

LIST OF EXHIBITS BREEZEWOOD MEWS - PHASE I & II

- 1. Cover Letter
- 2. Application Letter
- 3. Regional Map
- 4. Local Map
- 5. List of Employers
- 6. Representative Picture
- 7. Site Plan
- 8. Unit Mix
- 9. Development Budget
- 10. Rent Comparables Map
- 11. Rent Comparables
- 12. Biographical Information of Developer
- 13. Developer Financials
- 14. Financial Projections
 Most Likely, Best Case, Worst Case



INTEROFFICE CORRESPONDENCE

DATE: December 1, 1988

TO: James M. Raley, Jr., Executive Vice President - Executive Dept. Robert J. Gaffney, Senior Vice President - USF&G Fin. Serv. Corp.

Ronald A. Hughes, Vice President - USF&G Fin. Serv. Corp.

FROM: James T. Smith, Vice President - USF&G Realty, Inc.

SUBJECT: Breezewood Mews Phase I and II

Enclosed for your review and consideration is an investment report on the Breezewood Mews Phase I and II (Breezewood) Apartment projects. Phase I consists of 140 units of one and two bedroom apartments located in Fredericksburg Virginia. Phase II is a to be built addition of 160 units to be developed on a contiguous site. The proposed structure for this investment utilizes a combination of a Virginia Housing Development authority (VHDA) first mortgage on Phase I in the amount of \$5,250,000 at 8.19% per annum with an equity contribution of \$1,400,000. Phase II would utilize an FHA coinsured first mortgage in the amount of \$7,577,000 at the rate of 8 7/8% with an equity contribution of \$700,000. The equity proceeds would receive a 10% cumulative preferred return and a 50% interest in the net cash flows and 50% interest in the net residual value.

The Property Location

The project is located within the Breezewood Planned Unit Development at the corner of routes 208 and 639 in Fredericksburg, Virginia. The project has good curb appeal and unlike much of its competition, is highly visible off route 208 (a major thoroughfare through Fredericksburg).

The project will be wood frame on concrete slab with masonite veneer. Each unit will feature a dishwasher, garbage disposer, washer and dryer and all of the units will have either a deck or patio. The common amenities will include a clubhouse with weight room, jacuzzi, exercise facilities, a pool, tennis courts and swimex.

The Market

Fredericksburg, located in Spotsylvania County, Virginia, has been experiencing explosive growth over the past decade as the availability of affordable buildable land in Fairfax County has begun to dry up. Spotsylvania County has experienced a 110% increase in population since 1970. Occupancy rates for what rental property has been available have consistently averaged 98%.

During 1987 and 1988 four apartment projects were completed in the Fredericksburg market and all with the exception of Belmont apartment (Summit Properties) experienced absorption in excess of 30 units per month. Belmont started very slow due to a poor location and a Fredericksburg prohibition against off sight signing (it took over an hour to find the project and we were looking for it specifically). A recent call to the resident management agent at Belmont indicated that an intensified radio and newspaper marketing campaign had boosted absorption to 27 units per month and occupancy to 96%.

The Developer and Joint Venture Partner

Amurcon Corporation of Virginia, headquartered in Richmond, Virginia, has been developing rental apartments for-sale townhouses and rental retirement communities in Virginia since 1976. One of the largest multifamily builder/developers based in Virginia, Amurcon has developed and managed over 3,000 apartment units in 25 locations throughout Virginia. A complete developer, Amurcon Handles through its staff of 120 employees land acquisitions, land improvement, construction and complete management services.

The Risk and Return

This proposed investment is structured in three parts to correspond to USF&G's admission into the partnerships of Phase I and Phase II. Phase I in the amount of \$1,400,000 funded \$1 million immediately with the balance upon completion and final endorsement of Phase II. In return for this equity contribution USF&G would receive a 10% cumulative return on the amount of equity funded and a 50% interest in the cash flow and residual.

Phase II would be funded under the insurance on completion format utilizing a \$7,577,000 GNMA guaranteed first mortgage with a coupon to USF&G of 8 5/8% (95% of the ten year treasury rate) and a \$700,000 equity contribution also funded at project completion. In addition to the base mortgage rate USF&G would receive a 10% cumulative preferred return on its equity contribution and a 50% interest in the cash flows and residuals on sale. Amurcon in turn will agree to fund 100% of all operating deficits for three years after funding by USF&G. Further, USF&G's commitment fee of 2% would be payable in full upon admission into the phase I partnership making a net initial investment of only \$806,460.

Utilizing a 5% trending factor for rents and expenses, USF&G is projected to earn over 13 1/2% on all invested funds, and in excess of 21.8% on its equity contribution. Under the worst case scenario (10% vacancies, 3% rental increases and 5% expense increases) USF&G would earn 9 3/4% on all invested funds and 10.84% on its equity contribution.

Conclusion and Recommendation

Unlike prior HUD participations the structure proposed for this transaction involves immediate funding for Phase I with the leverage of the VHDA first mortgage. The equity contribution for Phase I is higher than the

During 1987 and 1988 four apartment projects were completed in the Fredericksburg market and all with the exception of Belmont apartment (Summit Properties) experienced absorption in excess of 30 units per month. Belmont started very slow due to a poor location and a Fredericksburg prohibition against off sight signing (it took over an hour to find the project and we were looking for it specifically). A recent call to the resident management agent at Belmont indicated that an intensified radio and newspaper marketing campaign had boosted absorption to 27 units per month and occupancy to 96%.

The Developer and Joint Venture Partner

Amurcon Corporation of Virginia, headquartered in Richmond, Virginia, has been developing rental apartments for-sale townhouses and rental retirement communities in Virginia since 1976. One of the largest multifamily builder/developers based in Virginia, Amurcon has developed and managed over 3,000 apartment units in 25 locations throughout Virginia. A complete developer, Amurcon Handles through its staff of 120 employees land acquisitions, land improvement, construction and complete management services.

The Risk and Return

This proposed investment is structured in three parts to correspond to USF&G's admission into the partnerships of Phase I and Phase II. Phase I in the amount of \$1,400,000 funded \$1 million immediately with the balance upon completion and final endorsement of Phase II. In return for this equity contribution USF&G would receive a 10% cumulative return on the amount of equity funded and a 50% interest in the cash flow and residual.

Phase II would be funded under the insurance on completion format utilizing a \$7,577,000 GNMA guaranteed first mortgage with a coupon to USF&G of 8 5/8% (95% of the ten year treasury rate) and a \$700,000 equity contribution also funded at project completion. In addition to the base mortgage rate USF&G would receive a 10% cumulative preferred return on its equity contribution and a 50% interest in the cash flows and residuals on sale. Amurcon in turn will agree to fund 100% of all operating deficits for three years after funding by USF&G. Further, USF&G's commitment fee of 2% would be payable in full upon admission into the phase I partnership making a net initial investment of only \$806,460.

Utilizing a 5% trending factor for rents and expenses, USF&G is projected to earn over 13 1/2% on all invested funds, and in excess of 21.8% on its equity contribution. Under the worst case scenario (10% vacancies, 3% rental increases and 5% expense increases) USF&G would earn 9 3/4% on all invested funds and 10.84% on its equity contribution.

Conclusion and Recommendation

Unlike prior HUD participations the structure proposed for this transaction involves immediate funding for Phase I with the leverage of the VHDA first mortgage. The equity contribution for Phase I is higher than the

target maximum of 10% and thereby presents a somewhat higher degree of risk than under prior structures. This greater risk is more than offset by the fact that Phase I is currently fully leased and should provide immediate cash flow in excess of the 10% preference return.

Phase II is structured similar to prior transactions of this type and when combined within the proven success of Phase I provides superior returns than experienced with other transactions of this type. With the strong overall returns achievable by this project, the proven success of Phase I and the demonstrated experience of Amurcon in this market, I would strongly recommend this investment be made under the terms outlined in the application letter.

APPLICATION LETTER

November 22, 1988

Mr. Michael L. McNamara Treasurer/Chief Financial Officer Amurcon Corporation of Virginia Heritage Building - Suite 1100 1001 E. Main Street Richmond, Virginia 23219

Re: FHA Coinsured Mortgage Breezewood Mews Phase I & II Fredericksburg, Virginia

Dear Mr. McNamara:

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

Property:

Breezewood Mews Phase I & II is a 300 unit apartment project containing approximately 261,180 square feet of net rentable area in seventeen three story buildings of wood frame construction with a masonite veneer. Each unit will feature a dishwasher, garbage disposer, washer and dryer. All of the units will have either a deck or patio. The common amenities will include a clubhouse with weight room, jacuzzi, exercise facilities, a pool, tennis courts and swimex.

Location:

The site is located within the Breezewood PUD near routes 208 and 639 in Spotsylvania County, Virginia.

Land Area:

Approximately 24 acres will be developed in both phases.

Borrower:

A limited partnership to be formed by Amurcon Corporation of Virginia (Borrower) in conformance with the terms outlined in Exhibit A.

Loan Amount - Phase II

\$7,577.000. This is a best estimate of the loan amount FHA underwriting will allow. This amount will be subject to change upon final endorsement and cost certification. If the firm commitment to insure is for less than 95% of this estimated loan amount, the amount may be deemed unacceptable by borrower and borrower may withdraw from the commitment. If the final loan amount is greater than 105% of this estimated loan amount, the lender may withdraw.

FHA Mortgage Rate - Phase II

8.875%

Loan Constant - Phase II

9.79103% which includes GNMA, MIP and Curtail

Amortization - Phase II

40 years.

Virginia Housing Development Authority Loan - Phase I

Phase I will be subject to a prior first mortgage in the amount of \$5,250,000 amortizing over 30 years at the rate of 8.19% per annum.

Call Option:

Subject to conforming with FHA regulations at the time of the funding, Lender has the right to call the loan due anytime after the 10th loan year. Lender will give Borrower 12 months written notice of intent to call the loan. Lender acknowledges that failure to repay principal in accordance with this call option does not constitute a default under FHA insurance.

Prepayment:

Subject to conforming with FHA regulations at the time of funding, there will be no prepayment through year 10. Prepayment of the loan will be allowed commencing with year 11 and a 1% prepayment penalty if prepayment occurs before year 16.

Additional Interest - Phase I & II

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

USF&G Commitment Fee:

Upon receipt of a firm Commitment to insure from a coinsuring lender that is acceptable to Borrower under the terms of this letter, USF&G will issue a Commitment to Purchase the subject GNMA mortgage backed securities from Maryland National Mortgage Corporation. The Commitment Fee will be 2% of the Coinsuring Lenders determination of the maximum insurable mortgage but not less than \$151,540. The commitment fee will be considered earned and due in cash upon acceptance of the commitment payable by Amurcon through the Coinsuring Lender to USF&G.

Initial Funding:

Full loan amount will be funded upon receipt of the final certificates of occupancy and endorsement of the mortgage note for coinsurance by FHA. Initial funding must occur within 20 months of the start of construction. Construction

must start within 60 days of acceptance of USF&G's commitment. The initial funding date may be extended for up to 6 months upon payment of a monthly extension fee of 3/8 of 1% of the loan amount.

Letter of Credit:

Upon funding of the loan, the Borrower will commit to provide any Letter of Credit required by the Coinsuring Lender. The amount of the Letter of Credit will be based on the amount of the mortgage loan and will be determined by FHA regulations.

Legal Fees:

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

Contingencies

- A. GNMA Securities: The commitment issued by USF&G will be to purchase a Government National Mortgage Association fully modified mortgage pass through certificate issued by Maryland National Mortgage Corporation.
- B. Plans and Specifications: Lender reserves the right to approve the plans and specifications for all proposed improvements and to approve any changes, modifications, or corrections to the plans during construction. Failure to respond within 30 days after submission of the plans and specifications shall be considered approval.
- C. Economic Due Diligence: This application shall be contingent upon USF&G Realty's satisfactory completion of its economic due diligence by December 15, 1988.
- D. <u>Committee Approval:</u> This application must be approved by the Lender's Investment Committee by December 15, 1988.

- E. <u>Secondary Financing:</u> Lender will not permit secondary financing on the property without the express written consent of USF&G.
- F. <u>Budget Approval:</u> Lender reserves the right to review and approve annual operating and capital budgets.
- G. Market Value Appraisal: Lender will receive a market value estimate of Phase I & II from a MAI designated appraiser approved by the Lender in an aggregate amount which is not less than \$16,500,000.
- H. Tri-Party Agreement: The commitment is contingent upon the Lender, Borrower and the Interim Lender entering into an acceptable Tri-Party Agreement within 60 days after acceptance of the Commitment.
- I. <u>Partnership Documents:</u> The commitment will be contingent upon the Lenders approval of the borrowing entity's partnership agreement.
- J. Approval of all leasing and management agreements.
- K. Satisfactory completion of construction and final endorsement for FHA insurance.
- L. Evidence that all permits and licenses have been obtained.
- M. The property has no asbestos, hazardous wastes, etc.
- N. An opinion of counsel that there is no outstanding litigation against the borrower.
- O. Evidence that there exists no event of default with respect to the prior first mortgage for Phase I with the Virginia Housing Development Authority.

If the terms outlined in this letter are acceptable to you, please sign below and return with an application fee of \$45,000 by December 15, 1988. The application fee should be paid by Amurcon through the Maryland National Mortgage Corporation and wired to a custodial account. Please call me for wiring instructions.

The application fee will be earned in full upon issuance by an affiliate of USF&G Commitment to Purchase GNMA mortgage backed securities for the loan by USF&G under terms consistent with this application. The application fee once earned will be applied against USF&G's commitment fee.

Sincerely,

James T. Smith Vice President

JTS/rlj			
Accepted:			
Name	Date	Name	Date
Title		Title	

EXHIBIT A EQUITY JOINT VENTURE

USF&G Realty is prepared to recommend to its Investment Committee that it issue a commitment to enter into a joint venture agreement with Amurcon Corporation of Virginia (Amurcon) subject to the following terms and conditions:

Property:

Breezewood Mews Phase I & II is a 300 unit apartment project containing approximately 261,180 square feet of net rentable area in seventeen 2 and 3 story buildings of block and stud framing construction with a brick and slat veneer. Each unit will feature a dishwasher, garbage disposer, washer and dryer. All of the units will have either a deck or patio. The common amenities will include a clubhouse with weight rooms, jacuzzi, exercise facilities, a pool tennis courts and swimex.

Location:

The site is located within the Breezewood PUD near routes 208 and 639 in Spotsylvania County, Virginia.

Land Area:

Approximately 24 acres will be developed in both phases.

Total Project Cost:

\$14,927.000 subject to change as described below.

Equity Investment: \$2,100,000 (1,400,000 Phase I 700,000 Phase II)

To the extent that the coinsured mortgage amount varies from the estimated amount of \$7,577,000, the equity amount will vary by one-half of the percentage change in the loan amount, e.g., if the loan is reduced 4%, the equity contribution will be increased by 2%. USF&G will contribute \$1,000,000 of the total equity contribution upon admission as a 50% Limited Partner in Breezewood Mews Associates L.P. (Phase I). The balance will be contributed upon admission as a Limited Partner of Breezewood Mews Associates II, L.P. (Phase II).

Ownership Entity:

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

BASIC RESPONSIBILITIES:

<u>USF&G Corporation:</u> Provide equity capital General Partners:

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

Initial Contributions:

USF&G:

Upon completion of the project, receipt of final certificate of occupancy, completion of the other terms and conditions of this application, and of the commitment and upon USF&G's funding of an FHA coinsured first mortgage of approximately \$7,577,000. USF&G will make an initial equity contribution of \$2,100,000 (or as adjusted) as described under Equity Investment.

General Partners:

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

Cash Deficits:

- The General Partners will provide corporate guarantees to fund as additional equity capital 100% of any cash flow deficits (excluding cumulative preferred return) for 36 months after initial funding.
- In month 37, and thereafter, cash flow deficits will be funded as additional equity contributions 50/50 by the General Partners and USF&G.

Partnership Loans:

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

Failure to Contribute Additional Equity:

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

Distribution of Cash Flows:

USF&G:

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

The General Partners:

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

Allocation of Profits and Losses:

USF&G:

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

The General Partners

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

Distribution of Sale Proceeds:

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

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

Prepayment:

Unless agreed upon by USF&G and Amurcon, there will be no sale of the property for ten years. The Joint Venture Agreement will contain acceptable buy/sell provisions that will prevail after 10 years.

Refinancing:

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

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

Joint Venture Fee:

\$42,000 payable upon acceptance of the Joint Venture Commitment.

Legal Fees:

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

Contingencies:

- A. FHA coinsured Mortgage: The joint venture will be contingent upon the coinsured Lender issuing a final endorsement to insure the first mortgage in the amount of approximately \$7,577,000 pursuant to Section 221 (d)(4) of the National Housing Act.
- B. Plans and Specifications: USF&G reserves the right to approve the plans and specifications for all proposed improvements and to approve any changes, modifications or corrections to the plans during construction. Failure to respond within 30 days of submission of plans and specifications, shall be considered approval.
- C. Economic Due Diligence: The Joint Venture agreement will be contingent on USF&G Realty's satisfactory completion of its economic due diligence by November 15, 1988.
- D. <u>Committee Approval:</u> This application must be approved by USF&G's Investment Committee by November 15, 1988.
- E. <u>Secondary Financing:</u> USF&G will not permit secondary financing on the property without its express written consent.
- F. <u>Budget Approval:</u> USF&G reserves the right to review and approve annual operating and capital budgets.
- G. Market Value Appraisal: The Joint Venture agreement will be contingent upon USF&G receiving a market value appraisal from a FHA and USF&G approved appraiser approved by USF&G for the combined project for not less than \$16,500,000.
- H. <u>Partnership Documents:</u> This joint venture agreement will be contingent upon USF&G's approval of the partnership documents.
- Approval of all leasing and management agreements.
- J. Satisfactory completion of construction and final endorsement for FHA insurance.
- K. Evidence that all permits and licenses have been obtained.
- L. The property has no asbestous, hazardous wastes, etc.
- M. An opinion of counsel that there is no outstanding litigation against the borrower.

N. Evidence that there exists no event of default with respect to the prior first mortgage for Phase I with the Virginia Housing Development Authority.

EXHIBIT B

Definition of Cash Flow Available for Distribution:

1	Actual	Gross	Collected	Income
A .	MCCual	GLOSS	COTTCCCCC	THOOMC

2. Less: Approved Operating Expenses *

3. Equals: Net Operating Income

4. Less: First Mortgage Debt Service

5. Less: MIP, Reserves, Tax and Insurance Escrows

6. Equals: Surplus Cash as defined by the FHA

Regulating Agreement

7. Less: Debt Service on Partnership Debt

8. Less: <u>Cumulative Preferred Return</u>

9. Equals: Cash Flow available for Distribution

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

EXHIBIT C

Definition of Sale Proceeds Available for Distribution:

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

Sales Proceeds Available for

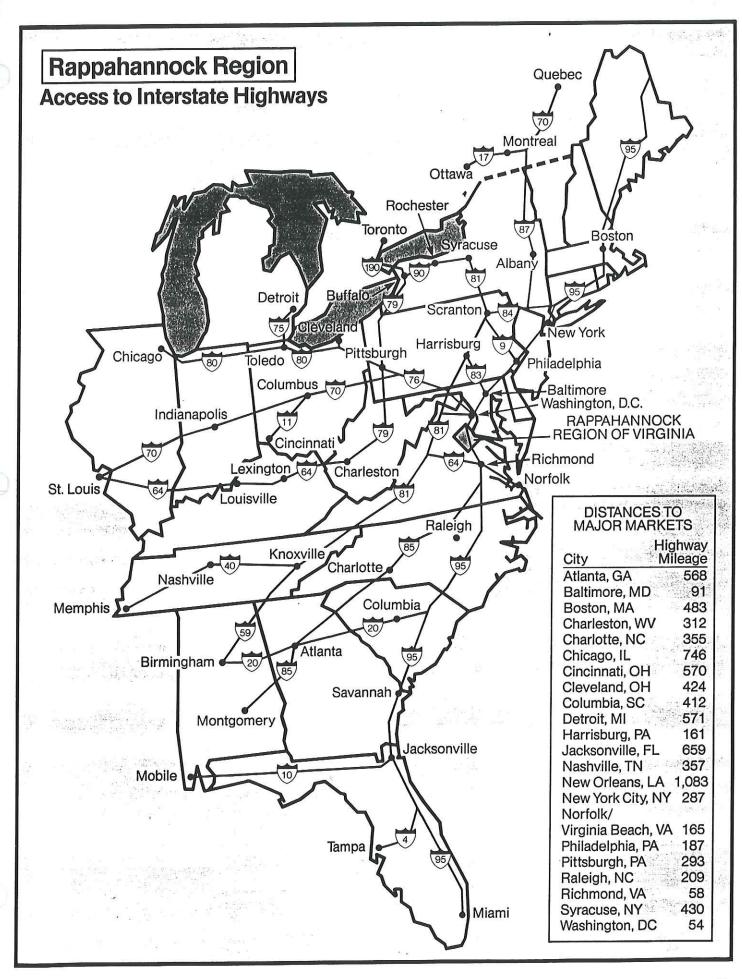
Distribution.

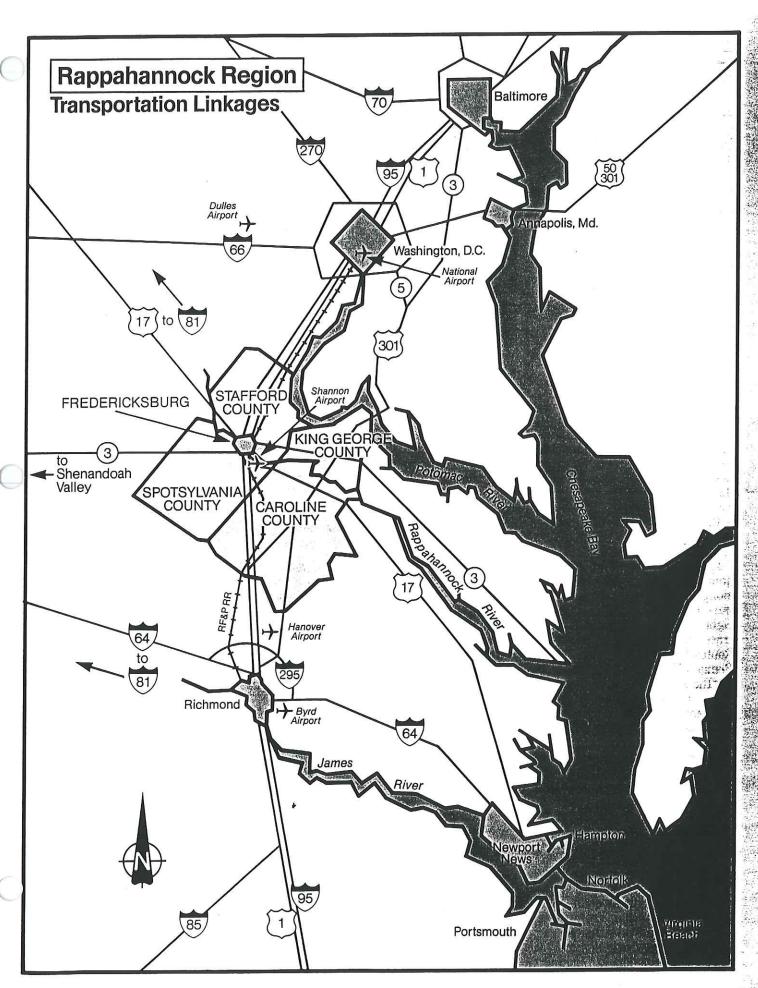
9. Equals:

EXHIBIT D

Distribution of Refinancing Proceeds:

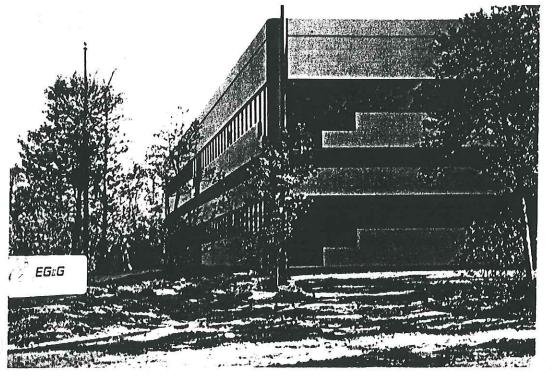
1.		Net New Loan Proceeds
2.	Less:	Outstanding First Mortgage Balances
3.	Less:	Any Outstanding Partnership Debt
4.	Less:	USF&G's Unpaid Cumulative Compounded Preferred Return
5.	Less:	Pro-Rata Repayment of All Parties' Additional Equity Contributions
6.	Equals:	Refinancing Proceeds Available for





Name Spotsylvania County	Product or Service N	lumber of Persons Employed
Atlantic Research Corp. Bookcrafters, Inc. Cardinal Press, Inc. Clayborne Beck & Son, Inc. Delco Moraine—GMC Diversified Mailing Services E. F. Thompson, Inc. Exposaic Industries, Inc. Fredericksburg Auto Auction G. C. Murphy Co., Inc. General Products Co., Inc. Hale Products Co., Inc. ILM Corp. J. R. Retrofit, Inc. Kaeser Compressors, Inc. L. A. Clarke, Inc. Martin-Brower Co. Massaponax Building Components Massaponax Sand & Gravel Corp. Mid-Atlantic Foam Motion Control Inc. National Coachworks Northern Neck Dist. Co. Inc. Onduline Peoples Dist. Center Printpak, Inc. Rappahannock Electric Cooperative Ryland Homes Sonicaid Medical, Inc. Tamarac Press United Parcel Service Walter Grinders	coal slurry printing commercial job printing bedding transmission components commercial letter mailing trucking service architectural precast concrete product wholesale automobile auction retail distribution metal doors case work, display fixtures data processing services machine work distribution/air compressors wood preservers frozen food distribution roof & floor trusses sand, gravel and concrete insulation non-asbestos brake linings motor coach maintenance and repair beer and wine-distribution, wholesale roofing materials distributor for Peoples stores cellophane wrapping electric utility modular homes medical instruments printing trucking and package delivery metal cutting machinery	150 - 200 100 - 150 400 - 450 20 - 49 100 - 150 50 - 99 20 - 49 20 - 49 50 - 99 20 - 49 10 - 19 50 - 99 20 - 49
B & H Millwork Cellofoam Colonial Circuits, Inc. Computer Software Analysts, Inc. Culpeper Stone Co., Inc. El-Tech Ltd. European Parts Exchange Inc. Freeman Beverage Co., Inc. J. F. Fick, Inc. Lawson Transportation Corp. Metropole, Inc. National Technical Systems, Inc. Patton Stafford Pallet Co. Power Cutting, Inc. Preferred Maintenance Professional Bldg. Maintenance Corp. Quarles Petroleum, Inc. Rappahannock Forge, Inc. Southland Dist. Center Standard Steel Sections, Inc. Virginia Power Vulcan Materials, Co. Westchester Components, Inc. Wiland Services Inc. Wilson Trucking Corp.	fencing insulation printed circuit boards software development concrete electronics assembly auto parts remanufacturer beer—wholesale and distribution beer—wholesale and distribution charter bus service microwave filters environmental testing wooden pallets maintenance of field machinery janitorial service janitorial service petroleum products miscellaneous metal fabrication distributor for convenience stores prefabricated steel components electric utility crushed stone wood components data processing trucking service	10 - 19 10 - 19 20 - 49 10 - 19 10 - 19 10 - 19 10 - 19 100 - 249 20 - 49 20 - 49 10 - 19 10 - 19 20 - 49 20 - 49 10 - 19 100 - 149 50 - 99 100 - 150 20 - 49 1100 - 1200 50 - 99 100 - 150 20 - 49 10 - 19 150 - 200 20 - 49

Name	Product or Service	Number of Persons Employed
Fredericksburg		
Anderson Oil Company, Inc.	fuel oil	20 - 49
Bassett Bedding Co.	bedding	20 - 49
Computer Printing Co.	business forms	50 - 99
Dowling Co., Inc.	signs	20 - 49
Foster Fuel & Cool Co.	fuel oil	20 - 49
Fredericksburg Dist. Co.	beer-wholesale, distribution	20 - 49
Free Lance-Star Publishing Co., Inc.	newspaper	100 - 150
Glatfelter Pulpwood Co.	pulp and pulp products	10 - 19
Huttig Sash and Door	wholesale millwork	50 - 99
Hilldrup Transfer & Storage	moving and storage	50 - 99
Keen Building Components, Inc.	roof and floor trusses	20 - 49
Mary Washington College	4-year educational institute	450 - 500
Mary Washington Hospital	medical services	1100 - 1200
Mast Advertising & Publishing	advertising	50 - 99
Moore Business Forms, Inc.	business forms	100 - 150
Morganstern Pants Co., Inc.	men's clothing	50 - 99
Norfleet Products, Inc.	mulch, lumber	20 - 49
North American Die Casting Corp.	die castings	50 - 99
ORI, Inc.	government contractor	10 - 19
RIBCO Products, Inc.	paper rolls	20 - 49
Rappahannock Service Corp.	janitorial services	100 - 149
Rappahannock Wire, Co.	steel wire	100 - 150
System Development Corp.	software development	50 - 99
Virginia Semiconductor, Inc.	silicon wafers, crystals	20 - 49



Specialized research and software contracting firms have recently added a new dimension to the area's economy.

Industry of Employed Residents by Locality: 1980

	Caroline	King George	Spotsylvania	Stafford	Fredericksburg	Region
Data by Place of Residence						
Agriculture	277	153	300	237	28	995
Forestry & Fisheries	26	18	19	27	-	90
Mining	20	16	43	68	-	147
Construction	719	462	1,723	2,311	470	5,685
Manufacturing	1,555	407	1,718	1,279	726	5,685
Transportation, Communications & Public Utilities	653	158	1,311	1,389	406	3,917
Wholesale Trade	223	69	632	604	186	1,714
Retail Trade	1,439	559	2,758	3,086	1,283	9,125
Finance, Insurance and Real Estate	216	89	594	662	380	1,941
Services*	1,599	1,386	3,895	4,475	2,614	13,969
Public Administration*	539	889	1,595	2,925	757	6,705
Total	7,266	4,206	14,588	17,063	6,850	49,973

^{*}Those employed by elementary and secondary schools and colleges and in other educationally-related services (i.e. libraries) are included in the service sector.

Note: This table provides information regarding the employment sectors in which the residents of the Region's localities work. It does not refer to the number of jobs in a particular locality, just the sectors in which a locality's residents are employed, regardless of the location of the job. The totals for each locality roughly approximate the employed labor force as of April, 1980.

Table 15

Sectoral Distribution of Employment by Locality Fourth Quarter, 1985

Data by Place of Work	Caroline	King George	Spotsylvania	Stafford	Fredericksburg	Region
Agriculture, Forestry & Fishing	32	18	40	66	50	206
Mining	ND	ND	ND	ND	ND	ND
Construction	328	124	878	1,074	476	2,880
Manufacturing	774	386	1,398	291	1,403	4,252
Transportation, Communications & Public Utilities	257	104	422	291	418	1,492
Wholesale Trade	53	ND	517	128	672	1,370+
Retail Trade	533	262	2,293	2,549	4,750	10,387
Finance, Insurance and Real Estate	167	73	161	147	717	1,265
Services	253	877	1,378	1,146	3,707	7,361
Government	817	3,629	1,406	1,890	2,110	9,852
State	202	29	39	54	1,052	1,376
Local	556	422	1,342	1,685	918	4,923
Federal	60	3,177	25	89	140	3,491
Total	3,250	5,630	8,504	7,570	14,349	39,303

Note: This table provides the number of jobs that exist in various employment sectors in the Region and its localities. The numbers do not reflect the residence of workers, only the presence of jobs per se. For example, firms in the construction sector provided 328 jobs in Caroline County. The individuals holding these jobs may live in various localities, including but not limited to Caroline County.

ND = non-disclosure item

1983 Per Capita and Median Incomes

Jurisdiction	Per Capita Income (1983)	Median Family Income (1983)	Median Household Income (1983)			
Caroline	\$8,602	\$20,630	\$18,035			
King George	10,845	26,517	23,011			
Spotsylvania	9,741	26,802	24,798			
Stafford	10,988	29,708	27,819			
Fredericksburg	12,015	23,426	17,994			
Rappahannock Region	_	27,021	23,855			
Virginia	12,122	26,153	22,610			

Table 11

Projected Median Family and Median Household Incomes 1986

	No. of	Median Family Income			No. of	Median Household Income			
Locality	Families Amt. \$ Index Rank (ST=100)			Households	Amt. \$	Index (ST=100)	Rank		
		31,148	100		_	26,611	100	-	
Virginia	 5,231	24,979	80	74	6,572	21,595	81	64	
Caroline	3,080	31,697	102	27	3,967	27,165	102	27	
King George	11,778	33,271	107	23	14,154	30,334	114	20	
Spotsylvania	13,759	36,172	116	11	16,091	33,431	126	9	
Stafford	3,856	28,983	93	39	6,592	21,972	83	62	
Fredericksburg Rappahannock Region	37,704	32,674	105	_	47,376	28,467	107	-	

^{*}The rank of a locality is its position among Virginia's 136 counties and cities.

Definitions:

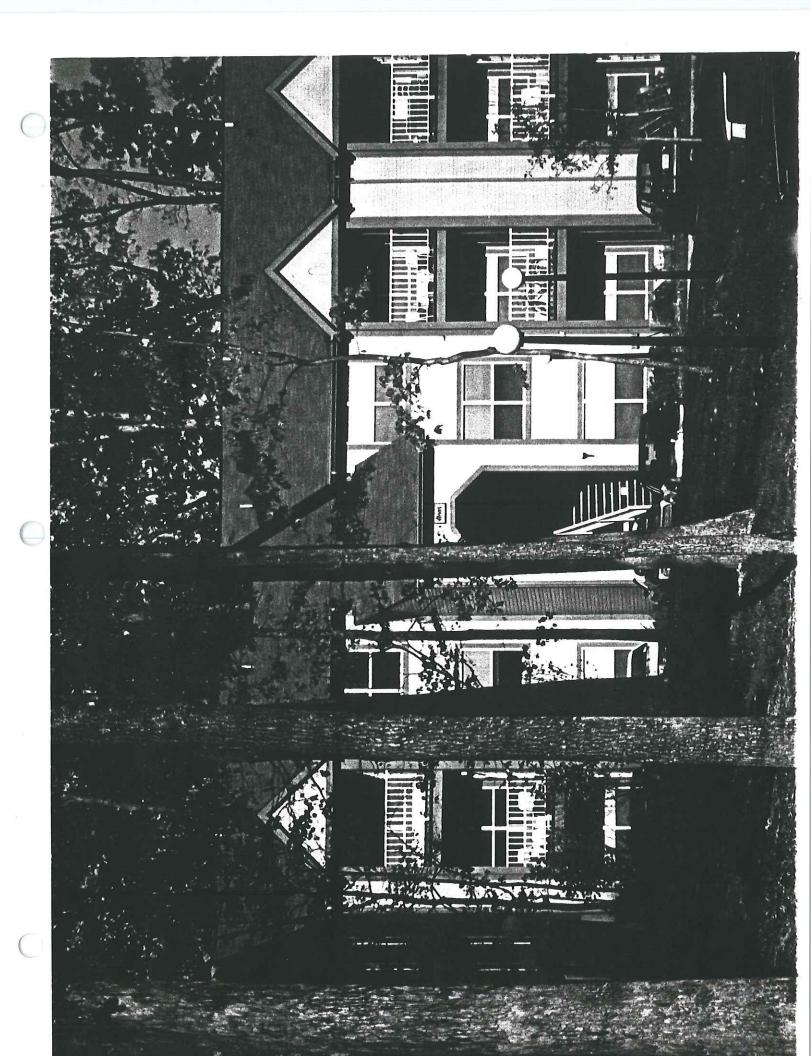
Family—The Bureau of the Census defines a family as a householder (generally, the person in whose name the house is owned and rented) and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption.

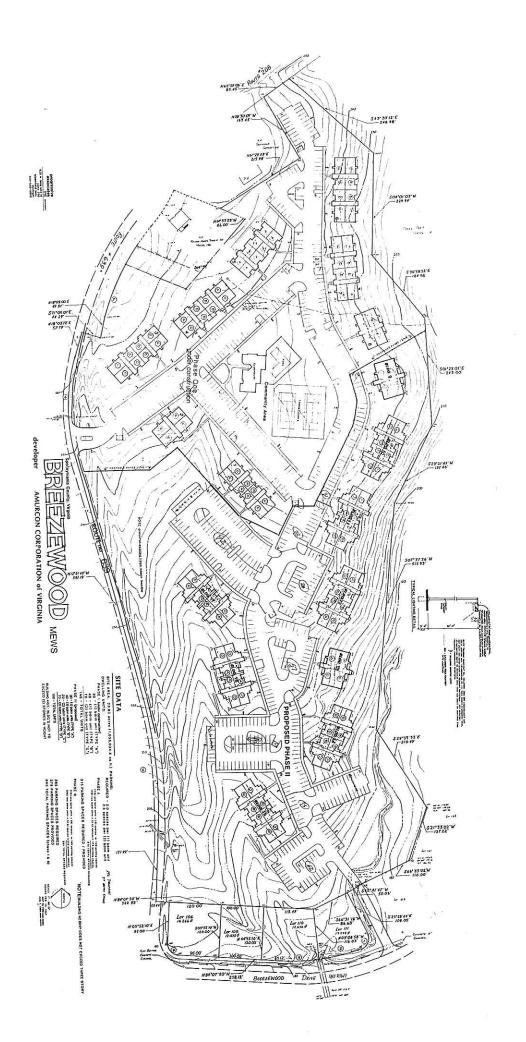
Household—The Bureau of the Census defines a household to include all the persons who occupy a housing unit.

Table 12

Distribution of Adjusted Gross Income on All Returns, 1984

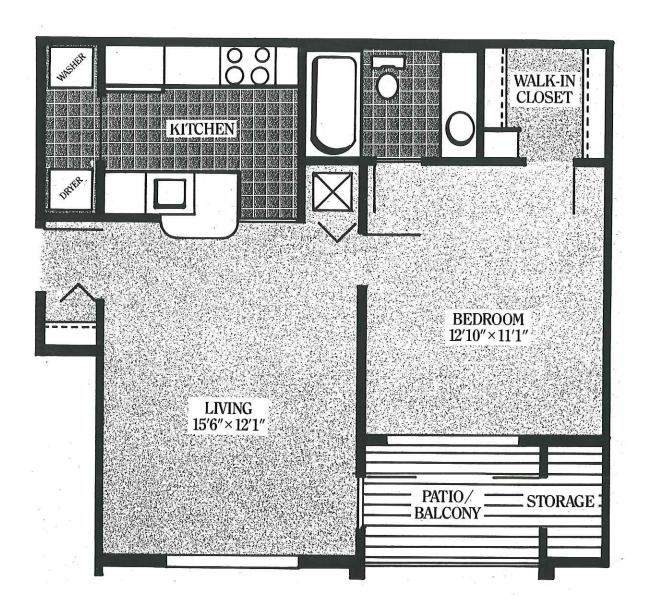
					Percentage Distribution by AGI Class (\$000)							
		00-	Adjusted Gro	oss Income	Less	5.0	10.0	15.0	20.0	25.0	30.0	40.0
Jurisdiction	No. of Returns		Total (000)	Median Per Return	Than 5.0	to 9.9	to 14.9	to 19.9	to 24.9	to 29.9	to 39.9	or more
Caroline	7,155	\$	125,819	\$13,549	19.2	19.1	16.4	11.6	9.1	7.6	9.8	7.2
King George	4,214	•	96,117	17,318	15.7	15.1	14.5	10.1	9.0	7.5	12.5	15.5
Spotsylvania	14,400		323,269	18,873	15.3	14.4	12.3	10.3	9.3	8.7	15.1	14.6
Stafford	16,464		406,958	20,033	14.9	13.6	11.8	9.7	8.3	7.9	14.1	19.7
	7,840		165,918	14,690	16.4	19.1	15.4	12.3	9.7	7.0	8.7	11.4
Fredericksburg	50,073		1,118,081	17,392	15.9	15.6	13.4	10.6	9.0	7.9	12.8	14.8
Rappahannock Region State	2,235,182		3,615,323	\$16,843	15.8	16.3	13.9	10.9	9.0	7.7	11.1	15.3



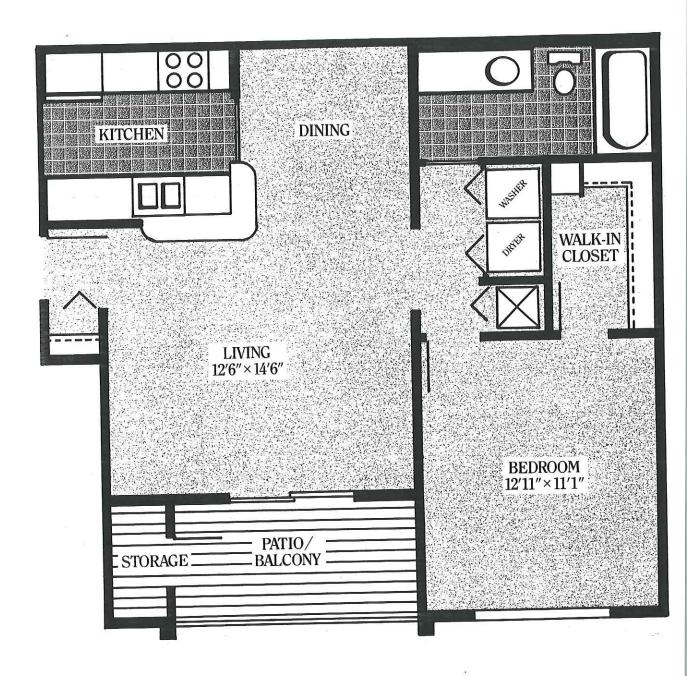


UNIT MIX

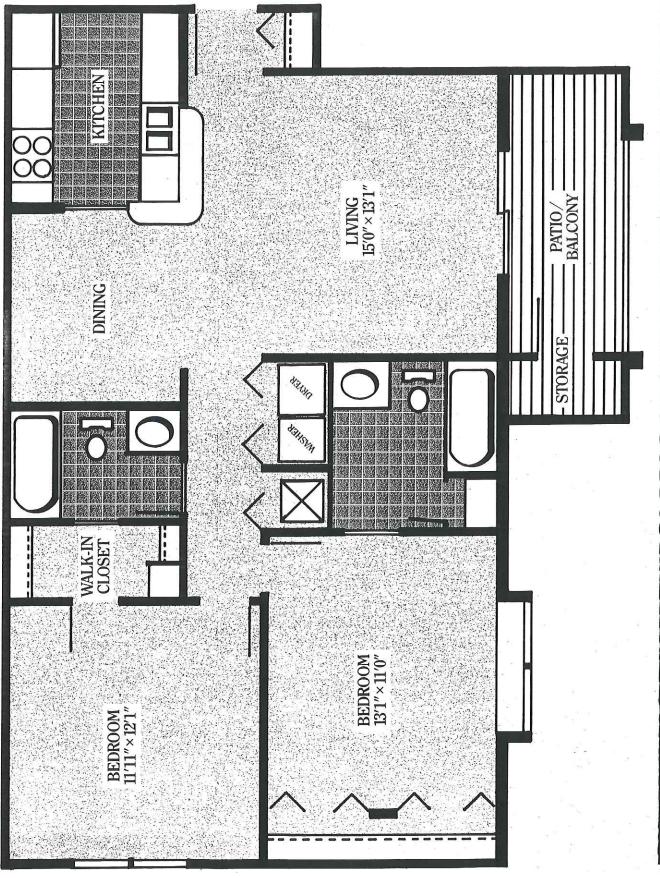
UNIT	TYPE	NUMBER	UNIT SQUARE FT.
1 BEDROOM 1	BATH A-(1)	54	660
1 BEDROOM 1	BATH A-(2)	6	660
1 BEDROOM 1	BATH B-(1)	62	720
1 BEDROOM 1	BATH B-(2)	18	720
2 BEDROOM 2	BATH C-(1)	78	1003
2 BEDROOM 2	BATH C-(2)	12	1003
2 BEDROOM 2	BATH D-(1)	46	1053
2 BEDROOM 2	BATH D-(2)	24	1053



ONE BEDROOM PLAN I



ONE BEDROOM PLAN II



TWO BEDROOM

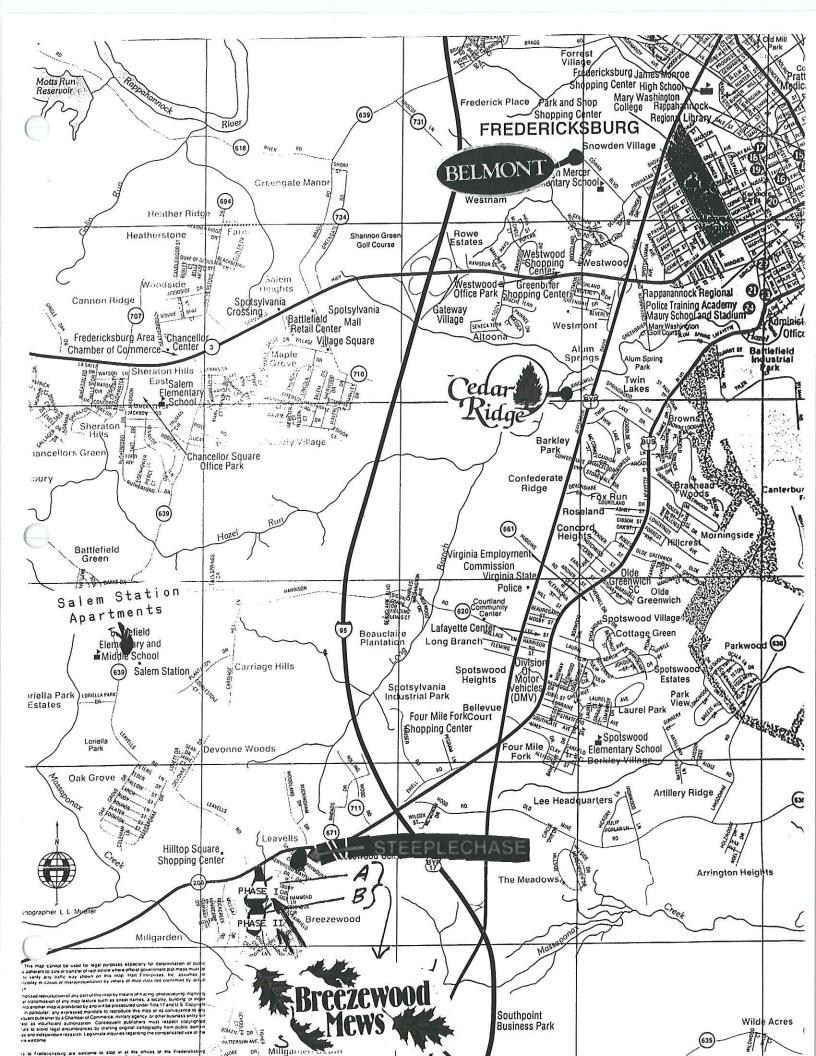
DEVELOPMENT BUDGET

PHASE I - 140 UNITS

Total Sources

EHASE 1 = 140 ONIIS				
	Phase I Acquisition	6,650,000	PER UNIT (47,500)	
	Existing Debt (VHDA 1st Mtg. at 8.19% 30 yr.)	5,250,000		
	Equity Contribution (\$1 million at closing \$400 Thou. at completion of Phase II)	1,400,000 \$6,650,000		
PHASE II - 160 UNITS				
	Land Land Improvements Structures Builders Overhead Bond Premium Other Fees (Sewer Tap Fees & Impact Fees) Construction Interest Taxes Insurance Financial Fees Title & Recording Marketing & Misc. Legal Architect & Engineering General Contractor Fee Developer Fee	594,000 868,080 4,114,908 107,840 17,550 824,600 505,100 8,000 17,000 325,811 14,089 15,000 20,000 104,000 198,400 542,622		
	Total Costs	\$8,277,000	(51,731)	
	Sources:			
	FHA First Mortgage Equity Contribution	\$7,577,000 700,000		

\$8,277,000



RENT COMPARABLES

COMPLEX	RENT SCHEDULES AUGUST 8, 1988			
Belmont Apartments				
(Summit Properties) 300 Units; attractive upscale apartments	One Bedroom 671 Square Feet	\$495-525		
well landscaped; under construction; poor location - it took us 1 1/2 hours to find;	One Bedroom/Den 824 Square Feet	\$535-565		
90% rented; spectacular clubhouse is featured with exercise equipment, pool, jacuzzi & lighted tennis courts.	Two Bedroom 915 Square Feet	\$565-605		
Cedar Ridge				
(Amurcon) 140 Units; 2 yrs. old; attractive basic apartment; well landscaped; situated on a hill	One Bedroom 620 Square Feet	\$460		
overlooking Route 1 (financed with bond from VHDA and is rent controlled); 100% rented with waiting list; clubhouse, tennis and pool.	Two Bedroom 850 Square Feet	\$535		
Steeplechase				
(Oxford Development) Attractive basic apartments; 156 units - 96% occupied; well landscaped with fireplaces in	One Bedroom/ One Bath Small	\$460		
some units; clubhouse, pool and tennis courts	One Bedroom/ One Bath Large	\$520		
	Two Bedroom/ Two Bath Small	\$520		
	Two Bedroom/ Two Bath Roommate	\$605		
	Three Bedroom/ Two Bath	\$670		

RENT	S	CHE	DULES
AUGUS	T	8,	1988

One Bedroom/

Two Bedroom/ Two Bath

One Bedroom/

One Bath

COMPLEX

Salem Station

Breezewood Mews Phase I

With Den	,
One Bedroom/ One Bath 660 Square Feet	\$475-485
One Bedroom/ One Bath with Den 1003 Square Feet	\$500-510
Two Bedroom/ Two Bath with Den 1003 Square Feet	\$550-560
Two Bedroom/ Two Bath Roommate/Den 1053 Square Feet	\$575-585

\$525

\$625

\$555

AMURCON CORPORATION OF VIRGINIA, incorporated in 1976, is an experienced land acquisition, development and construction firm with its headquarters in Richmond, Virginia. Amurcon develops and builds for-sale townhomes, rental apartments and rental retirement housing and has built a reputation as a diversified leader in the industry.

One of the largest multi-family builder/developers in Virginia, Amurcon has over 25 developments located in the cities of Richmond, Newport News, Virginia Beach, Chesapeake, Lynchburg, Petersburg, and Fredericksburg, and in the counties of Henrico, Fairfax, Prince William, Loudoun, Spotsylvania, Hanover, and Brunswick. Presently, Amurcon is focusing its efforts on projects located in Tidewater, Northern Virginia, and Richmond metropolitan areas.

Amurcon's more than 120 employees have the expertise to take a development from raw land to a fully occupied housing community.

Amurcon's development personnel are experienced in market analysis, site selection/acquisition, and municipal processing. Through consistent performance they have established rapport with city/county approval authorities throughout Virginia.

Hands-on involvement in the design and construction processes have enabled Amurcon construction personnel to reach high levels of quality and cost-control. Although highly skilled in traditional methods of construction, the Amurcon construction team is dedicated to research and development leading to cost-effective innovations and improved facilities.

Having a record of proven financial performance, a sound internal financial structure, and personnel with expertise and many years experience in financial analysis and management, Amurcon enjoys positive business relationships with mortgage bankers and other financial institutions.

Amurcon is committed to its customers and promises to provide them with consistent high quality and utility. In addition, Amurcon's service-oriented philosophy helps assure that customers are fully satisfied.

Working from a solid foundation of skill, experience, integrity, reliability and proven performance, Amurcon's personnel will continue to be effective in meeting the changing needs of the housing marketplace and will grow to meet the challenges of tomorrow.

AFFILIATES

AMURCON REALTY COMPANY, an affiliate of Amurcon Corporation of Virginia, is the sales, marketing and managing agent for Amurcon's properties. Amurcon Realty Company's management team is headed by a Certified Property Manager (CPM) with over 19 years in the property management field with heavy experience and expertise in the marketing of both for-sale and rental units.

Specializing in the management of multi-family housing, including conventional apartments and elderly rental housing, Amurcon Realty Company presently manages over 2,800 apartment units in twenty-three locations throughout Virginia. It offers a full range of services on an operational level, including leasing, maintenance, and collections. It also supports unit managers with management services such as market survey/analysis, property financial analyses, construction consultation, development of preventive maintenance programs, and direct supervision of property management. Having a Virginia Real Estate Broker's License, the Company also acts as the selling agent for townhomes built by Amurcon Corporation of Virginia.

Attentive to the needs of both tenants and investors, Amurcon Realty Company provides high quality housing and services at prices affordable to tenants, while returning realistic profits to the owners. The Amurcon Realty Company management team believes that personnel at all levels must be customer-oriented and cost-effective in order to accomplish the dual-objective of profitability and customer-satisfaction. Commitment to this philosophy will continue to assure high levels of tenant and owner satisfaction in properties managed by Amurcon Realty Company.

BOARD OF DIRECTORS

Robert W. Schaberg - President, Chief Executive Officer and Director

As a principal in the formation of Amurcon Corporation of Virginia, Mr. Schaberg has been instrumental in its success, and has served as president since 1977. He has coordinated and managed over twenty-five developments in Virginia, totaling more than 3,000 units with a replacement value in excess of \$100 million. Prior to the creation of Amurcon Corporation of Virginia, he was Treasurer and Chief Financial Officer of Amurcon Corporation, a Michigan corporation. In that capacity, he was the executive with primary responsibility for raising equity capital for multi-family developments. These included over 3,000 rental units which required equity capital in excess of \$20 million. Mr. Schaberg was also associated with the firm of Coopers & Lybrand in Detroit, Michigan for eight years before joining Amurcon Corporation in 1972.

Mr. Schaberg holds a Bachelor of Arts degree from Michigan State University in Accounting and Financial Administration, as well as a Masters of Business Administration from Wayne State University. He is licensed as a Certified Public Accountant.

Fred A. Erb - Director

Fred A. Erb is the Chairman of the Board and Chief Executive Officer of Erb Lumber Company, one of the largest retail and wholesale lumber and building products suppliers in the country. Since its organization in 1946, annual gross revenues of Erb Lumber Company have increased from \$180,000 to in excess of \$200 million doing business at 35 locations in six states. In addition, Mr. Erb is a principal in and a Vice President of Byrne Plywood Company, located in Birmingham, Michigan, which is a major wholesale distributor in the automobile industry.

He attended Cornell University (engineering) and graduated from the University of Michigan in 1947 with a Bachelors degree in Business Administration.

He is a member of the Board of Directors of Michigan National Bank-North Metro, and is a member of the Board of Governors of the Cranbrook Institute of Science, as well as serving as a director on the Boards of numerous southeastern Michigan corporations.

OFFICERS

Stephen Rigelsky - Executive Vice President

Possessing extensive construction management experience, Mr. Rigelsky's area of responsibility with Amurcon Corporation of Virginia include site analysis, development processing, planning and construction. With over 18 years of management service to the industry, he has supervised construction of over 2,000 residential units including single-family, multi-family, and commercial developments. He is a master project manager, negotiator, strategist, and estimator. Prior to joining Amurcon in Virginia, he served as a Senior Project Manager with Amurcon Corporation of Michigan.

Mr. Rigelsky holds a Bachelor of Arts degree from Ohio State University in Political Science. He is a member of the National Association of Home Builders and the Construction Specifications Institute. He is licensed to sell real estate in the State of Virginia.

Michael L. McNamara - Treasurer/Chief Financial Officer

Well versed in financial matters, Mr. McNamara controls monetary resources, accounting procedures, tax matters and development financing. His seven plus years of financial experience has included emphasis on corporate and partnership tax planning, as well as innovative financing arrangements. Mr. McNamara was formerly with the accounting firm of Gary, Stosch, Walls and Company.

Mr. McNamara holds a Bachelor of Science degree in Accounting from Virginia Commonwealth University, and has also studied engineering at Clemson University. He serves as Director for the National Association of Accountants and is a Commissioner on the Commission of Architectural Review for the City of Richmond. In addition, he is a licensed Certified Public Accountant in the State of Virginia and is a member of the American Institute of Certified Public Accountants and the Virginia Society of Certified Public Accountants.

Daniel D. Bramos - Vice President

With over 19 years of experience in property management, Mr. Bramos serves as Vice President for Amurcon Corporation of Virginia and President of Amurcon Realty Company. Having been organized as a management agency primarily for Amurcon Corporation of Virginia developments, Amurcon Realty Company, with Mr. Bramos utilizing his expertise as head of its management and marketing team, has assured a full complement of services to Amurcon's customers.

Prior to joining Amurcon Realty Company, Mr. Bramos was Director of Management Operations with the Weinstein Management Company. He was accountable for all marketing and advertising programs in addition to directing the management staff. Previous work affiliations include professional experience with Schostak Brothers and Company, Inc. of Southfield, Michigan and Gene Glick Management Company of Indianapolis, Indiana.

Mr. Bramos holds a Bachelor of Arts Degree in Political Science from the University of Michigan and has also been designated a Certified Property Manager by the Institute of Real Estate Management. He is a licensed Real Estate Broker in the State of Virginia.

John R. Sankey - Vice President - Retirement Housing

Including leading edge involvement in non-subsidized rental retirement housing, Mr. Sankey has over 15 years of broad management experience in all phases of planning, development, introduction and marketing of products. He is responsible for directing Amurcon's congregate care retirement housing business both strategically and tactically.

Prior to joining Amurcon, Mr. Sankey managed the Congregate Housing Division of Cardinal Industries, Inc. Under his direction, five new congregate care retirement communities with over 500 living units were successfully developed, marketed and managed. His areas of retirement housing expertise include design, site selection, contract negotiations, development of comprehensive marketing and advertising programs and property management.

Mr. Sankey holds a Bachelor of Science degree in Physics from the University of Akron, as well as a Masters of Business Administration from Bowling Green State University.

James W. Swafford, Jr. - Vice President - Construction Eastern Region

Having a wide variety of academic and experiential skills at his command, Mr. Swafford is an accomplished project manager, contract negotiator, planner and estimator. His demonstrated abilities, coupled with 16 years of experience in construction management and development planning, have enabled him to gain an excellent level of knowledge and delivery of services. He is experienced in all phases of production activity in both single and multi-family units, as well as land development.

Prior to joining Amurcon Corporation of Virginia, he was employed as a Project Manager for Talbot and Associates, an engineering and land planning firm, and Larason Development Corporation, a real estate development and management company.

Mr. Swafford holds a Bachelor of Science degree in Business Administration from Old Dominion University and has also completed many of the requirements for a Master of Science degree in Urban Affairs.

Cuyler M. Gibbons - Vice President - Construction Northern Virginia

Mr. Gibbons comes to Amurcon with 20 years experience in the real estate development industry. He has specific and extensive experience in all phases of multi-family development from site acquisition thru property management with emphasis on construction management. He also has extensive experience in the construction and sale of single family housing.

Prior to joining Amurcon, Mr. Gibbons was associated with the Ryland Group as Production Manager and Division Manager, and Klingbeil Company of Columbus, Ohio as a Division Vice President and Property Manager.

Mr. Gibbons has a Bachelor of Architecture Degree from the Ohio State University School of Engineering. He holds a Class A contractor's license in the State of Virginia.

James D. West - Director of Development

Mr. West has extensive, successful experience in all phases of the development of real estate. He is responsible for market and product identification, the acquisition of real estate and the management of the development process for all multi-family apartment rentals, for sale of townhomes and garden condominiums, and congregate retirement housing.

Mr. West was formerly Vice President and Development Director with Oxford Development Corporation in Charlotte, North Carolina. While with Oxford, he was responsible for total management of all aspects of the development of \$96 million of multi-family and senior living communities, and multi-phase land development, totaling 1700 units. Mr. West was previously Vice President of Development with Capital Associates Development Corporation in Chicago, Illinois where he was responsible for the development of over \$160 million of real estate, totaling over 4,500 units.

Mr. West has experience as a Planning and Zoning Official and has served as a Planning Commission Member. He is a graduate of the University of Minnesota, with a B.A. in Urban Studies and Urban Planning.

THE RENAISSANCE

The Renaissance, an eight story building primarily comprised of 240 one and two bedroom senior citizen apartments, is located on an 18 acre site on the outskirts of Richmond, Virginia. Designed specifically for the elderly and handicapped, the Renaissance also includes recreational and community facilities. It is a \$6 million development and is financed by the Virginia Housing Development Authority. Construction began in early 1978, and was completed in early 1979.

COUNTRY PLACE

Country Place is a 102 unit townhouse and apartment family development located on an 11.3 acre site in Henrico County, Virginia. Designed as a multi-family complex, it includes two, three, and four bedroom dwellings, as well as recreational and community facilities. This \$3.6 million development is financed by the Virginia Housing Development Authority. Construction began in early 1979 and was completed in mid-1980.

OAK CREEK

Oak Creek is a 46 unit, all townhouse development located on a 4.7 acre site in Oakton, Virginia. It also includes recreational, community, and other facilities designed specifically for multifamily dwellings. Oak Creek is a \$2.6 million development and is financed by the Virginia Housing Development Authority. Construction on this facility began in late 1979 and was completed in early 1981.

HILLCREST

Hillcrest is a 103 unit, three story facility located in Lynchburg, Virginia. This building, which is located on a 5.74 acre site, includes one and two bedroom senior citizen apartments. In addition, there are recreational, community and other facilities which were designed for elderly and handicapped use. The \$3.3 million financing on this development is by the Virginia Housing and Development Authority. Construction began in late 1979 and was completed in early 1981.

FORESTBROOKE

Forestbrooke is a 158 unit, multi-purpose development located in Richmond, Virginia. It consists of 64 units designed for families and a specialized 94 unit, three story building for the elderly. Recreational and community facilities are provided which meet the unique needs of its occupants. Financing on this \$5.4 million development was arranged through the Virginia Housing Development Authority. Construction began in early 1980, with completion in mid-1981.

TYSONS LANDING

Tysons Landing is a 40 unit garden apartment complex located in McLean, Virginia. Composed of one, two and three bedroom units, it also includes recreational and community facilities. The Virginia Housing Development Authority financed this \$1.8 million development. Construction commenced in late 1980 and was completed in mid-1981.

RANDOLPH VILLAGE

Randolph Village is a 91 unit garden apartment development that is located in the Randolph restoration area of Richmond, Virginia. The development includes recreational and community facilities for the residents. Construction and permanent financing of the \$3.3 million development is provided by the Virginia Housing Development Authority. Construction began in late 1980 and was completed in late 1981.

PINECREST

Pinecrest is a 70 unit family apartment development located in Lawrenceville, Virginia. It is located on a 15 acre site and includes two and three bedroom units, as well as recreational and community facilities. This \$3 million development is financed by the Virginia Housing Development Authority. Construction began in early 1981 and was completed in early 1982.

WOODVALE

Woodvale is an 84 unit garden development located in the Walnut Hills section of Petersburg. These apartments were approximately 35 years old when purchased by Amurcon. Section 8 funding was approved by the Virginia Housing Development Authority in order for Amurcon Corporation of Virginia to implement a moderate rehabilitation of the entire property. An industrial revenue bond was approved by the Petersburg Redevelopment and Housing Authority, and Sovran Bank, N.A. purchased the tax exempt bonds to provide the financing. The total cost of the development, including improvements, totaled \$1,650,000. The property was purchased in March of 1982, and was completed in September of 1982.

CHARNWOOD FOREST

Charnwood Forest is a 100 unit three story facility located in Richmond, Virginia. The development is on an eight acre site and includes one and two bedroom units for the elderly and handicapped. Recreational and community facilities which are characteristic of the design needs of its inhabitants are also provided in the development. Charnwood Forest is a \$3.5 million complex and is financed through the Virginia Housing Development Authority. Construction began in late 1981 and was completed in late 1982.

CHANTILLY MEWS

Chantilly Mews is a 50 unit townhouse development located in Fairfax County, Virginia. The four acre site is comprised of 41 two bedroom units and 9 three bedroom units. The development includes recreational and community facilities. Virginia Housing Development Authority is the construction and permanent lender. The \$2.6 million development began construction in mid-1982, with completion in February, 1983.

FOXWOOD

Foxwood is a 60 unit garden apartment development located on a 14.65 acre site in the City of Richmond. The development includes 44 two bedroom and 16 three bedroom units for families and the physically handicapped. Recreational and community facilities are provided for the residents. The \$1.9 million development is financed by the Virginia Housing Development Authority. Construction began in mid-1982 and was completed in May, 1983.

LAKES OF GREENBRIER PHASE I

Lakes of Greenbrier is a 156 unit garden apartment development located in the Greenbrier PUD, in the City of Chesapeake. It is located on an eight acre site with one, two, and three bedroom units in seven three-story buildings. Site amenities include a swimming pool, tennis court, and community building. This \$4 million development is financed by the Virginia Housing Development Authority. Construction began in July, 1983, and was completed in July, 1984.

OAKS OF WOODLAWN

Oaks of Woodlawn is a 175 unit garden apartment development located in Fairfax County, Virginia, directly adjacent to Woodlawn Plantation. It is located on an eight acre site with one and two bedroom units in seven three-story buildings. Site amenities include a community building, swimming pool and tennis court. This \$7 million development is being financed by the Virginia Housing Development Authority. Construction began in August, 1984 and will be completed in May, 1986.

WOODS OF JEFFERSON

Woods of Jefferson is a 108 unit garden apartment development located in Newport News, Virginia, in close proximity to Fort Eustis. Recreational and community facilities include a community center, swimming pool, and tennis court. The total cost of this development is \$3,450,000. Tax exempt bonds were issued by the Newport News Redevelopment and Housing Authority and sold by Sovran Bank, N.A. Construction began in October, 1984 and completed in October, 1985.

LAKES OF GREENBRIER PHASE II

Lakes of Greenbrier (II) is a 48 unit garden apartment development added to the Lakes of Greenbrier Phase I in Chesapeake, Virginia. The development is comprised of 24 one bedroom units and 24 two bedroom, two bath units. This development is financed by the Virginia Housing Development Authority with a \$1.5 million mortgage. Construction began in June, 1985 and was completed in December, 1985.

BRANDYWINE

Brandywine is a 172 unit garden apartment development located in Virginia Beach, Virginia. Site amenities include a community building, swimming pool, and a sport court. This \$6.2 million development is being financed by the Virginia Housing Development Authority. Construction began in October, 1985 and was completed in November, 1986.

MAPLEWOOD PARK

Maplewood Park is a 144 unit garden apartment development in Prince William County, Virginia (Northern Virginia). The development includes a community center with Jacuzzi whirlpool, fireplace, swimming pool, and a sport court. Tax exempt bonds were issued by Harrisonburg Redevelopment and Housing Authority for \$6.1 million and sold by Sovran Bank, N.A. Construction began in August, 1986 with completion expected in mid 1987.

MUIRFIELD WOODS I & II

Muirfield Woods is a 156 unit garden apartment development in eastern Loudoun County (on the Fairfax County line). The development includes a community center with Jacuzzi, fireplace, swimming pool, and activity court. A mortgage of \$7.5 million was provided by Maryland National Mortgage Corporation as co-insurer under the FHA 221d-4 program. Construction began in June, 1986, and completion is expected in mid 1987.

SHERWOOD CROSSING

Sherwood Crossing is a 132 unit garden apartment development in Hanover County, Virginia (a suburb of Richmond). The property will be enhanced by a swimming pool, club house with an exercise room, club room fireplace and full service kitchen, and extensive landscaping. Tax-exempt financing was provided by Virginia Housing Developing Authority in the amount of \$4.35 million. Construction began in August, 1986 with completion projected in mid 1987.

BRANDYWINE

Brandywine is a 172 unit garden apartment development located in Virginia Beach, Virginia. Site amenities include a community building, swimming pool, and a sport court. This \$6.2 million development is being financed by the Virginia Housing Development Authority. Construction began in October, 1985 and was completed in November, 1986.

MAPLEWOOD PARK

Maplewood Park is a 144 unit garden apartment development in Prince William County, Virginia (Northern Virginia). The development includes a community center with Jacuzzi whirlpool, fireplace, swimming pool, and a sport court. Tax exempt bonds were issued by Harrisonburg Redevelopment and Housing Authority for \$6.1 million and sold by Sovran Bank, N.A. Construction began in August, 1986 with completion expected in mid 1987.

MUIRFIELD WOODS I & II

Muirfield Woods is a 156 unit garden apartment development in eastern Loudoun County (on the Fairfax County line). The development includes a community center with Jacuzzi, fireplace, swimming pool, and activity court. A mortgage of \$7.5 million was provided by Maryland National Mortgage Corporation as co-insurer under the FHA 221d-4 program. Construction began in June, 1986, and completion is expected in mid 1987.

SHERWOOD CROSSING

Sherwood Crossing is a 132 unit garden apartment development in Hanover County, Virginia (a suburb of Richmond). The property will be enhanced by a swimming pool, club house with an exercise room, club room fireplace and full service kitchen, and extensive landscaping. Tax-exempt financing was provided by Virginia Housing Developing Authority in the amount of \$4.35 million. Construction began in August, 1986 with completion projected in mid 1987.

PROVIDENCE VILLAGE

Providence Village is a 350 unit townhouse condominium development in Sterling, Virginia (metro Washington, D.C.). Construction began in June, 1983 with the first sales closing in December, 1983. As of February, 1987, 326 units have been sold at a gross sales price of \$23,122,179. Construction financing for this development is provided by Amurcon Corporation of Virginia. Marketing and sales are handled by Amurcon Realty Company.

DEVELOPMENTS TO START IN 1987

VALLEY VIEW

Valley View is a 111 unit congregate living development in Lynchburg, Virginia. The 4-story building will be on a 8.5 acre site. The building is designed with one and two bedroom apartments and over 30,000 square feet of common space that includes a central kitchen and dining room, games and arts/crafts room, exercise room with spa and other amenities. It is designed for active, healthy and independent elderly tenants. The \$6,285,000 financing on this development is by the Virginia Housing Development Authority. Construction will begin in March, 1987 with completion projected in the Spring of 1988.

BREEZEWOOD MEWS

Breezewood Mews is a 140 unit garden apartment development located in Spotsylvania County, Virginia (a suburb of Fredericksburg). The development will include 70 one bedroom apartments and 70 two bedroom apartments. Amenities on site include swimming pool, whirlpool, sauna, exercise room, two tennis courts, and a community building. The \$5.25 million mortgage is being provided by the Virginia Housing Development Authority. Construction is expected to begin in April 1987 with completion in early 1988.

SOMMERSET

Sommerset is a 105 unit congregate housing development in Sterling, Virginia (metro Washington D.C.). On a 5.5 acre site, the 3-story building is designed with one and two bedroom apartments. In addition to a central kitchen and dining room, the building will have extensive common areas with recreational and activity-related amenities designed for elderly residents. The \$6.75 million financing on this development is by the Virginia Housing Development Authority. Construction will begin in May, 1987 with completion projected in the Summer of 1988.

ROLLING RIDGE

Rolling Ridge is a 184 unit townhouse development in eastern Loudoun County (metro Washington D.C.). This site is less than two miles from our nearly sold out Providence Village Development. Construction is expected to begin in November 1987. Marketing and sales will be conducted by Amurcon Realty Company.

Coopers &Lybrand

To the Board of Directors and Stockholders of Amurcon Corporation of Virginia and Amurcon Realty Company:

We have examined the combined balance sheet of Amurcon Corporation of Virginia and Amurcon Realty Company as of December 31, 1987, and the related combined statements of income, stockholders' equity and cash flows for the thirteenmonth period then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the combined financial position of Amurcon Corporation of Virginia and Amurcon Realty Company as of December 31, 1987, and the combined results of their operations and their cash flows for the thirteen-month period then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the changes, with which we concur, to include a statement of cash flows in place of a statement of changes in financial position and to present combined financial statements as described in Note 1 to the financial statements.

Cooper Lyhand

Suite 1000 Seventh and Franklin Building

February 10, 1988

Richmond, Virginia 23219

AMURCON CORPORATION OF VIRGINIA AND

AMURCON REALTY COMPANY

COMBINED BALANCE SHEET, December 31, 1987

ASSETS

Cash Accounts receivable Costs and estimated earnings in excess of billings on uncompleted contracts Land and other costs for future developments Vehicles, furniture and leasehold improvements (net of accumulated depreciation of \$185,400)	\$ 234,900 4,548,000 1,913,300 1,731,000 77,500 \$8,504,700		
LIABILITIES			
Accounts payable, including subcontractors' percentage retentions of \$601,600 Notes payable - bank line of credit Real estate borrowings Other liabilities Total liabilities	1,831,500 950,000 1,793,500 764,700 5,339,700		
STOCKHOLDERS' EQUITY			
Common stock Additional paid-in capital Retained earnings	66,800 470,900 2,627,300		
	3,165,000		
	\$8,504,700		

The accompanying notes are an integral part of the financial statements.

AMURCON CORPORATION OF VIRGINIA AND

AMURCON REALTY COMPANY

COMBINED STATEMENT OF INCOME

for the thirteen-month period ended December 31, 1987

Revenue earned Cost of revenue earned	\$18,256,200 16,000,300
Gross profit	2,255,900
Other income	516,600
General and administrative expenses	2,772,500 2,198,600
Income before noncompete fee	573,900
Noncompete fee (Note 12)	300,000
Net income	\$ 273,900

COMBINED STATEMENT OF STOCKHOLDERS' EQUITY

for the thirteen-month period ended December 31, 1987

	Common Stock	Additional Paid-in <u>Capital</u>	Retained Earnings	Total <u>Equity</u>		
Balances, December 1, 1986 Net income Capital contributed	\$66,800	\$170,900 _300,000	\$2,353,400 273,900	\$2,591,100 273,900 300,000		
Balances, December 31, 1987	\$66,800	\$470,900	\$2,627,300	\$3,165,000		

The accompanying notes are an integral part of the financial statements.

AMURCON CORPORATION OF VIRGINIA AND

AMURCON REALTY COMPANY

COMBINED STATEMENT OF CASH FLOWS

for the thirteen-month period ended December 31, 1987

Cash flows from operating activities:		
Net income	\$	273,900
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation		51,900
Increase in accounts receivable	(:	L,064,400)
Decrease in accounts payable	•	(547,100)
Increase in other liabilities		22,000
Increase in costs and estimated earnings in excess of		
billings on uncompleted contracts		(36,000)
Decrease in billings in excess of costs and estimated		
earnings on uncompleted contracts		(395,900)
Net cash used in operating activities	()	L,695,600)
		•
Cash flows from financing activities:		000 000
Capital contributions		300,000
Payment of notes receivable	,	118,000
Demand notes payable	4	2,543,600 (400,000)
Repayment of land contracts payable	_	(400,000)
Net cash provided from financing activities		2,561,600
Cash flows from investing activities:		
Additions to land and other costs for future		
developments		(835,700)
Additions to vehicles, furniture and leasehold		
improvements		(27,300)
Net cash used in investing activities	_	(863,000)
Increase in cash		3,000
Increase In Cash		3,000
Cash, December 1, 1986	-	231,900
Cash, December 31, 1987	\$	234,900

The accompanying notes are an integral part of the financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies and Activities:

- a. Combination: The combined financial statements include the accounts of Amurcon Corporation of Virginia ("ACOV") and Amurcon Realty Company ("ARC") (the "Companies"). The same stockholders control 100 percent of both companies. All significant intercompany transactions have been eliminated. In prior years, the Companies prepared separate financial statements. The stockholders' equity and net income of ACOV, separately, in prior years are not significantly different than they would have been had the basic financial statements been prepared on a combined basis.
- b. Year End: Effective November 30, 1986, the Companies adopted a calendar year for financial reporting purposes. The accompanying combined statements of income and stockholders' equity and cash flows reflect activity for the thirteen months from December 1, 1986 to December 31, 1987. Previously, the Companies had used a November 30 year end.
- c. Statement of Cash Flows: The Companies have elected early compliance with Statement of Financial Accounting Standards No. 95, Statement of Cash Flows, issued in October 1987 by the Financial Accounting Standards Board. Accordingly, the combined financial statements include a combined statement of cash flows rather than a combined statement of changes in financial position.
- d. Organization and Business: ACOV is primarily engaged in the development, construction and sale of multiple-family rental projects to limited partnerships in which ACOV retains a general partnership interest and to affiliated entities. These general partner ownership interests in profits and losses are generally less than 1%. ACOV retains rights to residual proceeds ranging from 5% to 50%. Income from such interests is not material.

ACOV is a general contractor on a 350-unit for-sale townhouse project being developed by an affiliate. ACOV earns builder's fees based on closings of individual units and also receives a participation in project profits. Marketing of townhouse units is handled by ARC.

ARC is primarily engaged in the management of multiple-family rental projects. Certain projects are those in which ACOV retains a general partnership interest.

Revenue Recognition: As provided by Statement of Financial Accounting Standards No. 66, profits on long-term development and construction contracts with an entity in which ACOV is a general partner are recognized on the installment method until the buyer's investment is adequate to demonstrate a commitment to pay for the property. When the collection of the sales price is reasonably assured and the sale is considered consummated, the full accrual method is used. Profits on projects in which ACOV serves only as general contractor are reported on the percentage-of-completion method.

1. Summary of Significant Accounting Policies and Activities, continued:

Costs related to contracts in early stages of construction (when experience is not sufficient to estimate final results with reasonable accuracy) are recorded as construction in progress, net of related progress billings, and no revenue is recognized.

Losses on uncompleted construction contracts are recognized at the time a loss is anticipated.

ACOV uses the equity method of accounting for its 76% interest in Petersburg Churchill Associates, a partnership which was formed in 1982 to own and operate an 84-unit apartment complex in Petersburg, Virginia. Consolidation is not appropriate due to restrictions contained in the partnership agreement. Total assets, liabilities and equity of the partnership at December 31, 1987 (unaudited) were \$1,454,000, \$1,426,000 and \$28,000, respectively. ACOV's share of the partnership's results of operations for the thirteen-month period ended December 31, 1987 was income of \$11,300 which is included in other income.

2. Accounts Receivable:

Accounts receivable represent principally amounts due from partnerships in which ACOV and/or its officers hold a general partnership interest and from affiliates of the Companies. A summary of amounts due follows:

Syndication installments (amounts which will be received when the partnerships obtain payments of required capital contributions from their limited partners):		5
1988		\$1,338,400
1989		965,600
1990		737,300
		3,041,300
Less:	**** ***	
Imputed interest	\$355,500	557 500
Unearned income	202,000	557,500
Net syndication installments		2,483,800
Other (\$1,630,200 due within one year)		2,064,200
a a		\$4,548,000

Syndication installments receivable, collateralized by notes from limited partners, are due from affiliated partnerships and are generally recognized at the time that construction of the development reaches substantial completion.

2. Accounts Receivable, continued:

Interest on syndication installments is calculated at annual interest rates ranging from 11% to 18%.

Other accounts receivable of \$2,064,200 include retainages receivable from affiliates of \$807,200 and other receivables from affiliates of \$1,257,000 (advances to affiliated partnerships of \$790,700, billed services to affiliates of \$114,600, participation in townhouse project profits receivable of \$284,900, and other receivables of \$66,800).

3. Contracts in Progress:

Contracts in progress consist of the following:

Costs and estimated earnings on uncompleted contracts \$12,886,500 Less billings to date on uncompleted contracts \$12,886,500

Net costs and estimated earnings

\$ 1,913,300

Gross profits on developments sold to partnerships owned by nonaffiliates are typically larger than gross profits on developments owned solely by affiliates. For the thirteen-month period ended December 31, 1987, gross profit includes approximately \$315,300 on developments sold to partnerships owned solely by affiliates.

4. Land and Other Costs for Future Developments:

Land and other costs for future developments include land costs of \$971,000 (appraised value \$5,596,000) and \$760,000 of other costs incurred for the development of future projects.

5. Accounts Payable and Other Liabilities:

Accounts payable and other liabilities include \$163,300 and \$753,500, respectively, payable to affiliates of the Companies.

6. Notes Payable - Bank Line of Credit:

ACOV has a \$2,000,000 working capital line of credit with interest at the bank's prime rate (8.75% at December 31, 1987). Maximum draws outstanding during the year were \$1,600,000. The balance outstanding at December 31, 1987 was \$950,000. Interest expense incurred for balances outstanding under the line for the thirteen-months ended December 31, 1987 was \$68,100 and is included in general and administrative expenses. Draws outstanding under the line of credit agreement are collateralized principally by syndication installments receivable; draws in excess of \$500,000 are additionally guaranteed by an officer/stockholder of ACOV.

6. Notes Payable - Bank Line of Credit, continued:

Under the line of credit agreement, ACOV is required to maintain Capital Funds as defined of at least \$2,500,000 and to maintain a Notes Payable to Capital Funds Ratio of not more than 1.3 to 1.

Total interest expense for the year was \$268,400 of which \$61,300 relating to real estate borrowings is capitalized in land and other costs for future developments and \$207,100 is included in general and administrative expenses.

7. Real Estate Borrowings:

ACOV has a \$750,000 demand bank note payable with interest at the bank's prime plus 1-1/2%. The note is collateralized by real property (book value of \$437,900) in Loudoun County, Virginia.

ACOV has a \$500,000 demand bank note payable with interest at the bank's prime plus 1-1/2%. The note is collateralized by real property (book value of \$522,000) in the City of Newport News, Virginia.

ACOV has a \$343,500 demand note payable to an affiliated townhouse development company. The note bears interest at prime plus 2% and is collateralized by a deed of trust on land and condominium units under development.

ACOV has a unsecured \$200,000 land contract note, payable \$100,000 annually plus accrued interest. The note bears interest at the bank's prime plus 1%.

8. Common Stock and Paid-in Capital:

The common stock of the Companies is as follows:

	Par <u>Value</u>	Shares <u>Authorized</u>	Shares Issued and Outstanding	Carrying <u>Value</u>
Amurcon Corporation of Virginia Amurcon Realty Company	\$1 \$1	66,667 150	66,667 107	\$66,700 100
				\$66,800

9. <u>Income Taxes</u>:

The stockholders of the Companies have elected, for years subsequent to November 30, 1982, to be taxed individually on their proportionate share of the Companies' taxable income, pursuant to S Corporation rules of the Internal Revenue Code. Accordingly, there is no provision for income taxes in the financial statements.

10. Other Income:

This amount comprises interest income of \$364,500 (including \$326,600 on syndication installments), services provided to affiliated partnerships of \$101,400 and other income of \$50,700 (including \$18,300 from affiliates).

11. Commitments and Contingencies:

Commitments and contingent liabilities of the Companies include the usual commitments and obligations associated with general partnership interests in affiliated partnerships and construction activities, all of which are incurred in the ordinary course of business.

ACOV is guarantor on a \$4,000,000 real estate purchase note of an affiliate.

At December 31, 1987, ACOV had outstanding unused payment and performance bonds totaling \$1,275,600 and letters of credit aggregating \$5,183,000. The letters of credit are guaranteed by ACOV and are further collateralized principally by \$2,644,600 of syndication receivables (see Note 2) and by certain other collateral including a personal guarantee of an officer/stockholder of ACOV as to \$2,864,000 of the letters of credit.

12. Noncompete Fee:

This amount represents a one-time fee of \$300,000 paid to a former stockholder of the Companies under a one-year noncompete agreement.

MOST LIKELY

B
á
Ξ
F
₩.
⋾
g
8
ਲ
æ
œ
-
U
Щ
겁
$\overline{\alpha}$

									NG EXPENSES	40900 32200	45600	43980 12480	84840	000000
oAGE	ILITIES)	MONTHLY RENT	26190 2970	9270	44070	27140		162370	ized operati				j	Φ
_	NTS PAY UT		6.73 6.75	0.72	0.56 0.58	0.56		0.62	I STABAL	OPER & MA	TAXES & II	MARKETING	MGT @ 4%	
2-Nov-88	ŒNTS (TENA	E	8 8 8	515	565 585	58 88 88 88		541.23 INCREASE	4	5250000		99999999999999999999999999999999999999		
		SQ. FT. P			78234	48438		2611BØ 2.50%	Ы	8				
REPORT DA		UNIT SQ. FT.							SE 2 PURCHA	NG DEBT CONTRIBUTI				
	KE.Y	NLMBER	2008	181	75	24		306 GROSS TO	3 PHAS		120	. 6	88	@ @
SBURG, VA.	MOST LII	DESC	(C) (C) (D) (D)	IN B-(2)	IN C-(1)	IN D-(1)		WERAGE PROJECTED		50510 800	1700	1408	1500	905000
- Frederig	BASE YEAR	TYPE	1BR/1BA A- 1BR/1BA A- 1BR/1BA DE	1BR/1BA DE	2BR/2BA D6 2BR/2BA D6	2BR/2BA DE 2BR/2BA DE		TOTAL OR /	PHASE 2)	TEREST		NG	ų;	
ಎ ⊔	OF HARD COST	OF TDC EX LAND PER UNIT	OF FUNDED AMT.					PER MONTH	- SOFT COST		INSURANCE	TITLE & RECORDI	MARKETING & MIS LEGAL	
OD MEWS APT		3		% % YEARS	36 36	3¢ 3¢	54 54 54 54	26 26		B68080 4114908	107840	17.55 824600	5932978	8
PROJECT BASE ASSUMPTIONS: PROJECT NAMEBREEZEWOO PHASE I PURSHASE 6650000	LAND	7 17 11	: ;; ;				15 848		HARD COSTS (PHASE 2)	ND IMPROVEMENTS RUCTURES	ILDERS OVERHEAD	HER FEES		
	REPORT DATE ZZ-Nov-88 PAGE	PTIONS: REPORT DATE 22-Nov-88 PAGE SECOND MEMS APTS. PHASE I & II - FREDERICKSBURG, VA. 6650000 594000 594000 194000 194000 194000 194000 194000 194000	SPECIAL SPEC	SEEZEMOND MEMS APTS. PHASE I & II - FREDERICKSBURG, VA. SEGRORO	REPORT DATE REPORT DATE Z2-Nov-B8 PAGE REPORT DATE Z2-Nov-B8 Z2-Nov-	PAGE PREDERICKSBURG, VA. 6500000	FIGURE: REPORT DATE ZZ-Nov-BB PAGE REPORT DATE ZZ-Nov-BB PAGE S962000 1940000 194000 194000 1953240 1953240 1953260 1953277 1953260 195	HERDIRI BANGE AFTS. PHASE I & II – FREDERICKSBURG, UA. BESCOROL SESCOROL SESCOROL	SECONDO SECO	PAGE PAGE	### PROOF DATE 22-Nov-BB ### PROOF DATE 405T DATE 405D DATE	### PRDER I & 11 - FREDERICKSBURG, VA. #### PROOF DATE 22-Nov-88 ### PROOF DATE 34	REPORT DATE 22-Nov-88	SECRETATION SECRETARIES SECRETARIES

DETERMINATION OF AVAILABLE CASH FLOW:

PROJECT NAMEBREEZEWOOD MEWS APTS. PHASE I & II - FREDERICKSBURG, VA.	. PHASE I & II -	FREDERICKS	BURG, VA.	Œ	REPORT DATE		ZZ-Nov-BB	ŭ.	PAGE	2		
PER UNIT RENT RENTAL INC. VACANCY % RENTAL INCOME	17 555 0.00% 5.00% 1989	583 5.00% 8.00% 1990	612 5.00% 5.00% 1391	642 5.00% 5.00% 1992	674 5.00% 5.00% 1393	7.08 5.00% 5.00%	7.43 5.80% 5.90%	781 5.00% 5.00% 1996	820 5.00% 5.00%	B61 5.00% 5.00% 1998	5.804 5.80% 1939	949 5.00% 5.00%
GROSS RENTAL INCOME LESS VACANCIES OFFICE RENTAL LESS VACANCIES GARAGE INCOME LAUNDRY AND OTHER MISCELLANEOUS	465004	1537806 -123025 0 0 0	2201859 -110093 0 0	2311952 -115598 6 6 6	2427550 -121377 0 0 0	2548927 -127446 0 0 0	2676373 -133819 0 0 0	2810192 -140510 0 0 0 0	2950702 -147535 0 0 0 0	309B237 -154912 0 0 0 0	3253149 -162657 0 0 0	3415806 -170790 0 0 0
TOTAL GROSS INCOME EXPENSES: % INCREASE	BB5404 0.00% PENSES 2200	1414782 5.00% 2310	2091766 5.00% 2426	2196354 5.00% 2547	2306172 5.00% 2674	2421481 5.00% 2808	2542555 5.00% 2948	2669682 5.00% 3096	2803167 5.00% 3250	2943325 5.00% 3413	3090491 5.00% 3584	3245ø16 5.00% 3763
Management fee rate Management fee Other expenses Total expenses	4.00% 35416 272584 398000	4.00% 56591 451609 508200	4.00% B3671 643979	4.00% 87854 676178 764033	4.00% 92247 709387 802234	4.00% 96859 745487	4.00% 101702 782761	4.00% 106787 821899 928686	4.00% 112127 862394 975121	4.00% 117733 906144	4.00% 123620 951451	4.00% 129801 999023
NET CASH FLOW BEFORE DEBT DEBT SERVICE ON FIRST MORTGAGE DEBT SERVICE ON PHASE I DEBT SERVICE ON SECOND MTG.	577404	906582 376933 476643 0	1364116 741866 470643 0	1432322 741866 470643	1503938 741B66 470643 0	1579135 741866 470643	1658092 741866 470643	741866 470643	1828046 1828046 741866 470643	1919448 741866 470643	2015421 741866 470643 0	741866 470643
NET CASH FLOW DEVELOPERS GUARANTEE	106761	98989	151607	219813	291429	366626	4455B3 Ø	528487	615537	706939	802912	903683
AVAILABLE CASH FLOW	106761	98899	151607	219813	291429	366626	445583	528487	615537	706939	802912	903683

INVESTOR DISTRIBUTIONS:

PROJECT NAMEBREEZEWOOD MEWS APTS. PHASE I & II - FREDERICKSBURG, VA.	F 1 8 11 - F	REDERICKSBL	RG, VA.		u.	REPORT DATE		22-Nov-88	щ	PAGE	m	
	1383	1990	1981	1992	1993	1994	1995	1996	1997	1998	1999	2000
DEBT SERVICE ON 1ST LESS SERVICING DEBT SERVICE ON 2ND	999	346308 - 9466 0	692615 -18892 0	692615 -18835 8	692615	692615	692615 -18630 0	692615 -18548 0	692615 -18459 0	692615 -18362 0	692615 -18256 0	692615 -18140
TOTAL DEBT SERVICE ADVISORS FEE	0	336842	673723	673781	673843	673911	673986	674067	674156	674253	674359	674475
Balance available Investor preffered return	0 166666	336842 155000	673723	673781	673843	673911	6733B6 210000	674067	674156	674253	674359	674475
DEFFECIENCY DUE FROM PRIOR PERIOD	S S	-83994	-58393	0 -148387	0 -138574	-57145	00	00	00	8 8	00	00
TOTAL DUE INVESTOR AVAILABLE CASH FLOW	6761	89994 0	146387	148387	138574 81429	57145 156626	235583	318487	9 405537	496939	592912	0 693683
Balance to distribute Bonus to investors GP participation	6761 3380 3380	000	ଷ ଷ ଷ	000	000	99480 49740 49740	235583 117791 117791	318487 159244 159244	405537 202768 202768	496939 248470 248470	592912 296456 296456	693683 346841 346841
TOTAL INVESTOR DISTRIBUTION	103380	401848	825330	883283	965272	990797	1001777	1043311	1086925	1132723	1180815	1231317
INVESTOR CURRENT RETURN— (ALL FUNDS)	12.819%	B.475%	B.703%	9.423%	10.178%	10.448%	10.563%	11.001%	11.001% 11.461%	11.944%	12.451	12.984%

PROJECT NAME.....BREEZEWOOD MEWS APTS. PHASE I & 11 - FREDERICKSBURG, VA.

10 YEAR

22-Nov-88 REPORT DATE....

41276B -B06460 -1034994 -----EQUITY CAPITAL----9.00% 291 129 **-806469** -1034994 8.00% -B06460 -1034994 10.00% 10.00% -B06460 -8275152 ------ALL FUNDS--9.00% 9.00% -B06460 10B6925 B.00% PROJECTION 2565BB24 -B06460 199B Internal rate of return for investors -3.00% EXISTING DEBT PHASE II LESS: CUMULATIVE RETURN DUE INVESTOR CASH FLOW END OF YEAR PLUS PHASE II EQUITY CONTRIBUTION TOTAL PROCEEDS TO INVESTORS LESS:SALES EXPENSES @ TOTAL PROCEEDS FROM SALE PROJECTED SALES PRICE CASH FLOW END OF YEAR CAPITALIZATION RATE PHASE I INVESTMENT BALANCE TO SPLIT NET SALES PRICE LESS: NOI FOR

10.00%

PAGE....

CASH FLOW END OF YEAR

20.6253%

21.8025%

23.1077%

13.5139% 12.9511%

14.1779%

367¢5B3

BEST CASE

Q
õ
-
-
ĝ.
=
\neg
ന
7.5
G)
-
-
1:1
775
03
*
ш
1-
_
O
1.1
ш
\neg
d
بي

-							80																							- STABALIZED OPERATING EXPENSES	240900	132388	132200	142666	43980	12480	84840		SSORAN		
PAGE						ITIES		> FILMUM	PENT		26190	2970	31310	9270				44070	0000	9797	27140	14400					167370			zed operat	Ę		c	o	E.			1			
ı.						(TENANTS PAY LITTLITTES)		RFNT	J/FT		R 73	0.75	0.70	0.72				9 56	9 6	B. C.	95.9	0.57					0 62	12:0	166429	- STABALI	OPER & MAINT	ITTI ITIES	TAVER & IN	INVES & INS	REPL RESERVE	MARKETING	MGT @ 4%				
22-Nov-86						RENTS (TENAN		TIMI	ξ		25 25	3 8	505	515				565	ט ט ט	3 8	200	888					541 23	}	2.50% INCREASE	4.	5250000	1400000	100000		66500000						
						82	1	TOTAL		1	35640	3968	44640	12960				78234	35021	2007	P 101	25272					2611BB	} :	2.50%	ń.			-								
REPORT DATE			ļ					LINIT	<u>.</u>		099	999	720	720				1003	1003		1803	1053					871	i	01-Jun-89	2 PURCHASE	DEBT	FOLITY CONTRIBILITION									
•								_	NUMBER		54	, 9	82	18				78	-	1 4	o r	24					300			3. – PHASE 2 PURCHASE	EXSISTING DEBT	FOILTY									
& II - FREDERICKSBURG, VA.			BEST CASE-			EAR 30-Jun-88			DESC		1BR/1BA A-(1)	IBR/1BA A-(2)	1BR/1BA DEN B-(1)	1BR/1BA DEN B-(2)				ZBR/ZBA DEN C-(1)	ZBR/ZBA DEN C-(2)	2BD /2BA DEN D-(1)	DEN DIVI	ZBR/ZBA DEN D-(2)					TOTAL OR AVERAGE		PROJECTED GROSS TO		505100	ROOM	17000	00000	118025	14089	15000	20000		905000	8
II - FREDEK						BASE YEAR	0		TYPE		1BR/1B/		1BR/1B/	1BR/1B/				2BR/2B/	ZBR/ZBA	2BD /2B6	במאי בנות	ZBR/ZBF					TOTAL			(PHASE 2)	ION INTEREST			ņ	q	DING	& MISC.				
-						OF HARD COST	3.79% OF TDC EX LAND	(49,757) PER UNIT				2.00% OF FUNDED AMT.																ER MONTH		2. – SOFT COSTS (PHASE 2)	CONSTRUCT ION	TAXES	INSURANCE	CTNAMCTAC CCCC	TIME LEE		MARKETING & P	LEGAL			
OD MEWS APT						3.34% DF	3.79%	(49,757)				2.00%					YEARS	~~									100.00% TO L/P'S	PER D/U PER MONTH		2	989B9B	4114908	107840	17550	90000	96459	-	5932978	0		
.BREEZEWOC	6650000	594000	. 593297B	905000	104000	198400	542622	14927000	7577000	5250000	2100000	193540	470643	2200	8.875%	0.650%	40	9.79103%	50.00%	10.00%	8 8	W.23%			157.40%	94B3460	100.00%	00.0	65.00%	HASE 2)	φ		Q								
PROJECT NAMEBREEZEWDDD MEWS APTS. PHASE	PHASE I PURSHASE 6650000	LAND	HARD COSTS	SOFT COSTS	A & E FEES	G/C FEE	DEVELOPMENT FEE	TOTAL DEV. COSTS14927000	LOAN AMOUNT 7577000	PHASE I DEBT	REQUIRED EQUITY	INVESTOR COM. FEE.	PHASE I D/S	EXP./UNIT	PERM LOAN RATE	м I Р.	MORTGAGE TERM	CONSTANT	EQUITY PART	PREFERRED RETURN	OFDUTCTNIC FEE	Appropriate PER.	ADVISUR FEE	EQUITY RAISE	INVESTOR IS	TOT INVESTOR CONT.	DISTRIBUTION IS	OTHER INCOME	MAX CASH FLOW	1. – HARD COSTS (PHASE 2)	LAND IMPROVEMENTS	STRUCTURES	BUILDERS OVERHEAD	BOND PREMILIM	muen eeco	OI DEN LEES					

DETERMINATION O, AILABLE CASH FLOW:

PROJECT NAMEBREEZEWOOD MEWS APTS. PHASE I &	Ξ	- FREDERICKSBURG, VA.	JRG, VA.	ōz.	REPORT DATE	•	22-Nov-88	ш.	PAGE	2		
PER UNIT RENT	592	288	623	88	700	742	787	834	984	937	993	1053
RENTAL INC.	9.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
UACANCY %	5.00%	8.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
RENTAL INCOME	1989	1990	1381	1892	1993	1994	1995	1896	1997	1998	1989	2000
GRIDSS RENTAL INCOME	932004	1552452	2243999	2378639	2521357	2672639	2832997	3002977	3183155	3374145	3576593	3791189
LESS VACANCIES	46600	-1241%	-112200	-118932	-12606B	-133632	-141650	-150149	-159158	-168707	-178830	-189559
DFFICE RENTAL	0	0	0	0	0	0	0	0	0	Ø	Ø	0
LESS VACANCIES 3.00%	0	0	0	0	Ø	Ø	8	0	0	Ø	S	0
GARAGE INCOME	0	0	8	Ø	0	Ø	0	0	Ø	0	0	0
LAUNDRY AND OTHER	Ø	0	0	0	0	0	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	Ø	0	8	Ø	8	Ø	0
TOTAL GROSS INCOME	BB5404	1428256	2131799	2259707	2395289	2539007	2691347	2852828	3023998	3205437	3397764	3601629
EXPENSES: % INCREASE	0.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
PER UNIT EXPENSES	3 2200	2310	2426	2547	2674	2808	2948	3096		3413	3584	3763
MANAGEMENT FEE RATE	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	.88	4.00%	90.4	90.
MANAGEMENT FEE	35416	57130	85272	903AB	95812	101560	107654	114113	-	178217	-	144065
OTHER EXPENSES	272584	451070	642378	673644	706423	740786	776809	814573	854161	R95659	939166	984759
											20.000	
TOTAL EXPENSES	30B000	508200	727650	764033	802234	842346	884463	9ZB6R6	975121	1023877	1075070	1128824
NET CASH FLOW BEFORE DEBT	577404	920026	1404149	1495674	1593055	1999691	1806884	1924142	2048877	2181561	2322693	2472805
DEBT SERVICE ON FIRST MORTGAGE		370933	741866	741866	741866	741866	741866	741866	741866	741866	741866	741866
DEBT SERVICE ON PHASE I	470643	470643	470643	470643	470643	470643	470643	470643	470643	470643	470643	470643
DEBT SERVICE ON SECOND MTG.	0	0	0	Ø	0	Ø	0	0	0	0	0	0
						1	1					
NET CASH FLOW	106761	78480	191640	283165	380546	484152	594375	711633	836368	969052	1110184	1260296
Developers guarantee	8	0	0	S	9	0	S	Ø	0	0	Ø	Ø
AVAILABLE CASH FLOW	106761	78480	191640	283165	380546	484152	594375	711633	836368	369652	1110184	1260296
4.0												

INVESTOR DISTRIBUTIONS:

PROJECT NAMEBREEZEWOOD MEWS APTS. PHASE I & II - FREDE	E I & II - F	REDERICKSBL	ERICKSBURG, VA.		ŭ	REPORT DATE.		22-Nov-86	G.	PAŒ	м	
	888	0861	1991	1992	1993	1994	1995	1996	1997	1998	1988	2000
DEBT SERVICE ON 1ST LESS SERVICINS DEBT SERVICE ON 2ND	0 6 6	346308 -9466 0	692615 -18892 0	692615 -18835 0	692615 -18772 0	692615 -187 <i>0</i> 4	692615 -1863Ø 0	692615 -18548	692615 -18459 0	692615 -18362 0	692615 -18256 0	692615 -18140
TOTAL DEBT SERVICE ADVISORS FEE	0	336842	673723	673781	673843	673911	673986	674067	674156	674253	674359	674475
BALANCE AVAILABLE INVESTOR PREFFERED RETURN	100000	336842 155000	673723 210000	673781	673843	673911	6739B6 21 0000	674067	674156	674253	674359	674475
DEFFECIENCY DUE FROM PRIOR PERIOD	8 8	-76520	-18360	9 -9488@	9 -21715	00	00	00	00	9 0	9 9	9 9
TOTAL DUE INVESTOR AVAILABLE CASH FLOW	6761	76520	94880	94880	21715	274152	384375	501633	626368	7590657	900184	0 1050296
Balance to distribute Bonus to investors &P participation	6761 3380 3380	000	ଷ ଷ ଷ	999	148831 74416 74416	274152 137076 137076	384375 192187 192187	501633 250816 250816	626368 313184 313184	759052 379526 379526	900184 450092 450092	1050296 525148 525148
TOTAL INVESTOR DISTRIBUTION	103380	415322	865363	956946	979973	1020987	1076173	1134883	1197340	1263779	1334451	1409624
Investor Current Return- (all funds)	12.819%	B.759%	9.125%	10.001%	10.334%	10.334% 10.766%	11.348%	11.967%	11.967% 12.626%	13.326%	14.071%	14.864%

PROJECT NAME.....BREEZEMOOD MEWS APTS. PHASE I & 11 - FREDERICKSBURG, VA.

10 YEAR

22-Nov-BB REPORT DATE.....

-----EQUITY CAPITAL----9.00% 25.2438% 191640 103380 283165 306130 9345152 -1021520 **-806469** 460B16 347076 402187 523184 **589526** 660092 26.4317% B.00% 191640 283165 306130 347076 103380 -1021520 523184 -B06460 402187 460B16 589526 660092 11010861 10.00% 10.00% 15.0464% 14.4622% 741842 103380 2472805 27475616 24728054 23986213 7229379 2100000 10354873 13020007 10354873 5177436 -B06460 -826167B 1076173 1134883 1197340 4301961 865363 956946 979973 020387 1263779 5916439 1334451 300.6 9.00% ------ALL FUNDS--26651348 13020007 824268 6510004 103380 1197340 2472805 7229379 4301961 2100000 **-806460 -8261678** 076173 17249006 865363 956946 979973 020987 1134883 1263779 334451 8.00% 15.7346% 8.00% 956946 PROJECTION 2472805 3091006B 8175713 927302 29982766 7229379 16351426 16351426 4301961 21000000 -B06469 103380 -BZ6167B **B65363** 979973 1076173 8914716 1020987 1134683 1197340 1263779 1334451 1993 1994 1995 1996 1991 1992 1997 B861 Internal rate of return for investors -3.00% EXISTING DEBT PHASE II LESS: CUMULATIVE RETURN DUE INVESTOR CASH FLOW END OF YEAR PLUS PHASE II PHASE I EQUITY CONTRIBUTION TOTAL PROCEEDS TO INVESTORS LESS:SALES EXPENSES @ TOTAL PROCEEDS FROM SALE CASH FLOW END OF YEAR PROJECTED SALES PRICE CASH FLOW END OF YEAR CASH FLOW END OF YEAR CAPITALIZATION RATE PHASE I INVESTMENT 2000 BALANCE TO SPLIT NET SALES PRICE LESS: NOI FOR

10.00%

103380

-1021520

-B06460

191640 283165 306130 347076

24.1865%

660092

3012585

523184

589526

402187 460816

PAGE....

4

82

WORST CASE

-
-
0
5
=
ಡ
22
93
ď
w
S
Æ
B
_
_
()
1.1
=
~
\sim
4

PROJECT BASE ASSUMPTIONS:	: %											
PROJECT NAMEBREEZEWOOD MEWS APTS. PHASE PHASE I PURSHASE 6650000	ZEWOOD MEWS AF 0000	PTS. PHASE	1 & 11	– FREDERICKSBURG, VA.	SBURG, VA.		REPORT DATE		22-Nov-66		PAGE	-
LAND 593	594000 593297B				WORST CASE	 						
	905000											
	104000											
	198400 3.34%	3.34% OF HARD COST	COST	BASE YEAR	30-Jun-88				RENTS (TEN	RENTS (TENANTS PAY LITTES)	II IT IF GY	
DEVELOPMENT FEE 54		3.79% OF TDC EX LAND	X LAND								1111110	
TOTAL DEV. COSTS14927000		(49,757) PER UNIT					TINI	TOTAL	TIMI	DFNT	V ILITIMOM	
LDAN AMDUNT 7577000	7000			TYPE	DESC	NUMBER	1.		W.	/FT	DENT	
PHASE I DEBT 525	5250000						i					
	2100000			1BR/1BA A-(1)	(1)	54	099	35640	485	9 73	26190	
.:	193540 2.00%	2.00% OF FUNDED	O AMT.	1BR/1BA A-(2)	(2)	9	999	3960	485 785	0 75	29.70	
ě	470643			1BR/1BA DEN B-(1)	V B-(1)	62	720	44640	ic.	2 2	21318	
	22.00			1BR/1BA DEN B-(2)	V B-(2)	18	720	12960	515	0 72	97.79	
•	8.875%)		2	
	0.650%											
MDRTGAGE TERM	40 YEARS											
	9.79103%			2BR/2BA DEN C-(1)	(1)-07	78	1003	78234	565	9	44070	
	50.00%			2BR/ZBA DEN C-(2)	4 C-(2)	12	1003	12036	585	8.58	2007	
-	10.00%			ZBR/ZBA DEN D-(1)	4 D-(1)	46	1,053	4R43B	1 6	0 0 0 R	27140	
SERVICING FEE	0.25%			2BR/2BA DEN D-(2)	(C)-(S)	74	0 Kg	25272	8 8	9 6	2 5 5 5 5	
ADVISOR FEE	0.00%					i		7,767	Š	0.0	141	
	14.07%											
	157.40%											
TOT INVESTOR CONT. 948.	9483460											
DISTRIBUTION IS 100	100.00% TO L/P'S			TOTAL OR AL	OR AVERAGE	88	871	2611B0	541 23	0	01000	
OTHER INCOME	0.00 PER D/U PER MONTH	PER MONTH				3	5	8	27.17.	70.0	0/5701	
MAX CASH FLOW 69	65.00%				PROJECTED GROSS TO		01-Jun-89	2.50%	2.50% INCREASE	166429		
1 - HAPD MSTS (PUASE 2)			1000	i c			93					
		2. ~ SUFI	200	CUSTS (PHASE 2)		3. – PHASE	- PHASE 2 PURCHASE	ta J		4 STABAL	ZED OPERA	- STABALIZED OPERATING EXPENSES
LAND IMPROVEMENTS	B68080	CONSTRUCTION INTEREST	NI NOIT:	FEREST	505100	EXSISTING DEBT	G DEBT		5250000	OPER & MAINT	Į	240900
STRUCTURES	411490B	TAXES			8000	EOUITY O	EQUITY CONTRIBUTION	7	1400000	HITH ITHES		132200
BUILDERS OVERHEAD	107840	INSURANCE	ĮΨĮ		17000				O'O'O'	TAVES 0 This	ç	132288
BOND PREMIUM	17550	FINANCING FEES	IG FEES		325811				6650000	DEDI DESEDIE	2 4	43080
OTHER FEES	B24600	TITLE & RECORDING	RECORD IN	g.	14089						1	9000
	1	MARKETING & MISC.	IG & MISK		15000					MCT & 4%		12480
	5932978	LEGAL			20000					,	ı	2
	0											650000
					905000							
					0							

DETERMINATION OF AVAILABLE CASH FLOW:

PROJECT NAMEBREEZEWOOD MEWS APTS. PHASE I & II - FREDERICKSBURG, VA.	WOOD MEWS APTS. PHASE	I & 11 - F	REDERICKSBL	RG, VA.	∝	REPORT DATE		22-Nov-88	ш.	PAGE	7		
									7				
	HER UNI REN	222	571	283	909	624	643	662	682	7.03	724	746	768
	RENTAL INC.	800.0	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3,00%	3 00%
	VACANCY %	5.00%	15.00%	10.00%	9.00%	8.00%	7.00%	6.00%	6.00%	6.00%	6.00%	800	800
RENTAL INCOME		1989	1990	1991	1992	1993	1934	1995	1896	1997	1998	1999	2000
PACCIAL INTIGO SOCO													
SACON REAL MOUNE		332604	C1099C1	2118777	2182341	2247811	2315245	2384703	2456244	2529931	2605829	2684004	2764524
LESS VACANCIES		-46600	-226277	-211878	-196411	-179825	-162067	-1430BZ	-147375	-151796	-156350	-161040	-165871
		0	0	0	0	0	0	0	0	0	0	0	0
(O	3.00%	0	0	0	0	Ø	S	Ø	0	0	0	Ø	S
GARAGE INCOME		0	0	0	0	0	0	Ø	Ø	Ø	S	8	S
LAUNDRY AND OTHER		80	0	Ø	8	Ø	Ø	Ø	0	0	0	0	0
MISCELLANEOUS		0	0	0	0	0	0	Ø	0	0	Ø	0	0
TOTAL GROSS INCOME	OME	885404	1282238	1906300	1985930	2067386	2153178	2241621	2308869	2378135	2449479	2522964	259B653
EXPENSES: % INCREASE		800.0	5.00%	5.00%	5.00%	5.00%	5,00%	5,00%	5,00%	77 80 80 80	7 00%	ار 100	ار م
	PER UNIT EXPENSES	2200	2310	2426	2547	2674	28.0A	294R	3005	20.50	3413	25.04	2763
				i i	:	-)	3	2	2695	3	0110	1000	20/2
MANAGEMENT FEE RATE		4.00%	4.00%	4.00%	4.00%	4.00%	300.4	400	2	900	4 00%	900	4 00%
MANAGEMENT FEE		35416	51290	76276	79437	82719	86127	89665	92355	95125	87878	616001	103946
OTHER EXPENSES		272584	456910	651374	684595	719515	756219	794738	836332	873995	925897	974152	1024878
TOTAL EXPENSES		308000	508200	727650	764033	802234	842346	BB4463	989826	975121	1023877	1075070	1128824
NET CASH FLOW BEFORE DEBT	L	577404	774038	1179250	1221898	1265752	1316832	1357157	1380183	1403015	1425603	1447893	1469829
DEBT SERVICE ON FIRST MORTGAGE	RTGAGE		370933	741866	741866	741866	741866	741866	741866	741866	741866	741866	741866
DEBT SERVICE ON PHASE I		470643	470643	470643	470643	470643	470643	470643	470643	470643	470643	470643	470643
DEBT SERVICE ON SECOND MTG	тв.	0	0	0	0	0	0	0	0	0	0	0	0
NET CASH FLOW		196761	-67538	-33259	6926	53243	98323	144648	167674	190506	213094	235384	257320
DEVELOPERS GUARANTEE		0	67538	33259	0	0	9	0	Ø	0	Ø	Ø	Ø
AVAILABLE CASH FLOW		196761	8	8	9389	53243	98323	144648	167674	198586	213094	235384	257320

INVESTOR DISTRIBUTIONS:

PROJECT NAMEBREEZEWOOD MEWS APTS. PHASE I & II - FREDE	I & II - F	REDERICKSBL	RICKSBURG, VA.		Œ	REPORT DATE		22-Nov-88	Œ.	PAGE	m	
	1989	Ø661	1881	1992	1993	1994	1995	1996	1997	1998	1999	2000
DEBT SERVICE ON 1ST LESS SERVICING DEBT SERVICE ON 2ND	0 0 0	346308 -9466	692615 -18892 0	692615 -18835 0	692615 -18772 0	692615 -187 <i>0</i> 4	692615	692615	692615 -18459 0	692615 -18362 0	692615 -18256 0	692615 -18140
TOTAL DEBT SERVICE ADVISORS FEE	S	336842	673723	673781	673843	673911	6739B6	674967	674156	674253	674359	674475
Balance available Investor preffered return	100000	336842 155000	673723 210000	673781	673843	673911	6739B6 2100000	674067	674156	674253	674359	674475
DEFFECIENCY DUE FROM PRICIR PERIOD	00	-155000	-210000	-200611 -365000	-156757	-111677	-65352 -834045	-42326 -839396	-19494	961217	-958123	
TOTAL DUE INVESTOR AVAILABLE CASH FLOW	6761	155000	365000	565611	722368	B34045 0	8933% Ø	941722	961217	3694	958123 25384	932739
Balance to distribute Bonus to investors GP participation	6761 3380 3380	000	888	000	999	888	000	000	000	000	000	000
TOTAL INVESTOR DISTRIBUTION	103380	336842	673723	683169	727086	772235	818634	841741	B64662	887347	909744	931795
INVESTOR CURRENT RETURN- (ALL FUNDS)	12.819%	7.104%	7.104%	7.204%	7.667%	B.143%	B.632%	B.876%	9.118%	9.357%	9.593%	9.825%

PROJECT NAME.....BREEZEWOOD MEWS APTS. PHASE I & II - FREDERICKSBURG, VA.

22-Nov-BB REPORT DATE.....

4

PAGE....

10.00% 440949 1469829 14257338 14698286 300.6 1469829 16331429 4B9943 15841486 B.00% PROJECTION 1 1469829 18372858 551186 17821672 10 YEAR 3.00% LESS:SALES EXPENSES @ PROJECTED SALES PRICE CAPITALIZATION RATE NET SALES PRICE NOI FOR

-958123 4301961 62539B 2100000 792060 1584121 2100000 -958123 1584135 2210146 3168269 4301961 21000000 4190332 -958123 5148455 2574228 4301961 LESS: CUMULATIVE RETURN DUE INVESTOR EQUITY CONTRIBUTION TOTAL PROCEEDS TO INVESTORS TOTAL PROCEEDS FROM SALE BALANCE TO SPLIT

7229379

7229379

7229379

EXISTING DEBT PHASE II

LESS:

--EQUITY CAPITAL--10.00% ---ALL FUNDS-9.00% B.00%

INTERNAL RATE OF RETURN FOR INVESTORS -

10.00% 9389 103380 53243 98323 190506 167674 -B06460 -1100000 144648 9.00% 103380 53243 9389 190506 -806460 -1100000098323 144648 167674 B.00% 103380 53243 -1100000 9389 144648 167674 190506 -806460 98323 103380 683169 727086 772235 818634 B64662 8340158 841741 -B06460 673723 103380 673723 683169 727086 772235 B64662 -B06460 -8340158 841741 887347 818634 -806460 673723 683169 727086 818634 103380 -8340158 **B64662** 887347 772235 841741 1991 1992 1993 1994 1995 1996 1997 1998 CASH FLOW END OF YEAR PLUS PHASE II CASH FLOW END OF YEAR PHASE I INVESTMENT

82

9.0975%

12.6757% 10.8418%

9.2442%

9.7488%

10.3470%

11053234

11845309

2835402

909744

909744

1999 2000

CASH FLOW END OF YEAR

CASH FLOW END OF YEAR

213094

213894

213094 235384 1931547

887347 909744

235384 3149380

235384 3941454

INVESTOR DISTRIBUTIONS:

PROJECT NAMEBREEZEWOOD MEWS APTS. PHASE I & II - FREDERICKSBURG, VA.	E I & II - F	-REDERICKSB	JRG, VA.		Ω	REPORT DATE		22-Nov-88	ш	PAGE	m	
	1389	0661	1881	1992	1993	1994	1995	9661	1997	1998	1999	2000
DEBT SERVICE ON 1ST LESS SERVICING DEBT SERVICE ON 2ND	9 9 9	346308 -9466 0	692615 -18892 0	692615 -18835 0	692615 -18772 0	692615 -18704 0	692615 -18630 0	692615 -18548	692615 -18459 0	692615 -18362 0	692615 -18256 0	692615 -18140 0
TOTAL DEBT SERVICE ADVISORS FEE	0	336842	673723	673781	673843	673911	6739B6	674067	674156	674253	674359	674475
Balance available Investor preffered return	100000	336842 155000	673723 210000	673781	673843	673911	6739B6 210000	674067	674156	674253	674359	674475
DEFFECIENCY DUE FROM PRIOR PERIOD	88	-155000 0	-210000 -155000	-200611 -365000	-156757	-111677 -722368	-65352 -834045	-42326 -899396	-19494	961217	0 -958123	
TOTAL DUE INVESTOR AVAILABLE CASH FLOW	0 6761	155000	365000	565611	722368	B34045 0	893396 8	941722	961217	3694	958123	932739
BALANCE TO DISTRIBUTE BONUS TO INVESTORS GP PARTICIPATION	6761 3380 3380	8 8 8	888	888	000	000	000	000	000	000	000	999
TOTAL INVESTOR DISTRIBUTION	103380	336842	673723	683169	727086	772235	B18634	841741	B64662	887347	909744	931795
INVESTOR CURRENT RETURN- (ALL FUNDS)	12.819%	7.104%	7.104%	7.204%	7.667%	B.143%	8.632%	8.876%	9.118%	9.357%	9.593%	9.825%

PROJECT NAME.....BREEZEWOOD MEWS APTS. PHASE I & II - FREDERICKSBURG, VA.

10 YEAR

22-Nov-88 REPORT DATE.....

1

4

PAGE....

10.00% 9389 53243 98323 144648 167674 190506 103380 -1100000**-806460** ----EQUITY CAPITAL---9.00% 9389 98323 167674 -806460 103380 -11000000 53243 144648 190506 B.00% -1100000 103380 53243 -806469 9389 98323 144648 167674 190506 10.00% 10.00% 440949 1469829 14698286 14257338 7229379 62539B -958123 103380 683169 3807Z7 841741 B64662 2100000 792060 -806460 -8340158 772235 818634 4301961 673723 1584121 9.00% 9.00% ----ALL FUNDS-16331429 15841486 1469829 489943 7229379 3168269 772235 818634 2210146 -958123 1584135 683169 2100000 841741 B64662 4301961 **-806460** 103380 8340158 673723 727086 8.00% 8.00% 18372858 551186 1469829 17821672 PROJECTION 1 7229379 4301961 2100000 -958123 2574228 103380 673723 683189 7270B6 772235 **B1B634** B64662 4190332 5148455 841741 **-806469** B34015B 1990 1991 1992 1993 1994 1995 1996 1997 Internal rate of return for investors — 3.00% EXISTING DEBT PHASE II LESS: CUMULATIVE RETURN DUE INVESTOR CASH FLOW END OF YEAR PLUS PHASE II PHASE I EQUITY CONTRIBUTION TOTAL PROCEEDS TO INVESTORS LESS:SALES EXPENSES @ TOTAL PROCEEDS FROM SALE PROJECTED SALES PRICE CASH FLOW END OF YEAR CAPITALIZATION RATE PHASE I INVESTMENT 2000 BALANCE TO SPLIT NET SALES PRICE LESS: NOI FOR

82

9.0975%

12.6757% 10.8418%

9.2442%

9.7488%

10.3470%

11845309

2835402

213094 235384

213894

213094 235384 1931547

887347 909744 11053234

887347 909744

887347 909744

199B 198 2000

> CASH FLOW END OF YEAR CASH FLOW END OF YEAR

CASH FLOW END OF YEAR

3149380

3941454 235384