
Participation -----	50%	50%	50%
Minimum Pay Rate (per Application Letter):			
Year 1 -----	7.00%	7.00%	7.00%
Year 2 -----	8.50%	8.50%	8.50%
Years 3-10 -----	9.50%	9.50%	9.50%
Actual Pay Rate (per Cash Flow Summary):			
Year 1 -----	7.00%	7.19%	7.56%
Year 2 -----	9.04%	9.28%	9.50%
Years 3-10 -----	9.50%	9.50%	9.50%
Number of Payments (per year) -----	12	12	12
Growth Rate (Income) -----	5.00%	5.00%	5.00%
Growth Rate (Expenses) -----	5.00%	5.00%	5.00%
Vacancy Allowance First Year -----	20.00%	20.00%	20.00%
Vacancy Allowance Throughout -----	5.00%	5.00%	5.00%
Initial Rental Rate (per square foot) -----	\$0.80	\$0.83	\$0.86
Initial Rental Rate (per unit/per month) -----	\$834	\$866	\$897
Operating expenses (per unit/per year) -----	\$2,982	\$3,000	\$3,018
Other Income (per unit/per month) -----	\$12.00	\$12.00	\$12.00
Capitalization Rate -----	8.50%	8.50%	8.50%
Sale Expenses -----	3.00%	3.00%	3.00%

Exhibit V - 4A
CASH FLOW SUMMARY
TURNHERRY LAKE VILLAGE APARTMENTS
CONSERVATIVE

	# OF UNIT TYPE	SF PER UNIT	MONTHLY RENT	RENT PER SF	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
1BR/1BA	50	787	\$691	\$0.88	414,600	435,330	457,097	479,951	503,949	529,146	555,604	583,384	612,553	643,181	675,340
1BR/1BA	10	947	\$789	\$0.83	94,680	99,414	104,385	109,604	115,084	120,838	126,880	133,224	139,885	146,880	154,224
2BR/2BA	120	1,111	\$874	\$0.79	1,250,560	1,321,488	1,387,562	1,456,941	1,529,788	1,606,277	1,686,591	1,770,920	1,859,466	1,952,440	2,050,062
2BR/2BA	20	1,329	\$977	\$0.74	234,480	246,204	258,514	271,440	285,012	299,263	314,226	329,937	346,434	363,755	381,943
	200	208,670	\$834	\$0.80	2,002,320	2,102,436	2,207,558	2,317,936	2,433,832	2,555,524	2,683,308	2,817,465	2,958,339	3,106,256	3,261,568
+ Other Income @ \$12.0 per/unit/month					28,800	30,240	31,752	33,340	35,007	36,757	38,595	40,524	42,551	44,678	46,912
+ Gross Income					2,031,120	2,132,676	2,239,310	2,351,275	2,468,839	2,592,281	2,721,895	2,857,990	3,000,889	3,150,934	3,308,480
- Vacancy @ 20% year 1 and 5% thereafter					(406,224)	(106,634)	(111,965)	(117,564)	(123,442)	(129,614)	(136,095)	(142,899)	(150,044)	(157,547)	(165,424)
+ Effective Gross Income					1,624,896	2,026,042	2,127,344	2,233,712	2,345,397	2,462,667	2,585,800	2,715,090	2,850,845	2,993,387	3,143,056
- Operating Expenses @ \$2,982 per/unit/year					(596,409)	(626,229)	(657,540)	(690,418)	(724,938)	(761,185)	(799,245)	(839,207)	(881,167)	(925,225)	(971,487)
+ Net Operating Income					1,028,487	1,399,813	1,469,804	1,543,294	1,620,459	1,701,482	1,786,556	1,875,884	1,969,678	2,068,162	2,171,570
- Debt Service					(1,057,000)	(1,399,813)	(1,477,065)	(1,477,065)	(1,477,065)	(1,477,065)	(1,477,065)	(1,477,065)	(1,477,065)	(1,477,065)	(1,477,065)
+ Cash Flow (Deficit) -- Operations					(28,513)	0	(7,261)	66,229	143,394	224,417	309,491	398,819	492,613	591,097	
+ Cash Flow Guarantee (Capital)					28,513	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
+ Cash Flow to Split					0	0	(7,261)	66,229	143,394	224,417	309,491	398,819	492,613	591,097	
x USF&G's Participation					50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
+ Cash Flow To USF&G					0	0	(3,630)	33,115	71,697	112,208	154,746	199,409	246,307	295,548	
- Projected Sales Price @ 8.5% cap on 11th year NOI														25,547,878	
- Selling Expenses @ 3%														(766,436)	
- Outstanding Loan Balance														(15,548,049)	
- Prepayment Penalty														0	
+ Cash Proceeds from Sale to Split														9,233,393	
+ USF&G's Share														6,303,267	
+ Capital's Share *														2,930,176	

* Capital's sales proceeds are subordinate to USF&G receiving a yield (IRR) of 12.3%.

USF&G Yield Analysis

Invested Capital	(15,100,000)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Service		1,057,000	1,399,813	1,477,065	1,477,065	1,477,065	1,477,065	1,477,065	1,477,065	1,477,065	1,477,065	1,477,065	1,477,065	1,477,065	1,477,065
Cash Flow From Operations		0	0	(3,630)	33,115	71,697	112,208	154,746	199,409	246,307	295,548				
Return of Accrued and Unpaid Interest		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	448,049
Return of Capital		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	15,100,000
Cash Proceeds from Sale		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6,303,267

USF&G's Total Cash Flow (15,100,000) 1,057,000 1,399,813 1,473,434 1,510,179 1,548,762 1,589,273 1,631,810 1,676,474 1,723,371 23,623,929

Estimated Yield (IRR) 12.3%

Annual Return on Capital 7.0% 9.1% 9.8% 10.0% 10.7% 10.9% 10.9% 11.1% 11.4% 11.6% 11.7%

**Exhibit V - 4B
CASH FLOW SUMMARY
TURNBERRY LAKE VILLAGE APARTMENTS
MOST LIKELY**

UNIT TYPE	# OF UNITS	SF PER UNIT	MONTHLY RENT	RENT PER SF	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
1BR/1BA	50	787	\$717	\$0.91	430,200	451,710	474,296	498,010	522,911	549,056	576,509	605,335	635,601	667,381	700,750
1BR/1BA	10	947	\$819	\$0.86	98,280	103,194	108,354	113,771	119,460	125,433	131,705	138,290	145,204	152,465	160,088
2BR/2BA	120	1,111	\$907	\$0.82	1,306,080	1,371,384	1,439,953	1,511,951	1,587,548	1,666,926	1,750,272	1,837,786	1,929,675	2,026,159	2,127,467
2BR/2BA	20	1,329	\$1,014	\$0.76	243,360	255,528	268,304	281,720	295,806	310,596	326,126	342,432	359,554	377,531	396,408
	200	208,670	\$866	\$0.83	2,077,920	2,181,816	2,290,907	2,405,452	2,525,725	2,652,011	2,784,612	2,923,842	3,070,034	3,223,536	3,384,713
+ Other Income @ \$12.0 per/unit/month					28,800	30,240	31,752	33,340	35,007	36,757	38,595	40,524	42,551	44,678	46,912
- Gross Income					2,106,720	2,212,056	2,322,659	2,438,792	2,560,731	2,688,768	2,823,206	2,964,367	3,112,585	3,268,214	3,431,625
- Vacancy @ 20% year 1 and 5% thereafter					(421,344)	(110,603)	(116,133)	(121,940)	(128,037)	(134,438)	(141,160)	(148,218)	(155,629)	(163,411)	(171,581)
- Effective Gross Income					1,685,376	2,101,453	2,206,526	2,316,852	2,432,695	2,554,329	2,682,046	2,816,148	2,956,956	3,104,803	3,260,044
- Operating Expenses @ \$3,000 per/unit/year					(600,000)	(630,000)	(661,500)	(694,575)	(729,304)	(765,769)	(804,057)	(844,260)	(886,473)	(930,797)	(977,337)
- Net Operating Income					1,085,376	1,471,453	1,545,026	1,622,277	1,703,391	1,788,561	1,877,989	1,971,888	2,070,482	2,174,007	2,282,707
- Debt Service					(1,085,376)	(1,471,453)	(1,508,917)	(1,508,917)	(1,508,917)	(1,508,917)	(1,508,917)	(1,508,917)	(1,508,917)	(1,508,917)	(1,508,917)
- Cash Flow (Deficit) -- Operations					0	0	36,109	113,360	194,474	279,643	369,072	462,971	561,565	665,089	
+ Cash Flow Guarantee (Capital)					0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
- Cash Flow to Split					0	0	36,109	113,360	194,474	279,643	369,072	462,971	561,565	665,089	
x USF&G's Participation					50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	
- Cash Flow To USF&G					0	0	18,054	56,680	97,237	139,822	184,536	231,485	280,783	332,545	
- Projected Sales Price @ 8.5% cap on 11th year NOI														26,855,375	
- Selling Expenses @ 3%														(805,661)	
- Outstanding Loan Balance														(15,883,338)	
- Prepayment Penalty														0	
- Cash Proceeds from Sale to Split														10,166,376	
- USF&G's Share														6,102,329	
- Capital's Share *														4,064,047	
* Capital's sales proceeds are subordinate to USF&G receiving a yield (IRR) of 12.3%.															
USF&G Yield Analysis															
Invested Capital					(15,100,000)	(400,000)	0	0	0	0	0	0	0	0	0
Debt Service					1,085,376	1,471,453	1,508,917	1,508,917	1,508,917	1,508,917	1,508,917	1,508,917	1,508,917	1,508,917	1,508,917
Cash Flow From Operations					0	0	18,054	56,680	97,237	139,822	184,536	231,485	280,783	332,545	
Return of Accrued and Unpaid Interest					N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	383,338
Return of Capital					N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	15,500,000
Cash Proceeds from Sale					N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6,102,329
USF&G's Total Cash Flow					(15,100,000)	685,376	1,471,453	1,526,971	1,565,597	1,606,154	1,648,739	1,693,453	1,740,403	1,789,700	21,827,129
Estimated Yield (IRR)					12.3%										
Annual Return on Capital					7.0%	9.5%	9.9%	10.1%	10.4%	10.6%	10.9%	11.2%	11.5%	11.9%	

**Exhibit V - 4C
CASH FLOW SUMMARY
TURNBERRY LAKE VILLAGE APARTMENTS
OPTIMISTIC**

UNIT TYPE	# OF UNITS	SF PER UNIT	MONTHLY RENT	RENT PER SF	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
1BR/1BA	50	787	\$743	\$0.94	445,800	468,090	491,495	516,069	541,873	568,966	597,415	627,285	658,650	691,582	726,161
1BR/1BA	10	947	\$849	\$0.90	101,880	106,974	112,323	117,939	123,836	130,028	136,529	143,355	150,523	158,049	165,952
2BR/2BA	120	1,111	\$940	\$0.85	1,353,600	1,421,280	1,492,344	1,566,961	1,645,309	1,727,575	1,813,953	1,904,651	1,999,884	2,099,878	2,204,872
2BR/2BA	20	1,329	\$1,051	\$0.79	252,240	264,852	278,095	291,999	306,599	321,929	338,026	354,927	372,673	391,307	410,872
	200	208,670	\$897	\$0.86	2,153,520	2,261,196	2,374,256	2,492,969	2,617,617	2,748,498	2,885,923	3,030,219	3,181,730	3,340,816	3,507,857
+ Other Income @ \$12.0 per/unit/month					28,800	30,240	31,752	33,340	35,007	36,757	38,595	40,524	42,551	44,678	46,912
- Gross Income					2,182,320	2,291,436	2,406,008	2,526,308	2,652,624	2,785,255	2,924,518	3,070,743	3,224,281	3,385,495	3,554,769
- Vacancy @ 20% year 1 and 5% thereafter					(436,464)	(114,572)	(120,300)	(126,315)	(132,431)	(139,263)	(146,276)	(153,537)	(161,214)	(169,275)	(177,738)
- Effective Gross Income					1,745,856	2,176,864	2,285,707	2,399,993	2,519,992	2,645,992	2,778,292	2,917,206	3,063,067	3,216,220	3,377,031
- Operating Expenses @ \$3,018 per/unit/year					(603,590)	(633,770)	(665,458)	(698,731)	(733,668)	(770,351)	(808,869)	(849,312)	(891,778)	(936,367)	(983,185)
- Net Operating Income					1,142,266	1,543,094	1,620,249	1,701,261	1,786,325	1,875,641	1,969,423	2,067,894	2,171,289	2,279,853	2,393,846
- Debt Service					(1,142,266)	(1,500,262)	(1,500,262)	(1,500,262)	(1,500,262)	(1,500,262)	(1,500,262)	(1,500,262)	(1,500,262)	(1,500,262)	(1,500,262)
- Cash Flow (Deficit) -- Operations					0	42,832	119,987	200,999	286,062	375,378	469,161	567,632	671,026	779,591	
+ Cash Flow Guarantee (Capital)					0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
- Cash Flow to Split					0	42,832	119,987	200,999	286,062	375,378	469,161	567,632	671,026	779,591	
+ USF&G's Participation					50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	
- Cash Flow To USF&G					0	21,416	59,993	100,500	143,031	187,689	234,580	283,816	335,513	389,795	
- Projected Sales Price @ 8.5% cap on 11th year NOI														28,162,891	
- Selling Expenses @ 3%														(844,887)	
- Outstanding Loan Balance														(15,792,234)	
- Prepayment Penalty														0	
+ Cash Proceeds from Sale to Split														11,525,769	
- USF&G's Share														5,762,885	
- Capital's Share *														5,762,885	

* Capital's sales proceeds are subordinate to USF&G receiving a yield (IRR) of 12.3%.

USF&G Yield Analysis

Invested Capital	(15,100,000)	(400,000)	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Service		1,142,266	1,500,262	1,500,262	1,500,262	1,500,262	1,500,262	1,500,262	1,500,262	1,500,262	1,500,262	1,500,262	1,500,262	1,500,262	1,500,262
Cash Flow From Operations		0	21,416	59,993	100,500	143,031	187,689	234,580	283,816	335,513	389,795				
Return of Accrued and Unpaid Interest		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	292,234	
Return of Capital		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	15,500,000	
Cash Proceeds from Sale		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5,762,885	
USF&G's Total Cash Flow	(15,100,000)	742,266	1,521,678	1,560,256	1,600,762	1,643,293	1,687,952	1,734,843	1,784,078	1,835,775	1,891,470	1,949,265	2,010,060	2,073,855	2,140,650

Estimated Yield (IRR) 12.4%

Annual Return on Capital

Exhibit V-5A
Investor's Yield Summary
Turnberry Lake Village Apartments
Conservative

Note:	(1)	(2)	(3)	(4)	
Loan Year	Annual Debt Service	Cash Flow From Operations	Outstanding Loan Balance	Cash Flow From Sale	Total
1	1,057,000	0			1,057,000
2	1,399,813	0			1,399,813
3	1,477,065	(3,630)			1,473,434
4	1,477,065	33,115			1,510,179
5	1,477,065	71,697			1,548,762
6	1,477,065	112,208			1,589,273
7	1,477,065	154,746			1,631,810
8	1,477,065	199,409			1,676,474
9	1,477,065	246,307			1,723,371
10	1,477,065	295,548	15,548,049	6,303,267	23,623,929

Estimated Yield (IRR): 12.3%

(1) Pay Rate Schedule:

Year 1 ----- the greater of 7.0% or the net operating income not to exceed 9.5%
 Year 2 ----- the greater of 8.5% or the net operating income not to exceed 9.5%
 Year 3-10 ----- 9.5%

(2) USF&G receives 50% of the net cash flow from operations.

(3) Original Loan Balance = \$15,100,000

(4) USF&G's cash proceeds from sale is derived by subtracting the sum of USF&G's Outstanding Loan Balance from the net sales proceed (\$24,781,442) and multiplying the difference by 50%, subject to USF&G receiving its 12.3% yield.

Exhibit V-58
Investor's Yield Summary
Turnberry Lake Village Apartments
Most Likely

Note:	(1)	(2)	(3)	(4)	
Loan Year	Annual Debt Service	Cash Flow From Operations	Outstanding Loan Balance	Cash Flow From Sale	Total
1	1,085,376	0			1,085,376
2	1,471,453	0			1,471,453
3	1,508,917	18,054			1,526,971
4	1,508,917	56,680			1,565,597
5	1,508,917	97,237			1,606,154
6	1,508,917	139,822			1,648,736
7	1,508,917	184,536			1,693,452
8	1,508,917	231,485			1,740,404
9	1,508,917	280,783			1,789,704
10	1,508,917	332,545	15,883,338	6,102,329	23,827,129

Estimated Yield (IRR): 12.3%

(1) Pay Rate Schedule:

Year 1 ----- the greater of 7.0% or the net operating income not to exceed 9.5%
Year 2 ----- the greater of 8.5% or the net operating income not to exceed 9.5%
Year 3-10 ----- 9.5%

(2) USF&G receives 50% of the net cash flow from operations.

(3) Original Loan Balance = \$15,500,000

(4) USF&G's cash proceeds from sale is derived by subtracting the sum of USF&G's Outstanding Loan Balance from the net sales proceed (\$26,049,714) and multiplying the difference by 50%, subject to USF&G receiving its 12.3% yield.

Exhibit V-5C
Investor's Yield Summary
Turnberry Lake Village Apartments
Optimistic

Note:	(1)	(2)	(3)	(4)	
Loan Year	Annual Debt Service	Cash Flow From Operations	Outstanding Loan Balance	Cash Flow From Sale	Total
1	1,142,266	0			1,142,266
2	1,500,262	21,416			1,521,678
3	1,500,262	59,993			1,560,256
4	1,500,262	100,500			1,600,762
5	1,500,262	143,031			1,643,293
6	1,500,262	187,689			1,687,952
7	1,500,262	234,580			1,734,843
8	1,500,262	283,816			1,784,078
9	1,500,262	335,513			1,835,775
10	1,500,262	389,795	15,792,234	5,762,885	23,445,177

Estimated Yield (IRR): 12.4%

(1) Pay Rate Schedule:

Year 1 ----- the greater of 7.0% or the net operating income not to exceed 9.5%
 Year 2 ----- the greater of 8.5% or the net operating income not to exceed 9.5%
 Year 3-10 ----- 9.5%

(2) USF&G receives 50% of the net cash flow from operations.

(3) Original Loan Balance = \$15,500,000

(4) USF&G's cash proceeds from sale is derived by subtracting the sum of USF&G's Outstanding Loan Balance from the net sales proceed (\$27,318,004) and multiplying the difference by 50%, subject to USF&G receiving its 12.3% yield.

Exhibit V - 6
SENSITIVITY ANALYSIS
TURNBERRY LAKE VILLAGE APARTMENTS
Conservative

Overall Cap Rate	Inflation Rate		
	3.0%	5.0%	7.0%
9.00%	12.3%	12.3%	13.2%
8.50%	12.3%	12.3%	13.4%
8.00%	12.3%	12.3%	13.7%

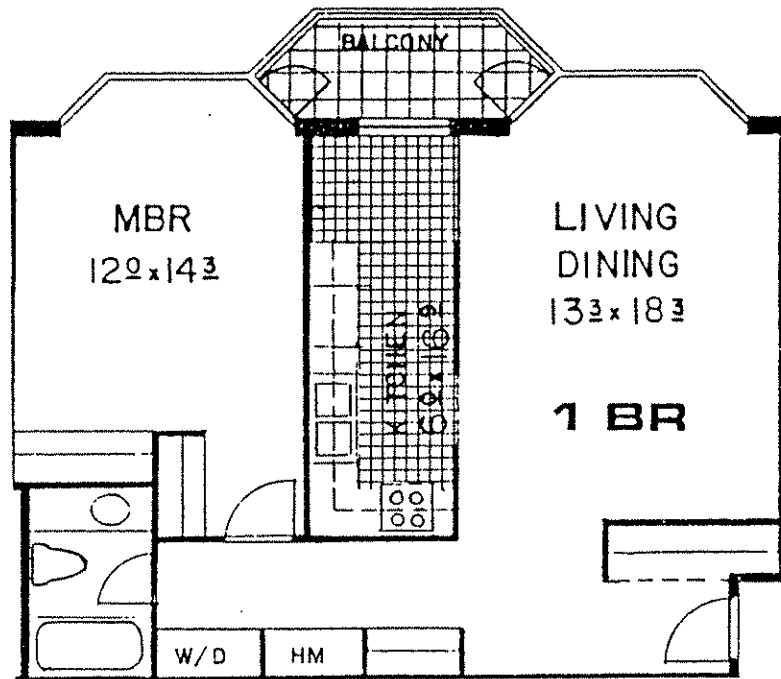
Most Likely

Overall Cap Rate	Inflation Rate		
	3.0%	5.0%	7.0%
9.00%	12.3%	12.3%	13.4%
8.50%	12.3%	12.3%	13.7%
8.00%	12.3%	12.3%	14.0%

Optimistic

Overall Cap Rate	Inflation Rate		
	3.0%	5.0%	7.0%
9.00%	12.3%	12.3%	13.9%
8.50%	12.3%	12.4%	14.1%
8.00%	12.3%	12.7%	14.4%

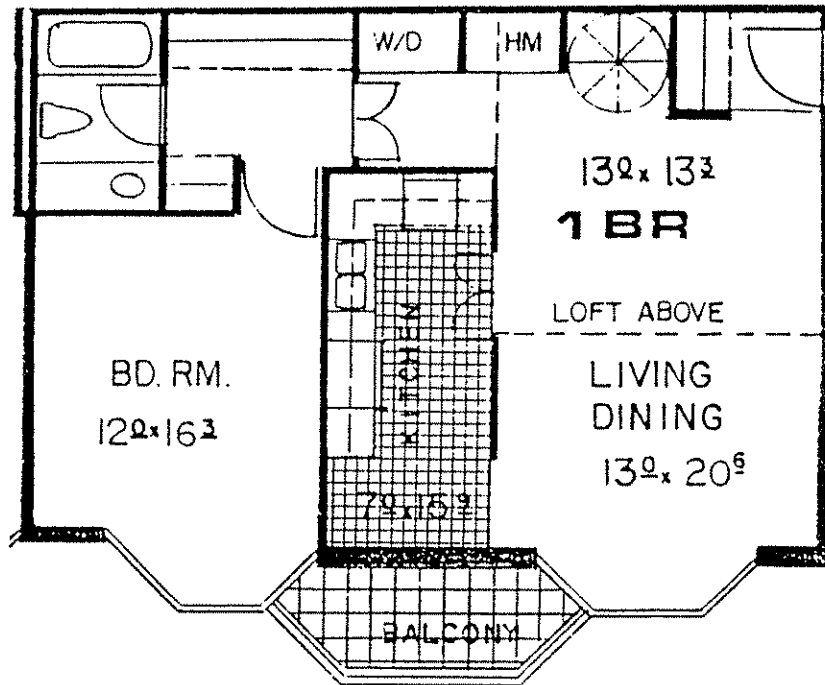
Appendix A-1



ONE BEDROOM UNIT

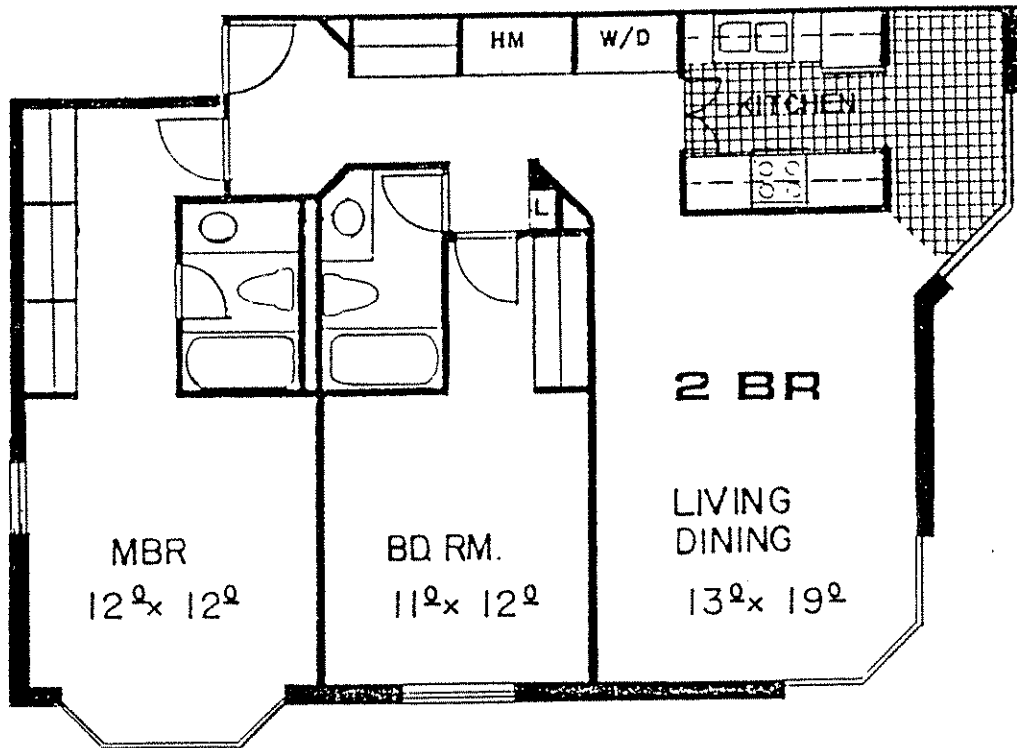
BUILDINGS 1,2 787 S.F. (BLDG. 1)
784 S.F. (BLDG. 2)

Appendix A-2

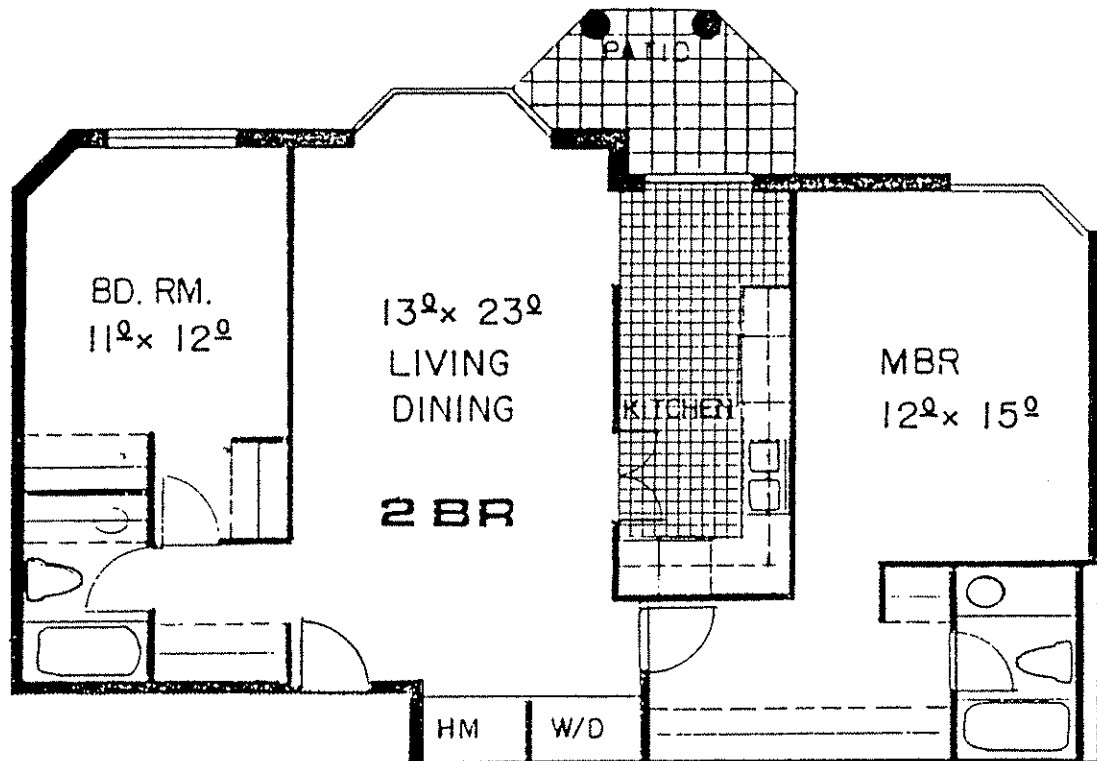


ONE BEDROOM LOFT UNIT
BUILDING 2 947 S.F.

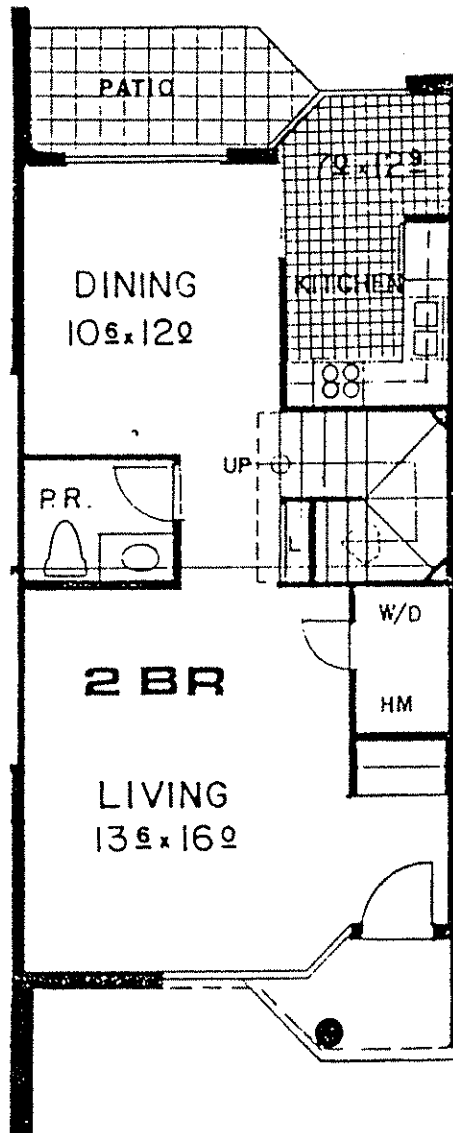
Appendix A-3



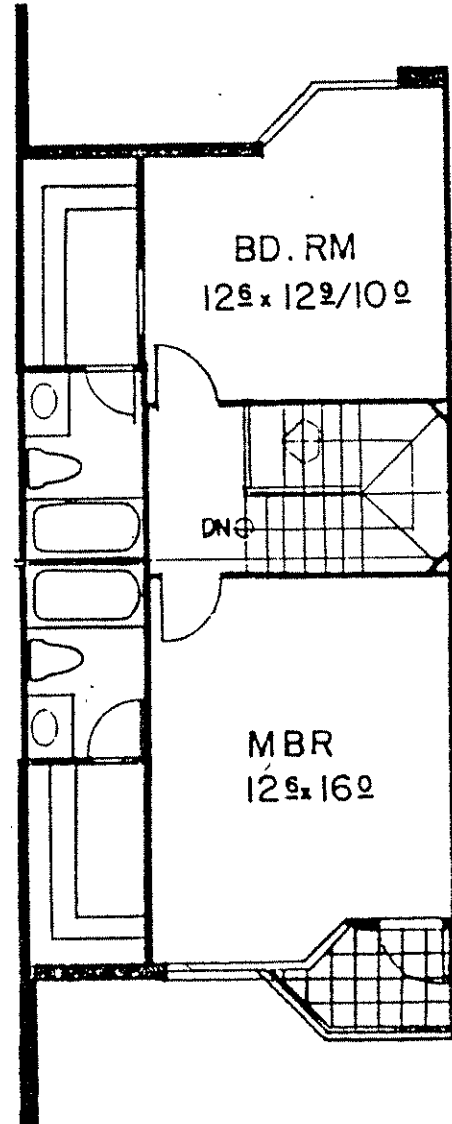
TWO BEDROOM UNIT
BUILDING 1 1103 S.F.



TWO BEDROOM UNIT
BUILDING 2 1115 S.F.



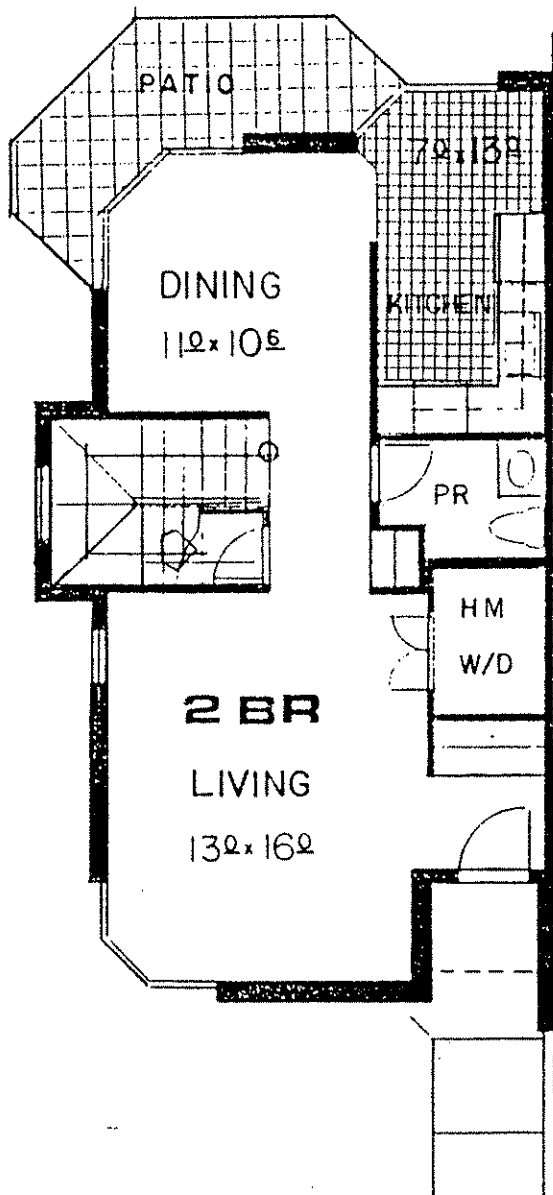
GROUND LEVEL



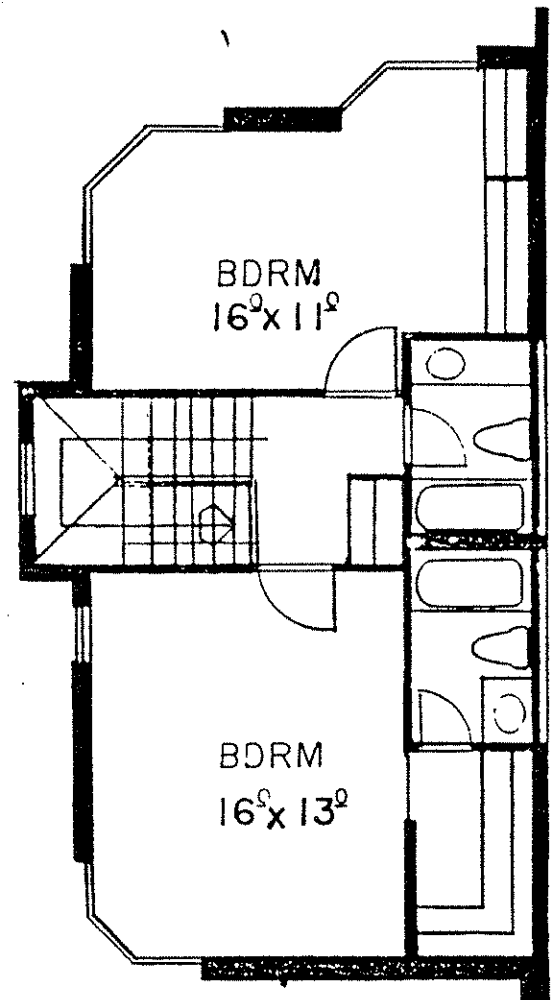
UPPER LEVEL

THRU TYPE 2 BEDROOM TOWNHOUSE
BUILDING 1

1268 S.F.



GROUND LEVEL



UPPER LEVEL

END TYPE 2 BEDROOM TOWNHOUSE
BUILDING 2 1385 S.F.