

SULLIVAN DEVELOPMENT COMPANY
APARTMENT PORTFOLIO
DALLAS, TEXAS

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I. INTRODUCTION

June 14, 1984

&name&
&title/o&
&company&
&street&
&city&, &state& &zip&

Dear &name1&:

Enclosed for your review is an Investment Report for the Sullivan Development Company's apartment portfolio which includes three properties being considered for mortgage investment - Huntington Brook (320 units, 244,972 square feet) in Dallas, Texas; Huntington Lakes (249 units, 183,103 square feet) in Dallas, Texas; and Huntington Ridge (232 units, 175,544 square feet) in Irving, Texas. Piedmont Realty Advisors intends to review the recommendations outlined in the report with this Real Estate Investment Committee on June 19, 1984. A summary of the proposed investment structure is shown as Exhibit I-1.

The Properties

Huntington Brook - Huntington Brook is currently under construction and will be fully completed by the end of July, 1984. The 10.8 acre site is located on the east side of Audelia Road, one mile north of the LBJ Freeway in northeast Dallas, Texas. The projects 320 units are housed in 25 two and three-story buildings. Construction materials are red antique brick with painted pine sidings. Architectural features include gabled roofs, thermopane windows with suspended mullions and an attractive site plan which incorporates a creek running along the west boundary of the property. The project has excellent curb appeal and has leased very well since its leasing office opened January 10, 1984. Huntington Brook is currently 62% leased and 39% occupied at rates averaging \$.66 per square foot per month.

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Huntington Lakes - Huntington Lakes will be completed in August, 1984. The 10.44 acre site is located on Skillman Road, 2 miles south of the LBJ Freeway in northeast Dallas, Texas. The project includes 249 units in 16 three-story buildings and 1 two-story building, one swimming pool, a clubhouse and a man-made lake. The project features five one and two bedroom floor plans which average 735 square feet of rentable area. The rental office at Huntington Lakes opened April 15, 1984 and since that time leasing agents have signed 40 leases, despite the lack of available units for occupancy. Rental rates at Huntington Lakes currently average \$.66 per square foot per month.

Huntington Ridge - The 934 acre Huntington Ridge site is located at 4220 Esters Road in Irving, Texas. Huntington Ridge is scheduled for completion by the end of June, 1984. The project is 92% leased and 63% occupied at rental rates averaging \$.62 per square foot per month. Its 232 units are located in 18 two and three-story buildings. The project features two swimming pools, two jacuzzis, a clubhouse and five floor plans with an average unit size of 757 square feet. The project is located 3 miles south of the Las Colinas Urban Center and 5 miles south of the DFW Airport.

The Borrower

A Texas limited partnership will be set up as a borrower for each project. The general partners will be the principals for the Sullivan Development Company. The consolidated net worth of the borrowers should exceed \$82 million. The property manager is Lincoln Property Company - the largest residential property manager in Texas. Sullivan is one of Dallas' fastest growing multi-family developers.

Investment Structure

The Sullivan apartment portfolio is composed of properties constructed as condominiums which will be rented for a holding period averaging five to six years. Sullivan's philosophy is to rent units in high interest rate environments when demand for ownership housing has decreased and convert the rental units to condominiums when interest rates are on a decreasing trend and demand for ownership increases.

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The Sullivan loan package will total \$32,000,000 as follows:

Huntington Brook	\$ 13,856,000
Huntington Lakes	\$ 9,408,000
Huntington Ridge	\$ 8,736,000

USF&G will disburse the full \$32,000,000 at closing. To provide additional security to the loan, the borrower will issue three letters of credit totaling \$1,850,000 as follows:

Huntington Brook	\$ 850,000
Huntington Lakes	\$ 700,000
Huntington Ridge	\$ 300,000

The letters of credit will remain outstanding for thirty months. They will not be used to fund deficits but can be called in the event of default. The borrower is responsible for paying the full debt service out of funds generated by the property reserves or syndication proceeds.

The coupon interest rate on the loan is 13.5%. During the first 24 months of the loan, the borrower will pay 10.5%, and the Lender will receive an accrual of 3%. The unpaid interest of 300 basis points on the outstanding loan balance will be compounded monthly to insure the Lender an effective yield in excess of 13.5% for the base loan. Additionally, every 2 years, the debt service will be recalculated with a new loan balance (accrued amount) and a new interest rate (11.0% in years 3-4, 11.5% in year 5-6, 12.0% in year 7-8 and 13.0% in year 9-10). This loan structure increases the guaranteed cash flow to the Lender while decreasing the amount of interest which is accrued.

Additional interest from sale will be 50% of the residual sale proceeds after the Lender is paid its original principal balance including all accrued interest and the borrower is paid its equity preference, if any.

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Risk and Return - USF&G will be able to report a 13.5% initial yield with this investment. The projected internal rates of return are as follows:

Huntington Brook - 15.3%
Huntington Lakes - 16.1%
Huntington Ridge - 15.7%

The yields are based on the full loan amount, 6% inflation applied to rental rates, expenses and current property values and an 8-year holding period. These yield estimates could be conservative because the value of apartment projects suited for condominium conversion has increased at rates greater than 6% over the last 8 years.

Most participating mortgages on commercial income producing property allow the lender to fund more than 100% of the project's costs and achieve a debt coverage ratio of 1.1 within a reasonable lease-up horizon. The Sullivan loans achieve a 1.05 debt coverage ratio within 15 months after funding and have the following loan to cost and loan to value ratios:

<u>Project</u>	<u>Loan Amount</u>	<u>Cost</u>	<u>Loan/ Cost</u>	<u>Value</u>	<u>Loan/ Value</u>
Huntington Brook	\$13,856,000	\$13,950,000	99%	\$15,500,000	89%
Huntington Lakes	\$ 9,408,000	\$12,000,000	78%	\$12,000,000	78%
Huntington Ridge	\$ 8,736,000	\$ 9,825,000	89%	\$10,400,000	84%

The loan ratios reflect a relatively moderate level of risk in the event of foreclosure. The mortgages are additionally secured by \$1,850,000 in letters of credit which will be issued by a financial institution acceptable to USF&G in a form acceptable to USF&G. We required these letters of credit because the properties incur a cumulative negative cash flow of \$1,001,895 during the first 15 loan months. We extended the term of the letters of credit to 30 months to protect the Lender from negative cash flow which may occur as a result of the recalculation of the debt service in the 25th loan month.

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This investment opportunity allows USF&G to report a 13.5% return from an "immediate" initial funding of \$32,000,000. There is relatively moderate risk associated with the three loans, yet the yields for the loans average 15.6%. We recommend that USF&G proceed with three permanent loan commitments for each of the Sullivan properties.

If you have any questions, please feel free to call Bob Zerbst or myself.

Sincerely,

Stephen L. Grant
Vice President

SLG/jb

Exhibit I-1
INVESTMENT SUMMARY
SULLIVAN APARTMENTS

Description
of Properties:

Huntington Brook - a 320 unit, 244,972 square foot project with two swimming pools and a jogging trail. The 10.8 acre property is located on Audelia Road, 1 mile north of the LBJ Freeway in Dallas, Texas.

Huntington Lakes - a 249 unit, 183,037 square foot project with one swimming pool and a man-made lake. The 10.44 acre complex is located on Skillman Road south of the Church Road intersection in Dallas, Texas.

Huntington Ridge - a 232 unit, 175,544 square foot project with two swimming pools. The 9.34 acre complex is located on Esters Road near the intersection of Belt Line Road and Walnut Hill Lane in Irving, Texas.

Borrowers:

Huntington Brook Dallas, Ltd.
Huntington Creek Dallas, Ltd.
Huntington Ridge Irving, Ltd.

Lender:

United States Fidelity & Guaranty Company.

Loan Amounts:

<u>Huntington Brook</u>	- \$13,856,000
<u>Huntington Lakes</u>	- \$ 9,408,000
<u>Huntington Ridge</u>	- \$ 8,736,000
	<u>\$32,000,000</u>

Interest Rate: The interest rates and debt service will be based on the following schedule:

<u>Loan Years</u>	<u>Interest Pay Rate</u>	<u>Interest Accrual Rate</u>
1-2	10.5% on initial loan balance	13.5%
3-4	11.0% on loan balance the first day of the third loan year.	13.5%
5-6	11.5% on loan balance the first day of the fifth loan year.	13.5%
7-8	12.0% on loan balance the first day of the seventh loan year.	13.5%
9-10	13.0% on loan balance the first day of the ninth loan year.	13.5%

All unpaid interest is added to the outstanding loan balance on a monthly basis.

Term: Ten years.

Amortization: Not applicable, interest only.

Call Option: At the end of the 8th loan year or if the property is sold. Lender will give borrower 12 months written notice of their intent to call the loan.

Prepayment: *

- No prepayment through year 4.
- * Prepayment fee of 5% of the outstanding loan balance in year 5, 3% of the outstanding loan balance in year 6, declining 1% per year to 1% of the outstanding loan balance in year 8 and thereafter.
- * No prepayment fee if lender exercises its call option.

Recoursability: The loans will carry no personal liability and will not be cross collateralized.

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Additional Interest:

A. Accrued
Interest:

The unpaid portion of the 13.5% interest rate will be added to the outstanding loan balance monthly and will be payable when the loan is repaid.

B. Sale or
Refinancing:

Lender receives 50% of the difference between the net sales price (contract price less 3%) and the outstanding loan balance if the property is sold or 50% of the difference between the appraised value at highest and best use less 3% "selling expenses" and the outstanding loan balance if the property is not sold before the loan is called, refinanced or matures.

Commitment Fee: \$ 320,000

Contingencies:

A. Engineering:

The commitment will be contingent on the Lender receiving an engineering report approving the plans and specifications.

B. Market Value
Appraisal:

The commitment will be contingent upon the Lender receiving market value estimate of the property from an MAI designated appraiser which is not less than \$38,000,000.

C. Letter of
Credit:

The general partner of the borrower will provide the Lender with an unconditional Letter of Credit for 30 months in the following amounts:

Huntington Brook	\$850,000
Huntington Lakes	\$700,000
Huntington Ridge	\$300,000
	<u>\$1,850,000</u>

Letter of Credit to be reduced by \$28,333 per month for 30 months.

- D. Syndication: Lender will permit a one-time syndication of the properties provided that the managing general partner of the borrower retain a 51% general partnership interest in the properties.
- E. Secondary Financing: Lender will not permit secondary financing on the properties.
- F. Capital Improvements: Any capital improvements which the borrower intends to claim as an equity preference must be approved in writing by Lender. Such approval not to be unreasonably withheld if the improvements make economic sense for both borrower and Lender. If approved, the cost shall become an equity preference for the borrower to be repaid prior to calculation of Lender's additional interest from sale or refinancing.
- G. Commitment Date: Written commitment must be delivered not later than July 5, 1984.

II. THE PROPERTIES

II. THE PROJECT

1. Introduction

This financing package includes three apartment complexes - Huntington Brook (320 units, 244,972 square feet) in northeast Dallas, Texas, Huntington Lakes (249 units, 183,037 square feet) in northeast Dallas, Texas and Huntington Ridge (232 units, 175,544 square feet) in Irving, Texas. All three projects are constructed with materials and features which place them at the top of the rental market in Dallas County. Exhibit II-1 is an outline of the project specifications for each of the properties. The projects' high quality of construction and unique architectural features will give the Borrowers the option to convert the projects to condominiums at an appropriate time in the properties' life cycles. This Borrower option increases the flexibility of the assets which collateralize the investment and contributes to a lower risk profile for the mortgages.

2. Huntington Brook

a. Project Description - Huntington Brook is located at 12516 Audelia Road in northeast Dallas, Texas. The 10.8 acre site is situated on the east side of Audelia Road, north of Forest Lane and south of Walnut Street. (See Exhibit II-2.) As shown in Exhibit II-3, a natural creek separates the buildings from Audelia Road, although the project has excellent visibility from the street.

Project completion is expected by the end of July, 1984. The 320 project units are housed in 25 two and three-story buildings. The project features a cabana/laundry room, two pools with jacuzzis and a common area club house. The project contains 3 units which will remain models throughout the investment holding period.

b. Immediate Surroundings - The area surrounding the site contains a mixture of single family and multi-family homes. Neighborhood retail centers and freestanding restaurants occupy major intersections near the site. (See Exhibit II-4.) There is a diminishing supply of developable land in the area surrounding Huntington Brook, a factor which should benefit the project during the holding period by limiting the number of potentially competitive rental and condominium projects which can be developed in Huntington Brook's market area.

Most residences in the area are post-1965 single family detached homes with sales prices averaging \$150,000. Multi-family projects in the area are typically garden-style and cater to the large number of professional households living or working in the area. The primary rental demand segment

for the area is single professional or young married with two incomes, 25 to 34 years of age and an annual median household income of approximately \$35,000.

c. Project Data - Construction specifications and construction costs for Huntington Brook are shown in Exhibits II-5 and II-6 respectively. Like Huntington Lakes and Huntington Ridge, the Huntington Brook project features five one and two bedroom floor plans (See Exhibit II-7) which average 766 square feet of rentable area. (See Exhibit II-8).

3. Huntington Lakes

a. Project Description - Huntington Lakes should be completed in August 1984. The Huntington Lakes site is located at 7324 Skillman in northeast Dallas, Texas. The 10.44 acre site is one of the last large developable residential parcels in the project area and is situated on the east side of Skillman Street, just north of Kingsley Road (See Exhibits II-2 and II-9). As shown in Exhibit II-10, the project includes 249 units in 16 three-story buildings and 1 two-story building, a swimming pool, a clubhouse and a man-made lake. The project contains 2 units which will remain models throughout the investment holding period.

b. Immediate Surroundings - The area surrounding Huntington Lakes is known locally as the Skillman Street corridor. Located approximately eight miles northeast of the Central Business District of Dallas, the neighborhood features numerous retail strip centers, restaurants, and public parks. Although Huntington Brook and Lakes are located in the City of Dallas, they are within the borders of the highly regarded Richardson Independent School District. (See Exhibit II-4). The project's target rental market is very similar to that of Huntington Brook.

c. Project Data - Construction specifications and construction costs for Huntington Lakes are shown in Exhibits II-11 and II-12 respectively. The project features five one and two bedroom floor plans (See Exhibit II-7) which average 735 square feet of rentable area (See Exhibit II-13).

4. Huntington Ridge

a. Project Description - Huntington Ridge will be completed by mid-June, 1984. The Huntington Ridge site is located at 4220 Esters Road in Irving, Texas. As shown in Exhibit II-14, the project fronts Esters Road along an east-west spur that connects Walnut Hill Lane to the Airport Freeway (Route 183) a major east-west traffic artery in the mid-cities area of Dallas. The project's 232 units are located in 18 two and three-story buildings (See Exhibit II-15).

b. Immediate Surroundings - The area surrounding the site features a mixture of large, post 1980 subdivisions. Single family homes in the area sell for \$100,000 to \$180,000, condominiums sell for \$54,000 to \$100,000. Belt Line Road, 1/2 mile east of the site, is Irving's major commercial corridor. As shown in Exhibit II-16, commercial development on Belt Line Road extends from Northgate Drive to Route 183, the location of the Irving Regional Mall.

The Huntington Ridge site is located less than three miles south of the Las Colinas Urban Center and five miles from the DFW Airport. Las Colinas is a planned community which has been developed by a very strong financial consortium headed by Ben Carpenter, Chairman of Southland Corporation. The office market in Las Colinas has historically been the focus of speculation and overbuilding. Major leasing concessions given by the developers of approximately 4 million vacant square feet of office space have resulted in strong absorption recently and have stimulated residential demand in the area surrounding the Urban Center. However, speculation in the multi-family rental market surrounding Las Colinas has kept the market occupancy rates from increasing. Las Colinas' continued office leasing strength and Irving's supply of developable residential land should keep the occupancy rates relatively stable for the next 10 to 24 months despite record levels of residential demand.

c. Project Data - Construction specifications and construction costs for Huntington Ridge are shown in Exhibits II-17 and II-18 respectively. The project's five one and two bedroom floor plans (See Exhibit II-7) average 757 square feet of rentable area (See Exhibit II-19).

5. Conclusions

There is a set of development strategies which have been incorporated into all of the Borrower's multi-family projects. For the following strategies, there has been proven market acceptance:

- * Give the renters the impression of quality - All projects are sited in a way which maximizes visibility and curb appeal. All projects feature an antique red brick fence around the site with a prominent project sign on a landscaped medium at the entrance of the project. The leasing office is centrally located at the front of the project and its interior is decorated with rich colors and quality furniture.
- * Make the renters feel like they are in control - During the initial leasing phase, new tenants can pick their own unit and choose the color combinations for that unit. There are six color boards which have been standardized for all three of the projects.
- * Locate the projects in areas of proven employment growth - Huntington Lakes and Huntington Brook are located near the LBJ and Central Expressway office districts and they are only 8 to 10 miles from downtown Dallas. Huntington Ridge is located near the Las Colinas Urban Center.
- * Include project and unit features which are popular in successful entry level condominium projects.

We believe that the Sullivan Development Company has successfully incorporated these strategies into their projects. The resulting product has proven market acceptance and is currently at the top of the Dallas rental market.

The Sullivan Development Company has built three condominium projects which will be rented for holding periods averaging four to five years. All units are prewired for microwave ovens, luminous ceiling lights in the kitchen and contain connections for washers and dryers. The parking areas are designed to incorporate carports and additional landscaping. Sullivan has developed an investment grade asset which can be converted to respond to a changing consumer market in a relatively short time period with a minimum monetary investment.

Exhibit II-1
PROJECT SPECIFICATIONS
THE SULLIVAN APARTMENT PORTFOLIO

Architecture: New England style two and three story buildings with gabled roofs, quoined corners and arched balconies.

Exterior Finish: Red antique-style brick veneer, pine siding with grey color and off-white trim.

Project Features: Concrete parking lots with cobblestone entrys. Well lit, heavily landscaped grounds with numerous native trees. Swimming pools, jacuzzi and waterscapes are included in all three projects. Huntington Lakes includes a man-made lake and Huntington Brook has an existing creek running through the site. Huntington Brook and Huntington Lakes also include covered parking.

Unit Features: Oversized thermopane windows. These well insulated units qualify for an E-OK energy rating which only 15% of Dallas' multi-family projects feature. Wood burning fireplaces, nine foot ceilings, General Electric appliances, ceiling fans, washer/dryer connections, oak cabinets, cultured marble vanities and large balconies are featured in every unit.

Exhibit II-2
AERIAL MAP
HUNTINGTON BROOK
AND
HUNTINGTON LAKES

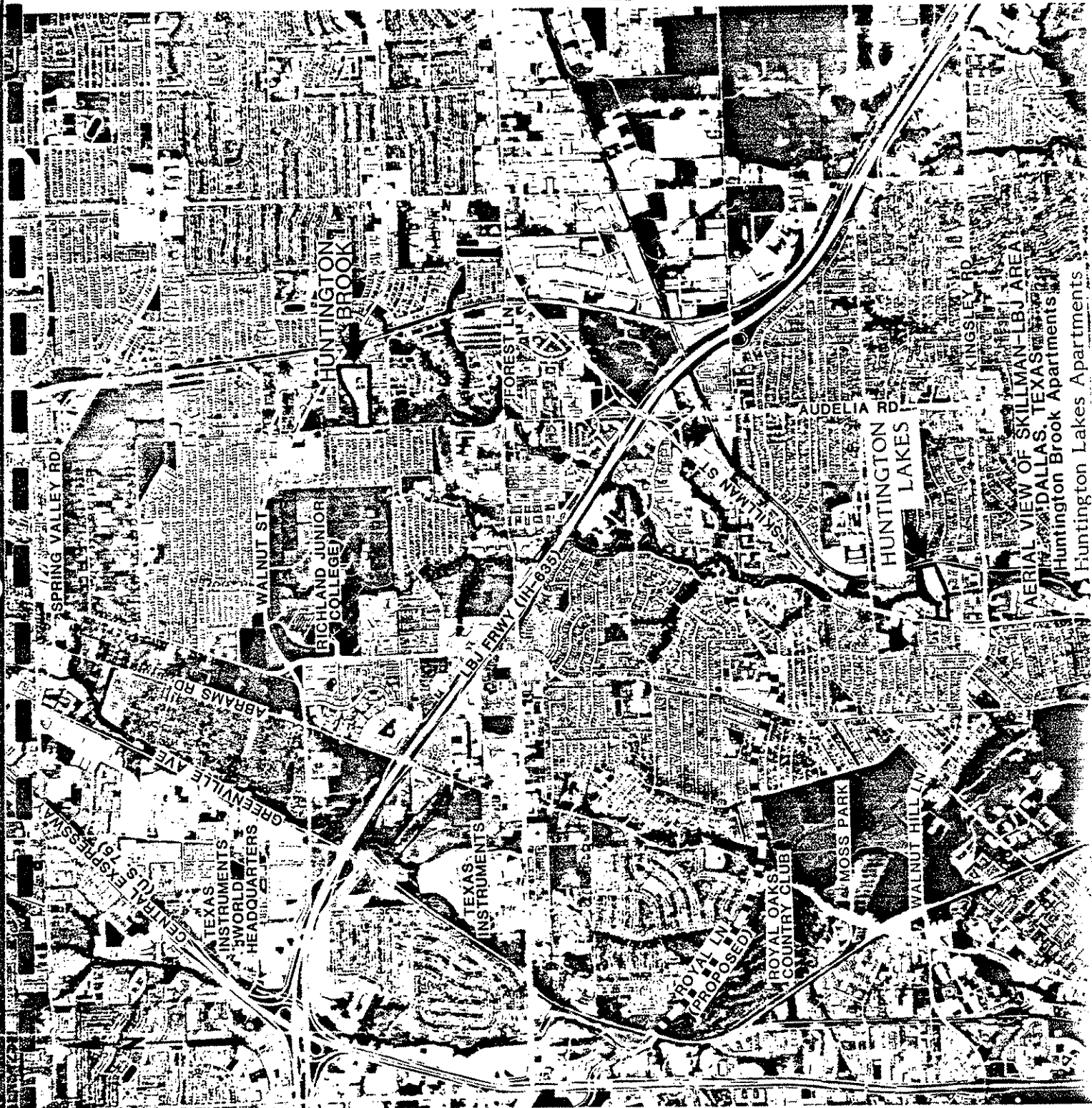


Exhibit II-3
SITE PLAN
HUNTINGTON BROOK

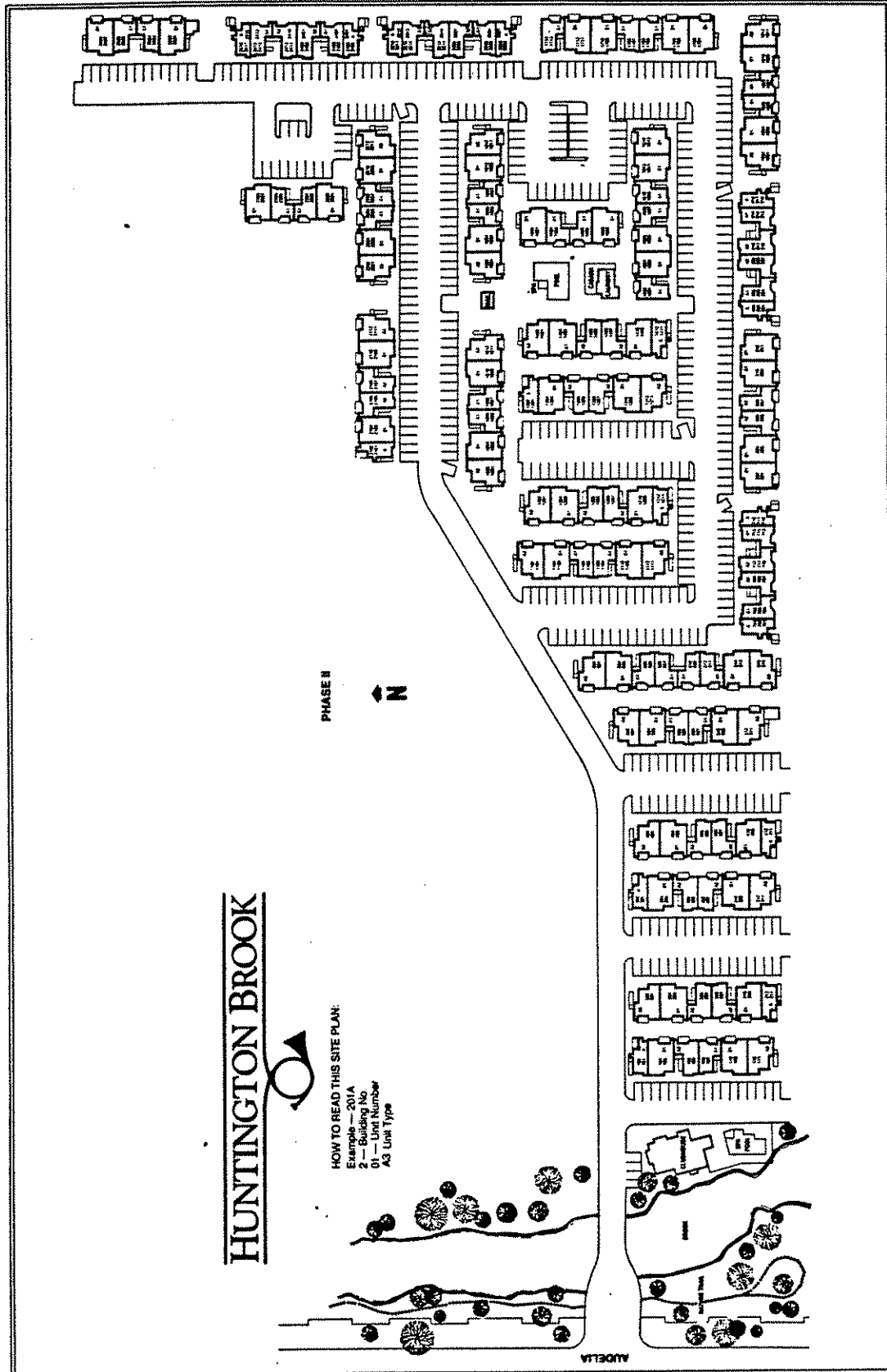


Exhibit II-4
 SURROUNDING LAND USE MAP
 HUNTINGTON BROOK
 AND
 HUNTINGTON LAKES

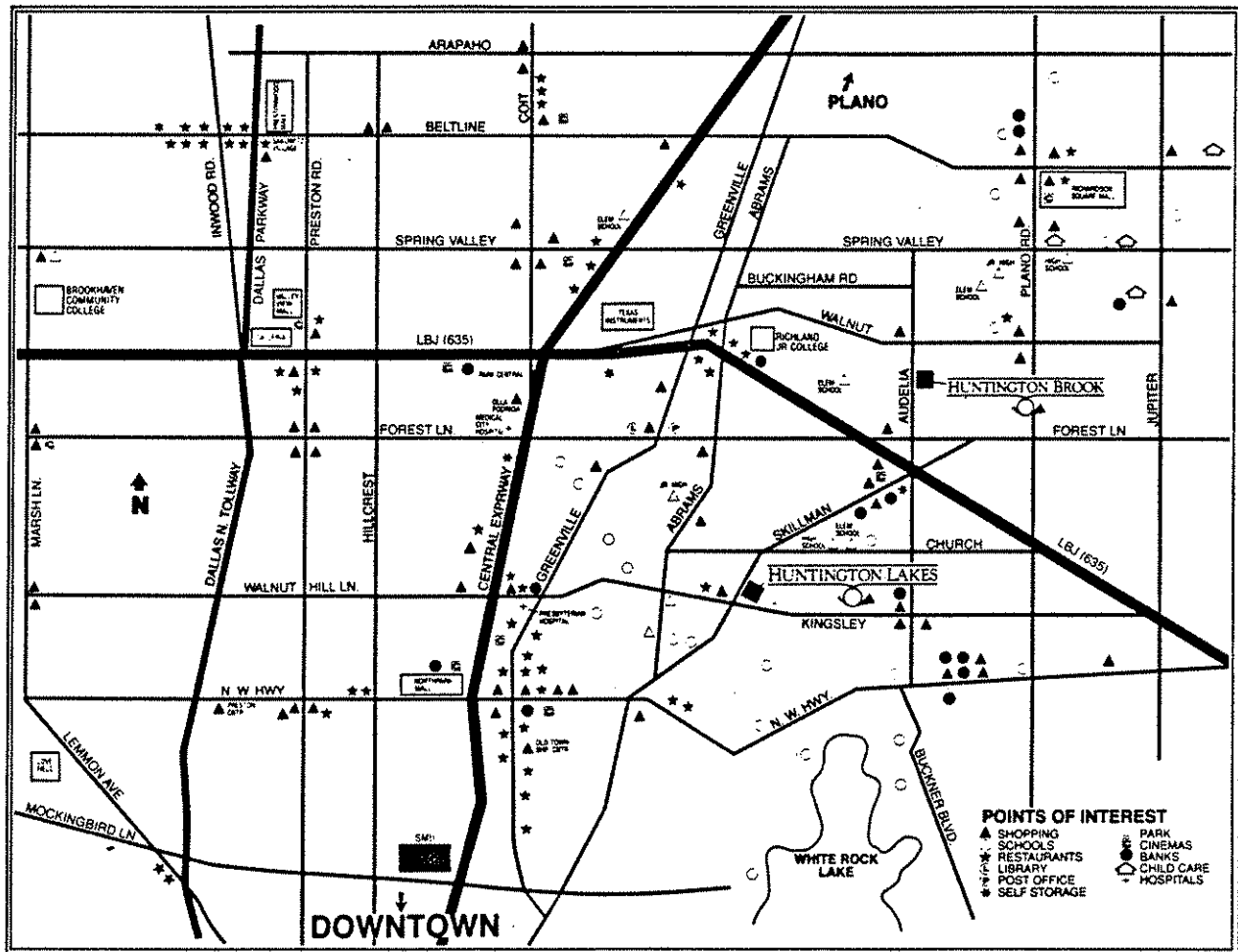


Exhibit II-5
CONSTRUCTION SPECIFICATIONS
HUNTINGTON BROOK APARTMENTS

Foundation: Engineered monolithic concrete slab on 4" sand cushion with vapor barrier with post tension reinforcement.

Exterior Walls: Face brick veneer and pine siding (Southern Pine Inspection Bureau Grademark #2) over frame structure with 1 1/2" exterior sheathing. Double 2" x 4" wood studs 16" on center on first floor of 3-story structure, balance is 2" x 4"'s, 16" on center.

Roof: Prefabricated wood trusses spaced 24" on center. Composition fiberglass shingles over 15 lb. felt and nailed to 1/2" plywood decking.

Windows and Doors: Divided lite aluminum, single hung with screens and double glazed panes. All exterior doors are 1 3/4" solid core wood in frames; interior doors are 1 3/8" hollow core wood in frames. Standard grade finish hardware.

Unit Features: 9' ceilings; washer/dryer connections; ceiling fans; woodburning fireplace framed in tile with tile hearth, tile entries and custom home-style mantle in all units. Prewiring for microwave ovens, master T.V. antenna, and cable T.V.

Floor Structure: First floor is concrete slab, second and third floor trusses 16" on center with 1" gypcrete over 5/8" plywood decking. Finished floors are sheet vinyl flooring in kitchen and utility rooms, hard surface tile in entries, and carpet in the balance of the unit.

Interior Finish: Carpet over pad in living area, vinyl tile in kitchens and baths. This meets FHA/VA requirements.

Insulation and Noise Abatement: Caulking and weatherstripping; R-13 batt insulation in exterior walls, R-26 in ceiling area and 3 1/2" batt insulation on one side of double party walls, accoustic caulk on both sides of party walls.

HVAC: Individual system manufactured by General Electric Company for each unit with remote condensing unit and strip electric heating units, E-OK energy efficiency rating.

Kitchen Equipment: Color-coordinated and equipped with 30" range, frost free refrigerator (stubbed out for ice-maker), dishwasher, exhaust hood and disposal; double compartment stainless steel sink. All appliances manufactured by General Electric Company.

Furnishing: Miniblinds for all windows and French atrium doors; oak cabinets with formica countertops, pass-through bar. Tile entries.

Plumbing: Double sink in kitchen, and 5' tubs in bathrooms. Cultured marble vanities.

Electrical: Conforms to national codes and includes all interior and exterior fixtures, master TV antenna system and cable T.V. system, bath exhaust fans, telephone system.

Speciality Items: Central mailboxes, attractive building identification markers, smoke detection devices, pre-fab steel stairway units. Fireplace with tile framing, tile hearths and custom home-style mantles. Washers and dryers in 118 units.

Exhibit II-5
Page Three

Site Improvements: Two pools with waterscape and jacuzzis, concrete paving, lavish professional landscaping, stone retaining walls, office and clubhouse facility, mechanical/laundry facility.

Parking: 480 spaces, 1.5 per unit, City of Dallas code is 1.5 per unit. 270 of the spaces are covered.

Source: Sullivan Development Company

Exhibit II-6
DEVELOPMENT BUDGET
HUNTINGTON BROOK APARTMENTS

Land (10.80 acres) \$ 2,213,937

Soft Costs

Loan Fees	\$ 477,200
Additional Loan Fees	400,000
Property Taxes & Insurance	40,000
Architecture & Engineering	144,157
Advertising & Marketing	143,000
Legal	20,000
Construction Overhead	100,000
Management Fee	14,460
Construction Interest	1,400,000
Interest During Lease-up	900,000
Miscellaneous & Contingency	220,448
Lamar Payoff	238,600

Total Soft Costs 3,859,265

Hard Costs

Paving	300,754
Utilities	200,500
Landscape & Clearing	462,000
Labor	234,700
Concrete & Masonry	598,304
Carpentry	1,812,965
Doors & Windows	200,382
Roofing & Insulation	268,092
Drywall, Carpet Vinyl & Tile	932,302
Appliances, Cabinets & Hardware	640,712
Fireplaces, Pool & Spas	199,341
Carports	140,000
Air Conditioning	298,000
Plumbing	450,159
Electrical	551,399
Miscellaneous	348,284

Total Hard Costs 7,637,894

Aggregate Project Costs \$13,949,696

Source: Sullivan Development Company

Exhibit II-7
BASIC FLOOR PLANS
SULLIVAN APARTMENTS

A
One bedroom
One bath

Finished area	.....503 sq. ft.
Patio or balcony	.....67 sq. ft.
Storage	.....24 sq. ft.
Total	.....594 sq. ft.



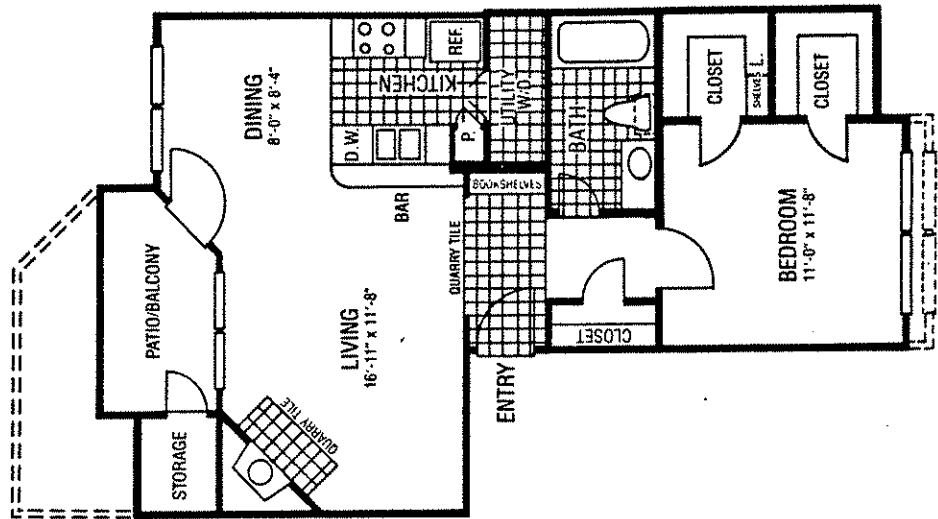
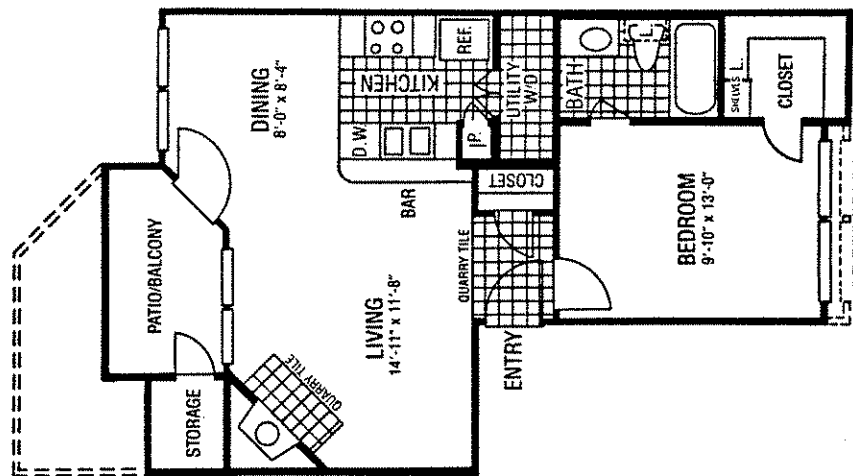
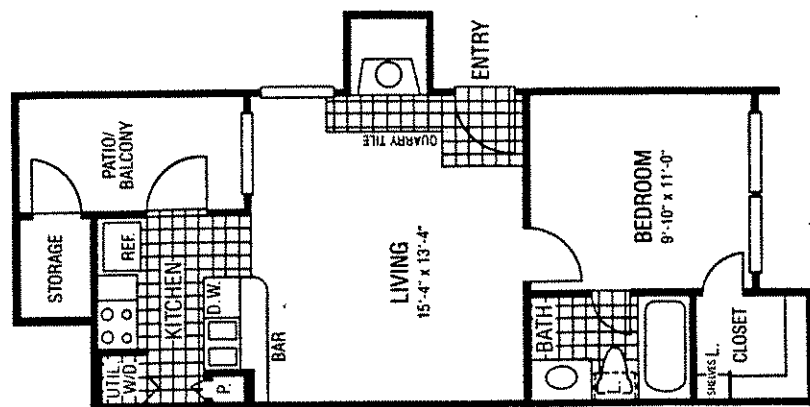
A1
One bedroom
One bath

Finished area	.....608 sq. ft.
Patio or balcony	.....55 sq. ft.
Storage	.....25 sq. ft.
Total	.....688 sq. ft.



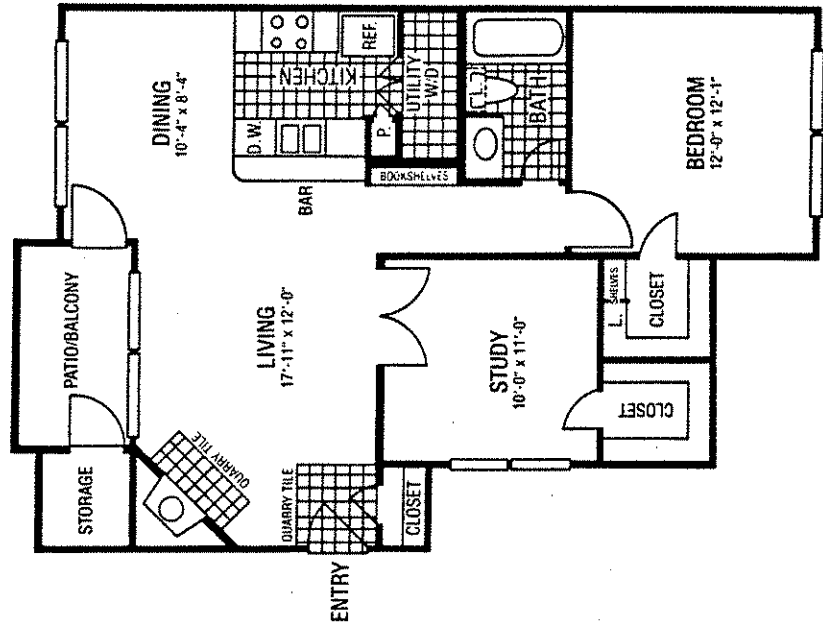
A2
One bedroom
One bath

Finished area	.....710 sq. ft.
Patio or balcony	.....61 sq. ft.
Storage	.....25 sq. ft.
Total	.....796 sq. ft.



A3
One bedroom
Study
One bath

Finished area	829 sq. ft.
Patio or balcony	60 sq. ft.
Storage	25 sq. ft.
Total	914 sq. ft.



B1, B2S
Two bedrooms
Two baths

Finished area	940 sq. ft.
Patio or balcony	61 sq. ft.
Storage	32 sq. ft.
Total	1033 sq. ft.

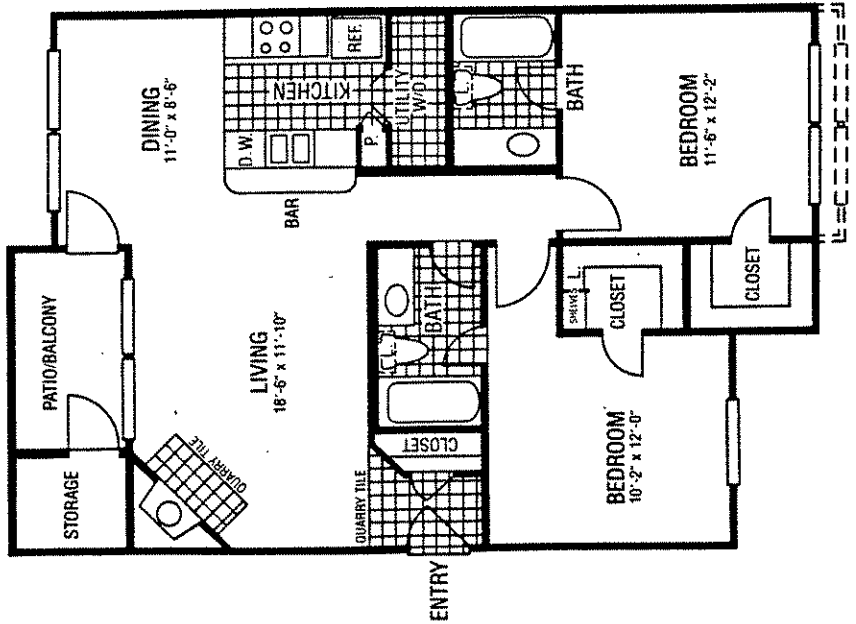


Exhibit II-8
RENT SCHEDULE AND UNIT MIX
HUNTINGTON BROOKS APARTMENTS

<u>Unit Description</u>	<u>No. Units</u>	<u>Sq Ft/ Unit</u>	<u>Total Sq Ft</u>
A 1 Bedroom 1 Bath	32	503	16,096
AA 1 Bedroom 1 Bath	8	513	4,104
A1 1 Bedroom 1 Bath	74	608	44,992
A1A 1 Bedroom 1 Bath	8	620	4,960
A2 1 Bedroom 1 Bath w/ Double Walk-in Closets	50	710	35,500
A2A 1 Bedroom 1 Bath w/ Double Walk-in Closets	8	722	5,776
A3 1 Bedroom 1 Bath w/ Den	44	829	36,476
B1 2 Bedroom 2 Bath	20	940	18,800
B1A 2 Bedroom 2 Bath	8	952	7,616
B2S 2 Bedroom 2 Bath w/ Sunroom	34	1033	35,122
B2SA 2 Bedroom 2 Bath w/ Sunroom	<u>34</u>	<u>1045</u>	<u>35,530</u>
	320	766	244,972

Source: Sullivan Development Company

Note: Amenities: Each unit has a fireplace, washer/dryer connection, frost free refrigerator. There are 280 carports and 118 washers and dryers.

Exhibit II-9
PROJECT LOCATION MAP



Exhibit II-11
CONSTRUCTION SPECIFICATIONS
HUNTINGTON LAKES APARTMENTS

Foundation: Engineered monolithic concrete slab on 4" sand cushion with vapor barrier with post tension reinforcement.

Exterior Walls: Face brick veneer and masonite siding over frame structure with 1 1/2" exterior sheathing. Double 2" x 4" wood studs 16" on center on first floor of 3-story structure, balance is 2" x 4"'s, 16" on center.

Roof: Prefabricated wood trusses spaced 24" on center, composition fiberglass shingles over 15 lb. felt and nailed to 1/2" plywood decking.

Windows & Doors: Divided lite aluminum, single hung with screens and double glazed panes. All exterior doors are 1 3/4" solid core wood in frames; Interior doors are 1 3/8" hollow core wood in frames. Standard grade finish hardware.

Unit Features: 9' ceilings; washer/dryer connections; ceiling fans; woodburning fireplace framed in tile with tile hearth, tile entries and custom home-style mantle in all units. Prewiring for microwave ovens, master T.V. antenna and cable T.V.

Floor Structure: First floor is concrete slab, second and third floor joists 16" on center with 1" gypcrete over 5/8" plywood decking. Finished floors are sheet vinyl flooring in kitchen and utility rooms, hard surface tile in entries, and carpet in the balance of the unit.

Interior Finish: Carpet over pad in living area, vinyl tile in kitchens and baths. This meets FHA/VA requirements.

Insulation and
Noise Abatement:

Caulking and weatherstripping; R-13 batt insulation in exterior walls, R-26 in ceiling area and 3 1/2" batt insulation on one side of double party walls, accoustic caulk on both sides of party walls.

HVAC:

Individual system manufactured by General Electric Company for each unit with remote condensing unit and strip electric heating units, E-OK energy efficiency rating.

Kitchen Equipment:

Color-coordinated and equipped with 30" range, frost free refrigerator (stubbed out for ice-maker), dishwasher, exhaust hood and disposal; double compartment stainless steel sink. All appliances manufactured by General Electric Company. Prewired for microwave ovens.

Furnishing:

Miniblinds for all windows and French atrium doors; oak cabinets with formica countertops, pass-through bar. Tile entries.

Plumbing:

Double sink in kitchen, individual electric hot water heaters, 5' tubs in bathrooms. Cultured marble vanities. Certain units have oversized tubs.

Electrical:

Conform to national codes and includes all interior and exterior fixtures, master TV antenna system and cable T.V. system, bath exhaust fans. Prewired for ceiling fans and microwave ovens.

Speciality Items:

Central mailboxes, attractive building identification markers, smoke detection devices, pre-fab steel stairway units. Fireplace with tile framing, tile hearths and custom home-style mantles. Tile entries.

Exhibit II-11
Page Three

Site Improvements: Two pools with waterscape and jacuzzis, concrete paving, lavish professional landscaping, stone retaining walls, office and clubhouse facility, laundry rooms and a free-standing mailbox.

Source: Sullivan Development Company

Exhibit II-12
DEVELOPMENT BUDGET
HUNTINGTON LAKES APARTMENTS

Land (10.44 acres)		\$ 2,502,375
Soft Costs		
Loan Fees	\$ 101,200	
Additional Loan Fees	360,000	
Property Taxes & Insurance	40,000	
Architecture & Engineering	82,000	
Advertising & Marketing	75,000	
Legal	60,000	
Construction Overhead	50,000	
Management Fee	145,000	
Construction Interest	881,536	
Interest During Lease-up	900,000	
Miscellaneous	11,250	
Total Soft Costs		2,705,986
Hard Costs		
Paving	206,000	
Utilities	221,000	
Landscape & Clearing	190,930	
Labor	122,865	
Concrete & Masonry	540,000	
Carpentry	1,702,413	
Doors & Windows	128,000	
Roofing & Insulation	245,000	
Drywall, Carpet Vinyl & Tile	767,000	
Appliances, Cabinets & Hardware	566,000	
Fireplaces, Pool & Spas	168,000	
Carports	185,000	
Lake, Jogging Trail, etc.	150,000	
Air Conditioning	243,000	
Plumbing	403,700	
Electrical	382,000	
Miscellaneous	599,000	
Total Hard Costs		6,819,908
Aggregate Project Costs		\$12,028,269

Source: Sullivan Development Company

Exhibit 11-13
RENT SCHEDULE AND UNIT MIX
HUNTINGTON LAKES APARTMENTS

<u>Unit</u>	<u>Description</u>	<u>No. Units</u>	<u>Sq Ft/ Unit</u>	<u>Total Sq Ft</u>
A	1 Bedroom 1 Bath	18	503	9,054
AA	1 Bedroom 1 Bath	9	513	4,617
A1	1 Bedroom 1 Bath	48	608	29,184
A1A	1 Bedroom 1 Bath	24	620	14,880
A2	1 Bedroom 1 Bath	45	710	31,950
A2A	1 Bedroom 1 Bath w/ Double Walk-in Closets	22	722	15,884
A3	1 Bedroom 1 Bath w/ Den	23	829	19,067
A3A	1 Bedroom 1 Bath w/ Den	12	841	10,092
B1	2 Bedroom 2 Bath	14	940	13,160
B1A	2 Bedroom 2 Bath	1	952	952
B2S	2 Bedroom 1 Bath w/ Sunroom	24	1033	24,792
B2SA	2 Bedroom 1 Bath w/ Sunroom	<u>9</u>	<u>1045</u>	<u>9,405</u>
		249	735	183,037

Source: Sullivan Development Company

Note: Amenities: Each unit has a fireplace, ceiling fan, washer/dryer connection, frost free refrigerator.

Exhibit II-14
AERIAL MAP
HUNTINGTON RIDGE



Exhibit I 15
SITE PLAN
HUNTINGTON RIDGE

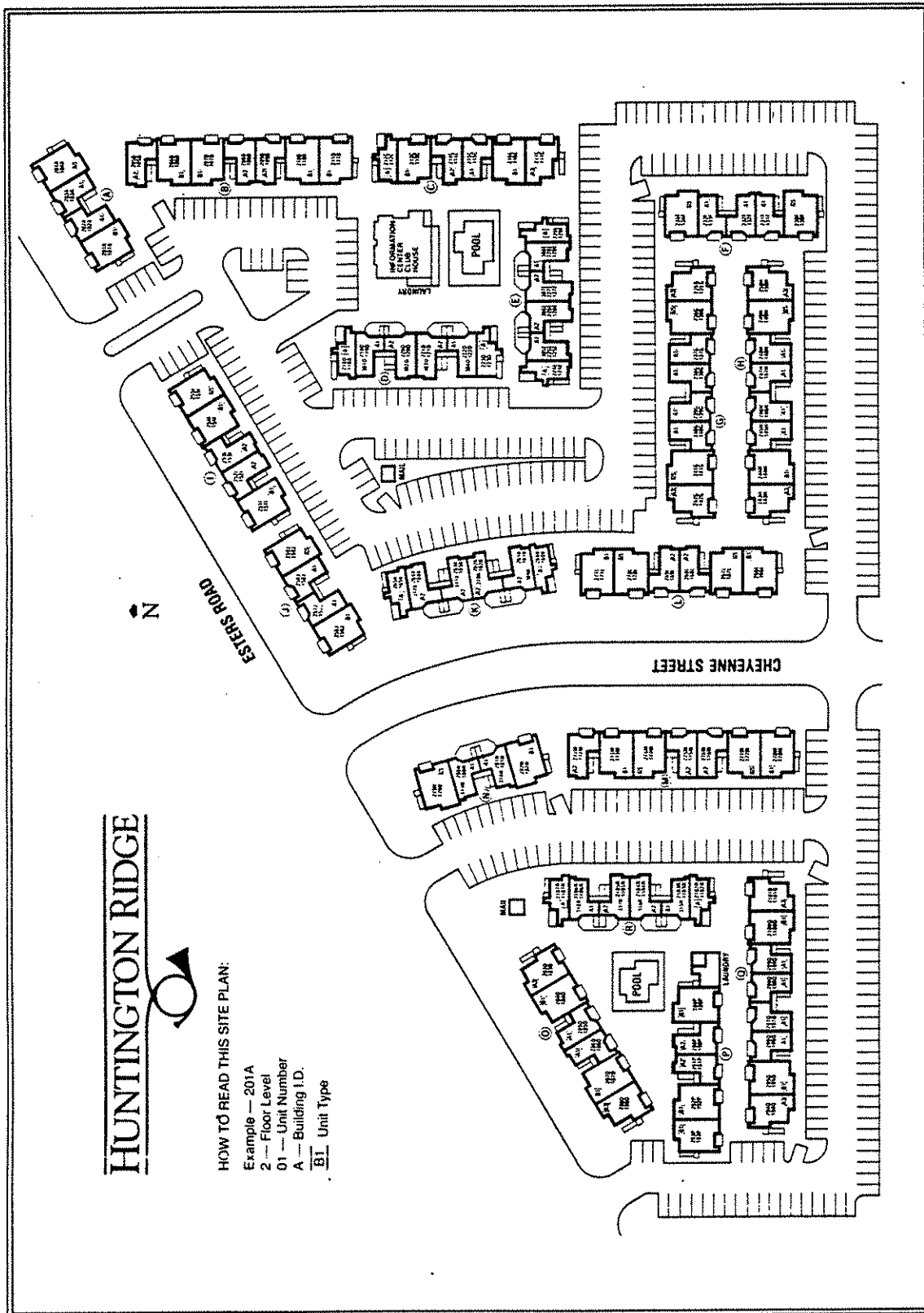


Exhibit II-16 SURROUNDING LAND USE MAP HUNTINGTON RIDGE

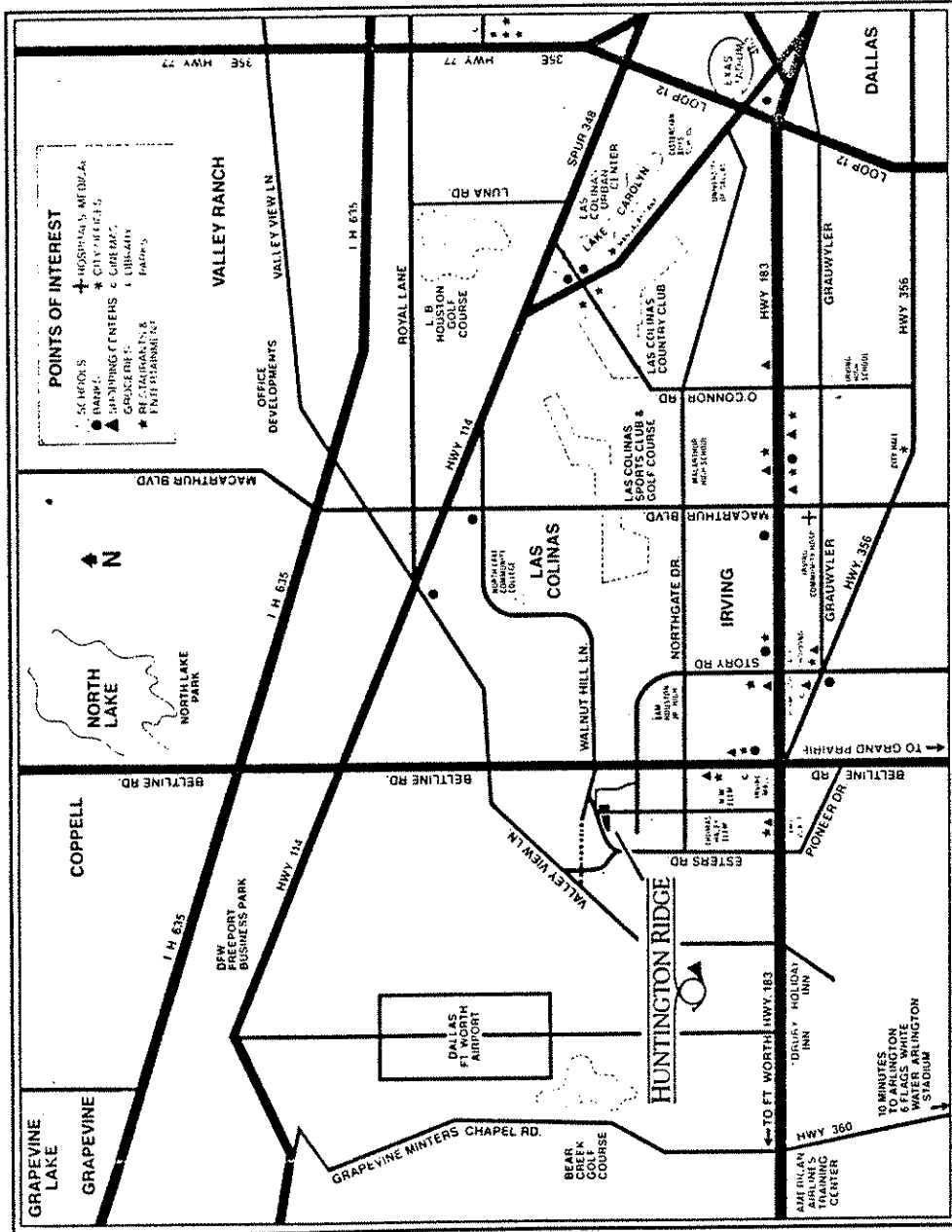


Exhibit II-17
CONSTRUCTION SPECIFICATIONS
HUNTINGTON RIDGE APARTMENTS

Foundation: Engineered monolithic concrete slab on 4" sand cushion with vapor barrier with post tension reinforcement.

Exterior Walls: Face brick veneer and pine siding (Southern Pine Inspection Bureau Grade-mark #2) over frame structure with 1 1/2" exterior sheathing. Double 2" x 4" wood studs 16" on center on first floor of 3-story structure, balance is 2" x 4"'s, 16" on center.

Roof: Prefabricated wood trusses spaced 24" on center, composition fiberglass shingles over 15 lb. felt and nailed to 1/2" plywood decking.

Windows & Doors: Divided lite aluminum, single hung with screens and double glazed panes. All exterior doors are 1 3/4" solid core wood in frames; Interior doors are 1 3/8" hollow core wood in frames. Standard grade finish hardware.

Unit Features: 9' ceilings; washer/dryer connections; woodburning fireplace framed in tile with tile hearth, tile entries and custom home-style mantle in all units. Prewiring for ceiling fans, microwave ovens, master T.V. antenna and cable T.V.

Floor Structure: First floor is concrete slab, second and third floor trusses 16" on center with 1" gypcrete over 5/8" plywood decking. Finished floors are sheet vinyl flooring in kitchen and utility rooms, hard surface tile in entries, and carpet in the balance of the unit.

Interior Finish: Carpet over pad in living area, vinyl tile in kitchens and baths. This meets FHA/VA requirements.

Exhibit II-17
Page Two

Insulation and
Noise Abatement:

Caulking and weatherstripping; R-13 batt insulation in exterior walls, R-26 in ceiling area and 3 1/2" batt insulation on one side of double party walls, accoustic caulk on both sides of party walls.

HVAC:

Individual system manufactured by General Electric Company for each unit with remote condensing unit and strip electric heating units, E-OK energy efficiency rating.

Kitchen Equipment:

Color-coordinated and equipped with 30" range, frost free refrigerator (stubbed out for ice-maker), dishwasher, exhaust hood and disposal; double compartment stainless steel sink. All appliances manufactured by General Electric Company. Prewired for microwave ovens.

Furnishing:

Miniblinds for all windows; oak cabinets with formica countertops, pass-through bar. Tile entries.

Plumbing:

Double sink in kitchen, lavatories, water closets and 5' tubs. Cultured marble vanities.

Electrical:

Conform to national codes and includes all interior and exterior fixtures, master TV antenna system and cable T.V. system, bath exhaust fans, telephone system. Prewired for ceiling fans.

Speciality Items:

Central mailboxes, attractive building identification markers, smoke detection devices, pre-fab steel stairway units, woodburning fireplaces with tile hearths and custom home-style mantles.

Exhibit II-17
Page Three

Site Improvements: Two pools with waterscape and jacuzzis, concrete paving, lavish professional landscaping, stone retaining walls, office and clubhouse facility, two mechanical/laundry facilities.

Parking: 464 open spaces, 2.0 per unit. City of Irving code is 2.0.

Source: Sullivan Development Company

Exhibit II-18
DEVELOPMENT BUDGET
HUNTINGTON RIDGE

Land (9.34 acres)		\$ 1,346,440
Soft Costs		
Loan Fees & Points to Date	\$ 462,200	
Additional Loan Fees	300,000	
Property Taxes & Insurance	26,000	
Architecture & Engineering	100,000	
Advertising & Marketing	117,250	
Legal	23,000	
Construction Overhead	33,500	
Management Fee	110,000	
Construction Interest	638,016	
Interest During Lease-up	750,000	
Miscellaneous	66,029	
Total Soft Costs		2,626,495
Hard Costs		
Paving	358,400	
Utilities	256,700	
Landscape & Clearing	234,193	
Labor	267,000	
Concrete & Masonry	459,265	
Carpentry	1,483,677	
Doors & Windows	189,718	
Roofing & Insulation	199,091	
Drywall, Carpet Vinyl & Tile	468,581	
Appliances, Cabinets & Hardware	420,514	
Fireplaces, Pool & Spas	149,125	
Air Conditioning	223,000	
Plumbing	331,705	
Electrical	296,300	
Miscellaneous	515,391	
Total Hard Costs		5,852,660
Aggregate Project Costs		\$ 9,825,595

Source: Sullivan Development Company

Exhibit 11-19
RENT SCHEDULE AND UNIT MIX
HUNTINGTON RIDGE APARTMENTS

<u>Unit</u>	<u>Description</u>	<u>No. Units</u>	<u>Sq Ft/ Unit</u>	<u>Total Sq Ft</u>
A	1 Bedroom 1 Bath	18	503	9,054
A1	1 Bedroom 1 Bath	60	608	36,480
A1A	1 Bedroom 1 Bath	8	620	4,960
A2	1 Bedroom 1 Bath w/ Double Walk-in Closet	46	710	32,660
A2A	1 Bedroom 1 Bath w/ Double Walk-in Closets	10	722	7,220
A3	1 Bedroom 1 Bath w/ Den	18	829	14,922
B1	2 Bedroom 2 Bath	32	940	30,080
B1A	2 Bedroom 2 Bath	16	952	15,232
B2S	2 Bedroom 2 Bath w/ Sunroom	12	1033	12,396
B2SA	2 Bedroom 2 Bath w/ Sunroom	<u>12</u>	<u>1045</u>	<u>12,540</u>
		232	757	175,544

Source: Sullivan Development Company

Note: Amenities: Each unit has a fireplace, washer/dryer connection, and a frost free refrigerator.

III. MARKET OVERVIEW

III. MARKET OVERVIEW

1. Introduction

Dallas continues to be one of the fastest growing Sunbelt cities. The Dallas-Fort Worth's emergence as one of the nation's most dynamic areas is due to a number of factors. Significant among these are:

- * Dallas is centrally located in the Southwest and has an excellent highway and air transportation system;
- * Unlike Houston, the Dallas government has attempted to control development and develop a physical infrastructure necessary to ensure orderly growth while maintaining a pro-business, growth oriented philosophy; and,
- * A generally temperate climate, an available land supply, and low taxes make Dallas a desirable relocation area for migrating businesses and employees.

2. The Apartment Market

The speculation and building permit activity in 1983 led many of Dallas' apartment experts to predict a decline in apartment occupancy rates in 1984. Yet, in the first quarter of 1984, the Dallas market continued to exhibit unchanged occupancy levels (See Exhibit III-1). Experts point to a stronger than expected economic recovery in Dallas which has produced job opportunities and greater immigration. Internal migration has also increased due to aggressive apartment leasing programs and general household growth (undoubling of roommates and moving from parents' homes).

The Dallas County rental market contains over 110,000 units. There are approximately 8,800 vacant units on the market for an indicated occupancy rate of 92%. Rental demand remains very strong in Dallas. Apartment occupancy for the Dallas market has remained steady despite the completion of a record number of rental units during the first quarter of 1984 (18,900 units).

Twenty five submarkets have been identified and analyzed in a recent apartment market survey by M/PF Research, Inc. (See Exhibit III-2). The occupancy and mean rent characteristics of each submarket is shown in Exhibit III-3.

As shown in Exhibit III-3, occupancy rates range from 85% in Mesquite to 96% in North Dallas with a majority of submarkets exhibiting occupancy rates above 90%. Rental rates generally range from \$325 to \$400 for one bedroom units and from \$425 to \$500 for two bedroom units.

Between 1976 and 1983, rental rate increases in the Dallas area have generally outpaced the rate of change in the consumer price index. Rent increases averaged 10.1% compounded annually compared to the 7.9% average annual increase in the Consumer Price Index.

3. The Northeast Dallas Market

a. Market Overview - The Huntington Lakes and Huntington Brook projects are located in the northeast Dallas apartment market (numbers 15, 16 and 25 on the map in Exhibit III-2). This apartment market is located near the intersection of Central Expressway and the Freeway and only 8 miles from downtown Dallas.

The northeast Dallas apartment market has a combined occupancy rate of 92%; 94% for one bedroom units and 90% for two bedroom units. Mean rental rates are \$390 for one bedroom units and \$475 for two bedroom units.

The northeast Dallas market is a three tier rental market. The tiers can be segregated by age, location and architectural design.

Lower Tier - Those units completed in the 1960s and early 1970s which are located next to or near LBJ Freeway or Central Expressway. The projects usually contain less than 200 units and feature exterior walkup stairs, stucco finish and flat roof design. Their target demographic market is single household professionals with entry level clerical or retail jobs. Mean rental rates are \$.45 to \$.47 per square foot per month.

Middle Tier - Those units completed in the 1970s which featured two story walk-up with heavy wood or shingle trim and slant roof design. The second story vaulted ceiling units proved to be popular with tenants until the tenants (due to changes in lease structure) had to pay the electrical bills for the units. These projects are generally well located in established residential areas close to major freeway intersections. Mean rents generally fall in the \$.52 to \$.58 per square foot range.

Upper Tier - The projects are constructed as condominiums and include assigned parking spaces, total brick exteriors, wood burning fireplaces, highly visible common area amenities, 9-foot ceilings and washer/dryer connections. These projects experience high levels of demand from potential home buyers unable to afford new homes due to high interest rates. Projects in the upper tier have a mean rental rate of \$.64 per square foot per month.

b. Competitive Projects - Upper Tier - A survey of 6 rental projects competitive with Huntington Brook and Huntington Lakes is presented in Exhibit III-5 and their locations are plotted on the map in Exhibit III-6. The surveyed projects exhibited an overall occupancy rate of approximately 82% (10 percentage points less than the market average) in May, 1984 with a mean rental rate of \$470 for one bedroom units and \$625 for two bedroom units (25% higher than the mean rental rates for the market in general).

Since their opening, the surveyed projects have been absorbed at the rate of approximately 24 units per month. Huntington Lakes should compete very well in this market because of its project features and its location in a successful condominium market. The market's response to the Huntington Lakes project has been very good, despite the lack of units available for occupancy and unfinished common area improvements. With only 6 units available for occupancy, Huntington Lakes has signed 40 leases for an indicated absorption rate of 27 units per month. The average contract rent is \$.67 per square foot per month.

Sullivan's leasing strategy is to create leasing momentum by an aggressive discount program. The first 25% of the project's units are leased at market rate, but the first month is free on a seven month lease. This results in an effective rent discount of 16.7%. The next 25% of the project's units are leased at market with the first month free on a nine month lease (effective discount of 12.5%). The final half of the project is leased with the market rate increased by 6%, but a 2-4% discount is given to the tenant when the lease is signed. If the leasing program significantly slows down as the discount program is lifted, Sullivan can give tenants free use of washers and dryers, free covered parking or contributions toward moving expenses. Huntington Ridge is currently 92% leased with contract rents of \$6.23 and effective rents of \$6.05 (a 3% difference). Sullivan's project managers expect a 3-5% differential between contract rent and effective rent when Huntington Brook and Huntington Lakes reach 95% occupancy.

Competition for tenants in the area near Huntington Brook is very high. Current occupancy is approximately 90% for the market, but a record number of units are under construction which could result in generally lower occupancy rates in the future. However, Huntington Brook has leased an average of 40 units per month since it opened for leasing January 10, 1984. Rental rates have averaged \$.663 per square foot.

4. The Irving Market

Huntington Ridge is situated in the Irving/Las Colinas apartment market (number 7 and 23 on the map in Exhibit III-2). Proximity to the DFW Airport and the Las Colinas urban Center make this area a very active residential market.

The Irving/Las Colinas market has a combined occupancy rate of 86%, 85% for one bedroom units and 87% for two bedroom units. Mean rental rates for the Irving/Las Colinas market are \$360 for one bedroom units and \$445 for two bedroom units.

A survey of 7 rental projects competitive with Huntington Ridge is presented in Exhibit III-7 and their locations are plotted on the map in Exhibit III-8. The projects exhibited an overall occupancy rate of approximately 52% in May, 1984 with a mean rental rate of \$460 for one bedroom units and \$600 for two bedroom units.

The surveyed projects have been absorbed at the rate of approximately 15 units per month. Huntington Ridge has competed very well in this market, leasing 92% of its units while only 32% of its units were available for occupancy. Huntington Ridge has a prominent hilltop location and signs advertising Sullivan's condominium development can be seen from Esters Road which is across from Huntington Ridge.

5. Conclusions

a. The Dallas Apartment Market - The apartment market in Dallas has outperformed the experts' predictions of declining occupancy rates. The market has exhibited an average occupancy rate of 92% for the last five quarters. However, there are a record number of multi-family building permits outstanding in the Dallas market (28,800 units). With condominium construction and conversion activity declining as interest rates increase, the net effect is an increase in the probability that an oversupply will occur in the near future.

The Sullivan strategy of giving generous concessions to fill the units should work very well in an oversupplied market scenario. In an oversupplied market, the best type of tenant is a tenant in place. It is reasonable to expect a tenant to pay the same contract rent at lease renewal despite the fact that the owner has increased its effective rents as high as 17% (one month of free rent reduces the effective rent as much as 17% on a seven month lease). If the owner had to offer the unit to the street, it would probably have to make concessions which would result in minimal increases in effective rental rates. The ability of management to increase rents at renewal to rates at contract levels or greater may be enhanced by the higher rents that must be charged by competitive projects now under construction. Increased construction costs, land prices and interest rates will all influence an upward trend in contract rents.

b. Huntington Brook - The current leasing strategy at Huntington Brook has resulted in an absorption trend which should allow the Borrower to achieve 95% occupancy by the end of 1984. Contract rental rates have increased by 4% since the start of Huntington Brook's leasing program in January, 1984. The project manager expects another 4% increase to \$.69 per square foot per month by the end of the summer. Based on our analysis, this increase is achievable. Lease rollovers within the next 9 months could increase the effective rental rate of \$.61 per square foot to as high as \$.65 per square foot without impacting the current estimate that 40% of the project's tenants will move at lease rollover. Annual rental rate increases in 1985 should bring the average effective rate up to \$.70 - \$.72 per square foot. Thereafter, rental rate increases for Huntington Brook should exceed the rate of inflation by 2-3% annually.

c. Huntington Lakes - The market's response to the Huntington Lakes product has been very good, despite the lack of units available for occupancy and unfinished common area improvements. Huntington Lakes should achieve 95% occupancy by the end of the year. A 5% increase in the contract rate is planned for mid-summer. Lease rollovers in December 1984 through March 1985 should result in significant increases in the effective rental rates - up to 16%. At the same time, the Borrower should be able to keep the turnover ratio at about 40% because there are only a few rental alternatives in the mostly condominiumized area surrounding Huntington Lakes.

d. Huntington Ridge - This project should reach 95% occupancy by the end of the summer. Unlike Huntington Brook and Huntington Lakes, which should be able to increase rental rates up to the contract rates, increases in the effective rental rates toward the contract rate at Huntington Ridge could result in tenant turnover ratios in excess of 40%. Huntington Ridge faces considerable competition in the Irving/Las Colinas market. The aggressive leasing programs of competitive projects may restrict the Borrower from quickly recapturing the concessions offered to the original tenants. We therefore expect effective rental rate increases to be no more than 10% annually for the next 24 months.

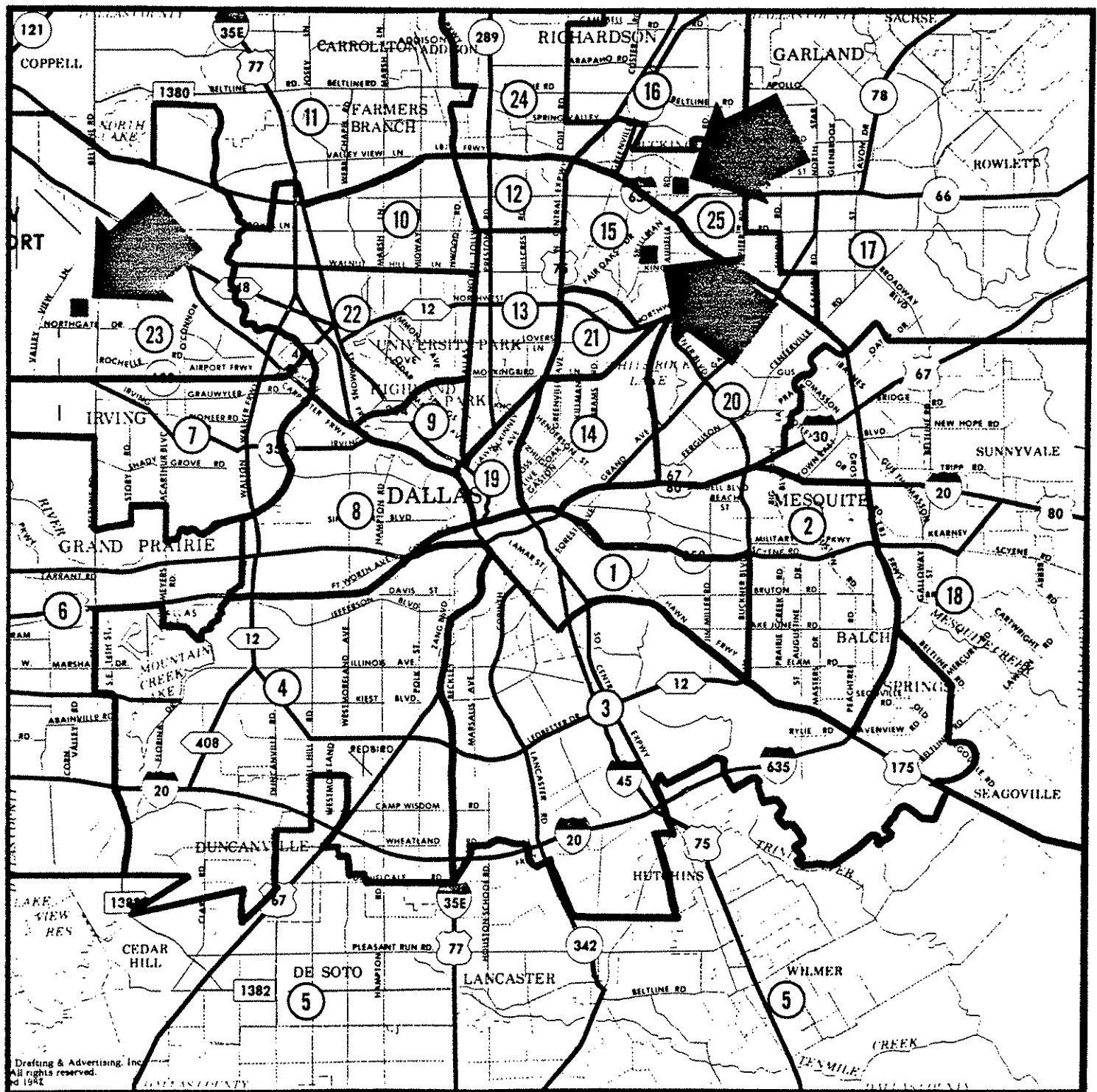
Exhibit III-1
HISTORIC OCCUPANCY LEVELS
DALLAS COUNTY
October 1982 - April 1984

<u>Date</u>	<u>Number Units</u>	<u>Vacant Units</u>	<u>Occupancy Rate</u>
10/82	89,200	4,500	95%
01/83	86,500	5,200	94%
04/83	92,200	7,400	92%
07/83	90,400	7,200	92%
10/83	94,700	7,600	92%
01/84	91,700	7,300	92%
04/84	110,600	8,800	92%

Source: Piedmont Realty Advisors

Note: The net decrease in the supply of apartment units
 can be attributed to condominium conversion
 activity.

Exhibit III-2
APARTMENT SUBMARKET
LOCATION MAP



1-25 corresponds to Exhibit III-1
SUBJECT PROPERTIES

Exhibit III-3
RENTAL MARKET CHARACTERISTICS
BY SUBMARKET
DALLAS COUNTY
April 1984

Market Area		Occupancy Rate			Mean Rental Rate		
No.	Name	Total	1 Bdrm	2 Bdrm	Total	1 Bdrm	2 Bdrm
1	SE Dallas	96%	96%	96%	NA	NA	NA
2	Pleasant Grove	94	95	92	365	325	400
3	South Dallas	95	94	95	385	340	400
4	Oak Cliff	93	92	93	395	355	400
5	De Soto	96	98	94	400	360	425
6	Grand Prairie	90	89	90	390	350	425
7	South Irving	87	86	87	370	330	400
8	West Dallas	96	95	97	450	420	490
9	Oak Lawn	88	89	85	355	325	430
10	Far NW Dallas	93	92	94	425	430	430
11	Addison	95	96	94	450	400	500
12	North Dallas	96	96	96	420	390	500
13	Park Cities	92	91	94	380	360	450
14	East Dallas	90	92	88	350	325	420
15	Highlands	92	94	89	410	375	470
16	Richardson	92	93	92	450	390	460
17	Garland	89	87	90	405	355	430
18	Mesquite	85	88	82	405	375	420
19	Cole	96	96	95	410	375	490
20	Far East Dallas	92	90	94	380	350	410
21	Vickery	93	94	92	440	405	525
22	NW Dallas	92	93	89	370	350	450
23	North Irving	86	84	87	420	380	470
24	Far North Dallas	93	94	92	450	415	535
25	Far NE Dallas	90	90	90	440	405	510
TOTAL		92%	92%	92%	\$420	\$385	\$470

Source: Piedmont Realty Advisors
M/PF Research, Inc.

Note: Occupancy figures based on weighted averages.

Exhibit III-4
RENTAL RATE TRENDS
DALLAS RENTAL MARKET
1975 - 1983

<u>Year</u>	<u>Rental Rate Increase</u>	<u>Change in the Consumer Price Index</u>
1976	10.8%	4.8%
1977	7.2	6.8
1978	3.5	9.0
1979	13.0	13.3
1980	13.6	12.4
1981	13.1	8.9
1982	12.8	3.9
1983	7.4	3.9
Average	10.1%	7.9%

Source: Piedmont Realty Advisors
Lincoln Property Corporation
U.S. Bureau of Commerce

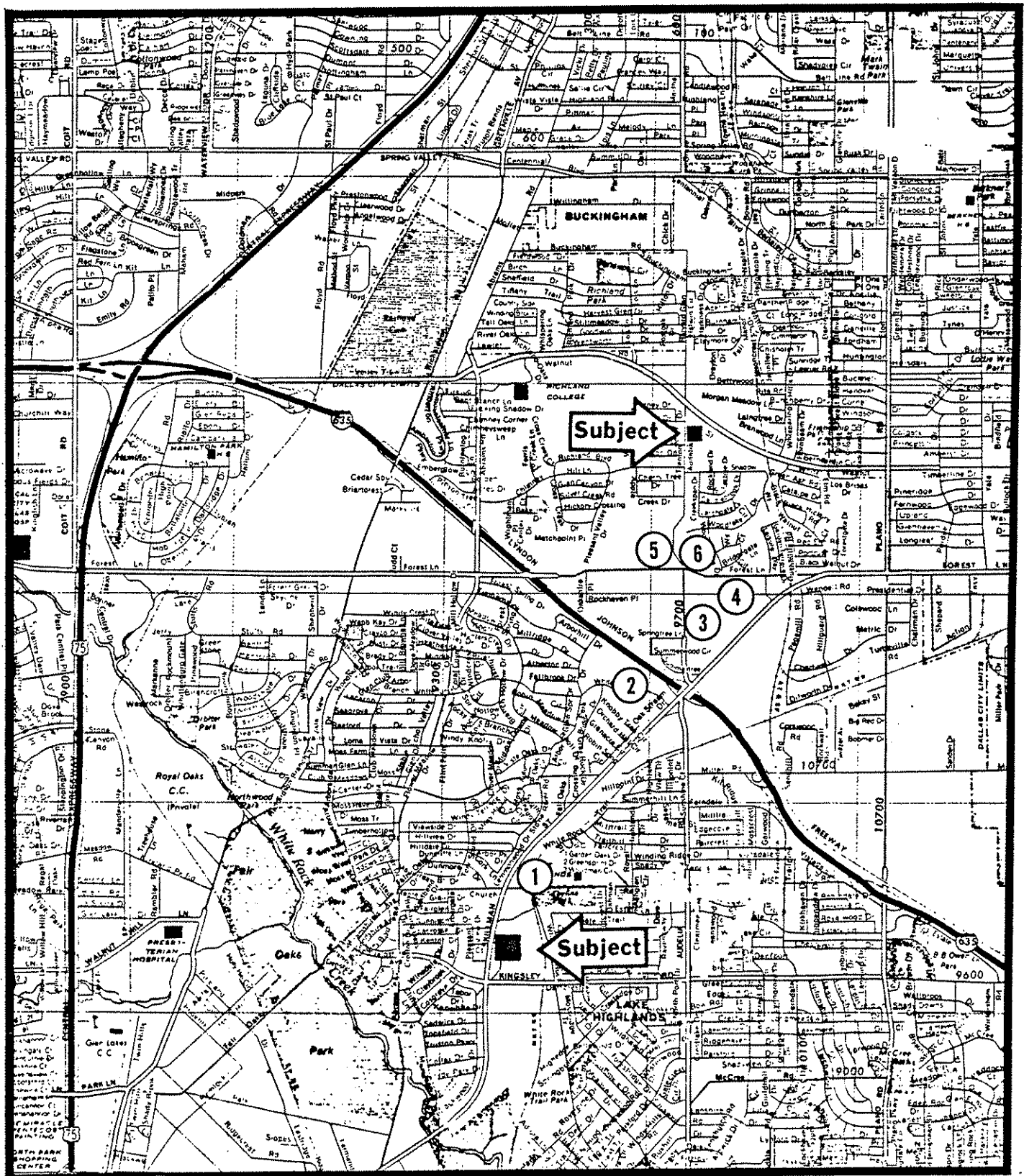
Exhibit III-5
COMPETITIVE RENTAL PROJECTS
NORTHEAST DALLAS MARKET
MAY 1984

No.	Name	Project Age	No. of Units	Occupancy	Unit Type	Unit Size (1)	Monthly Rent (2)	Rental Rate/sf	Absorption Units/ Months (3)
1	Oakwood Creek	1982	87	98%	1/1	780	\$ 540	\$.69	12
					2/1	835	575	.69	
					2/2	901	625	.69	
2	Shadowridge	1984	144	68%	1/1	738	485	.66	49
					2/1	870	560	.64	
					2/2	970	640	.66	
3	Chesapeake	1982	128	98%	1/1	700	490	.70	23
					2/1	831	550	.66	
					2/2	1055	650	.62	
4	The Arbors	1982	154	80%	1/1	705	460	.65	15
					2/2	911	560	.61	
5	Wellington Place	1984	164	35%	Studio	544	365	.67	18
					1/1	700	450	.64	
					2/1	873	520	.60	
					2/2	970	585	.60	
6	Bent Creek	1978	NA	NA	1/1	721	405	.56	10
					2/1	825	460	.56	
					2/2	1225	640	.52	
	HUNTINGTON LAKES		249	16%	1/1	620	460	.74	27
					2/1	920	575	.63	
					2/2	1025	650	.63	
	HUNTINGTON BROOK		320	58%	1/1	620	450	.73	36
					2/1	773	550	.71	
					2/2	1025	660	.64	

Source: Piedmont Realty Advisors

Notes: (1) Average weighted by number of units.
(2) Number of units leased per month from the opening of the projects' leasing office to 95% occupancy or June 7, 1984, whichever is sooner.

Exhibit III-6
COMPETITIVE PROPERTY
LOCATION MAP



①-⑥ Corresponds to Exhibit III-5

Exhibit III-7
COMPETITIVE RENTAL PROJECT
IRVING/LAS COLINAS MARKET
MAY 1984

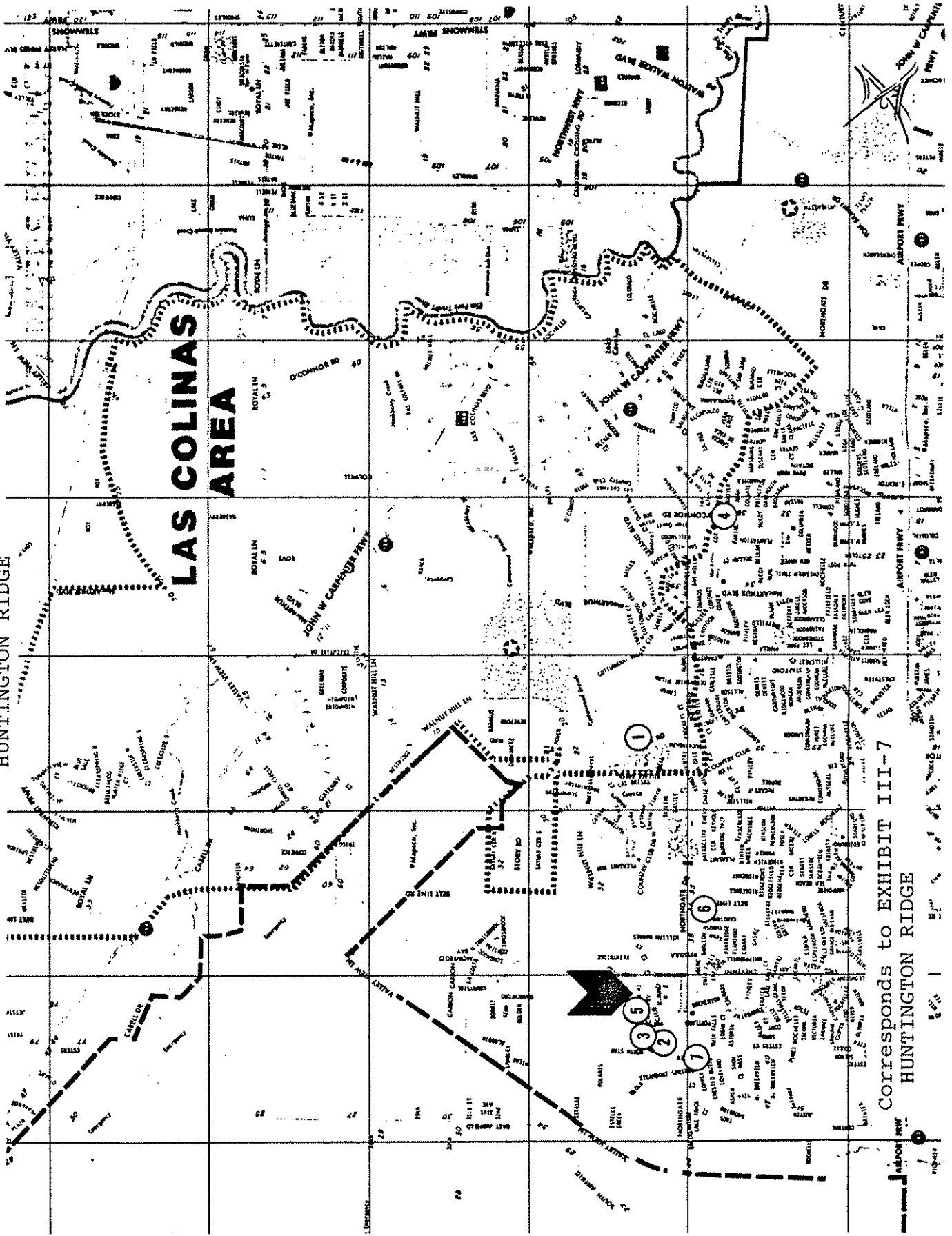
No.	Name	Project Age	No. of Units	Occu-pancy	Unit Type	Unit Size	Monthly Rent(1)	Rental Rate/sf	Absorption Units/ Months(2)
1	Marks	1984	252	16%	1/1	797	510	\$.64	6
					2/2	1000	615	.62	
2	Eagle Court I	1983	296	98%	1/1	748	475	.64	26
					2/2	1072	620	.58	
3	Eagle Court II	1984	278	20%	1/1	778	490	.63	9
					2/2	1056	640	.61	
4	Chaparral Creek	1974	533	97%	1/1	909	620	.68	NA
					2/2	1318	920	.70	
5	Heather Ridge	1984	204	27%	1/1	650	400	.62	7
					2/2	927	550	.59	
6	Summer Gate	1984	176	46%	1/1	632	410	.65	18
					2/2	970	575	.59	
7	Burn Brae	1984	278	20%	1/1	684	440	.64	12
					2/2	979	620	.63	
	HUNTINGTON RIDGE	1984	232	92%	1/1	620	440	.71	35
					2/2	1025	625	.61	

Source: Piedmont Realty Advisors

Notes: (1) Average weighted by number of units
(2) Number of units leased per month from the opening of the project's leasing office to 95% occupancy or June 7, 1984, whichever is sooner

NA = Not Available

Exhibit III-8
COMPETITIVE PROPERTY
LOCATION MAP
HUNTINGTON RIDGE



Corresponds to EXHIBIT III-7
HUNTINGTON RIDGE

1 7

IV. THE BORROWING ENTITY

IV. THE BORROWING ENTITY

Three limited partnerships have been set up for each of the properties under consideration for mortgage investment. They are as follows:

- * Huntington Brook - Huntington Brook Dallas, Ltd.
- * Huntington Lakes - Huntington Creek Dallas, Ltd.
- * Huntington Ridge - Huntington Ridge Irving, Ltd.

The general partners are Leo J. Fischer and John R. Sullivan (managing director). The general partners have an aggregate net worth of approximately \$82 million. The Sullivan Development Company, Inc. will deposit the \$1,850,000 letter of credit to further secure the mortgages. The Sullivan Development Company has a consolidated net worth on a cost basis of \$43 million.

1. The Development Team

a. The Sullivan Development Company - The developer is a fully integrated real estate company with headquarters in Dallas, Texas. They are diversified in four major areas: site acquisition/land development, construction, sales, and leasing. Most of their experience has been in the residential market (See Exhibit IV-1), but they have several commercial projects planned.

b. John R. Sullivan - Founder and sole owner of Sullivan Development Company. Since starting his firm in 1976, he has become one of the major developers of condominium quality multi-family projects in the Dallas area. Prior to forming his own firm, Mr. Sullivan was associated with Shindler-Cummins, a Dallas land broker.

c. Leo J. Fischer - Vice President, Apartment Division, oversees the apartment development process for Sullivan. With his two project managers, Mr. Fischer coordinates legal, financial, budgeting, construction and marketing of the projects. Before joining Sullivan in 1979, Mr. Fischer was affiliated with Brentwood Properties, the apartment division of Trammell Crow. At Brentwood, he was in charge of developing and subsequently converting over 1,000 multi-family units in Dallas.

2. The Property Manager

The properties will be managed by Lincoln Property Company. Lincoln manages over 15,000 units in Dallas and over 50,000 units nationwide. Lincoln's success is based on a marketing-oriented philosophy. They take advantage of the internal upgrade and intermigratory demand generated by the projects which they manage in the Dallas area. Lincoln's management style is based on efficiency and experience. All

three Huntington properties will be managed by employees with over 5 years experience with Lincoln.

3. The Architect

All three projects were designed by Craycroft Architects. In 25 years they have designed more than 100,000 multi-family units in over 20 states. Sullivan has used them to design 1,350 condominium and rental units. Craycroft's clients include Lincoln Properties, Vantage and Branscome Development.

4. Conclusions

Huntington Lakes is one of the last large pieces of developable land in the Skillman corridor. Sullivan bought it at a price which is 20% below the current price of residential land in the Skillman area. In addition to buying land at the right price, the Sullivan group has also anticipated off-site events which have a positive impact on real estate values. The widening of Audelia Road to 4 lanes in 1985 will positively impact Huntington Brook and the extension of Walnut Hill Lane to the proposed Highway State Highway 161 in 1985 or 1986 should have a positive impact on Huntington Ridge. These positive events, an architectural plan which shows very well, and the effective management of Lincoln Property Company offer the potential for success in the current rental market in the Dallas area.

Exhibit IV-1
DEVELOPER TRACK RECORD
SULLIVAN DEVELOPMENT COMPANY

<u>Apartment Projects</u>	<u>Location</u>	<u>Size</u>
Huntington Brook	North Dallas	320 units
Huntington Lakes	North Dallas	249 units
Huntington Glen	Bedford	224 units
Huntington Meadows	North Arlington	250 units
Huntington Ridge	Irving	232 units
Remington Meadows	North Arlington	296 units
<u>Condominium Projects</u>	<u>Location</u>	<u>Size</u>
Oaks on the Lane	North Dallas	136 units
Oaks on Montfort	North Dallas	142 units
Oaks on the Bend	North Dallas	150 units
Oaks of Arlington	North Arlington	120 units
Oaks of Lakewood	Dallas	190 units
Oaks on Preston Ridge	North Dallas	53 units
Oaks on the Ridge	Irving	125 units
<u>Office Projects</u>	<u>Location</u>	<u>Size</u>
1212 Main, 29 stories	Downtown Dallas	400,000 GLA
<u>Single Family Subdivision Projects</u>	<u>Location</u>	<u>Size</u>
The Oaks	North Dallas	45 lots
The Highlands Subdivision	North Dallas	90 lots
Springridge	Arlington	804 lots
Schreiber Estates	Garland	600 lots
Preston Trails Fairways	North Dallas	96 lots
Oakbrook Addition Estate	Arlington	700 lots
Coppell Village	Coppell	182 lots
Cravens Park Addition	Arlington	775 lots
High Country Estates	Grand Prairie	230 lots
<u>Shopping Center Projects</u>	<u>Location</u>	<u>Size</u>
Suwanee County Mall	Florida	110,000 sf
Crossroads Mall	Greenville, TX	283,000 sf
Addison Plaza	Addison, TX	25,000 sf

V. RISK AND RETURN

V. RISK AND RETURN

1. Introduction

As a portfolio strategy, we have searched for an investment which would meet the following objectives:

- * A property which would achieve its highest value potential in four to six years;
- * A property well located in a city with a fully diversified economy;
- * A property which could support a 10% or greater cash on cash return on capital invested; and,
- * A property which could produce a total yield in excess of 15%.

The Sullivan apartment portfolio meets these objectives. Further, by using a mortgage instrument to secure the investment, USF&G will receive cash flows established by the loan terms outlined in Exhibit V-1. The Sullivan participating mortgages are fully collateralized by liens on the real property. They are additionally secured for 30 months by letters of credit issued by a financial institution acceptable to USF&G.

2. Return

The cash flow which contributes to the loan's yield include:

- * Base debt service on the loan provides the following cash returns to the Lender's investment of \$32,000,000:

<u>Loan Years</u>	<u>Debt Service</u>	<u>Cash Return on \$32,000,000</u>
1-2	\$ 3,360,000	10.50%
3-4	3,760,920	11.75
5-6	4,156,128	12.99
7-8	4,530,384	14.16
9-10	5,081,994	15.88

- * Accrued interest from the loan, when added to base debt service, provides a yield of 13.5%.
- * Monthly compounding on the accrual adds an additional 16 basis points for a total effective guaranteed yield of 13.66%.

- * Additional interest from sale - 50% of the net proceeds above the outstanding loan balance, or 50% of the appraised value of the property in excess of the outstanding loan balance in the event that the property is refinanced or the Lender exercises its call option. Utilizing a 6% inflation assumption, this feature adds 180 to 260 basis points to the yield.
- * Prepayment fee - although the Borrower cannot prepay the loan through the fourth year, there is a prepayment fee of 5% in the fifth year, 3% in the sixth year, decreasing 1% per year to 1% in year eight and each year thereafter.

Safeguards for the Lender include:

- * Three letters of credit initially totaling \$1,850,000 will remain outstanding as security for the loans a total of 30 months.
- * Loan to value ratios as follows:
 - Huntington Brook - 89%
 - Huntington Lakes - 78%
 - Huntington Ridge - 84%
- * A 1.05 debt coverage ratio should be achieved within the following time frames:
 - Huntington Brook - 15 months
 - Huntington Lakes - 14 months
 - Huntington Ridge - 9 months
- * Funding of the loan will occur if the property has been constructed according to the approved plans and specifications. The Lender will incur no construction risks. A consulting architect will inspect the property on behalf of the Lender after the properties are completed.
- * All of the legal aspects of the mortgage documents will be handled by Piper Marbury.

Cash flows from the operation of the properties were estimated by using the properties' proforma income statements at stabilized (95%) occupancy (See Exhibit V-2), and applying the assumptions outlined in Exhibit V-3. The cash flows are shown in Exhibit V-4.

The yields for the investment, given an eight-year holding period, are as follows: (See Exhibit V-5)

- Huntington Brook - 15.3%
- Huntington Lakes - 16.1%
- Huntington Ridge - 15.7%

3. Risk

The primary source of risk in the loan on the Sullivan Apartments relates to the current and potentially greater excess supply of apartment units in the Dallas market. 1983 and 1984 have been characterized by record numbers of apartment starts and new building permits.

The subject property, however, competes with only a small portion of the total units in the metropolitan area. Specifically it competes with other new, upper tier apartments designed as condominiums with the full complement of amenities. Within this market, all three subject properties have demonstrated above-average leasing performance. This performance, as discussed earlier, is achieved in part by the discounting of the contract rents in the form of rental and other concessions. If the market becomes significantly softer, it may be difficult for the Borrowers to bump their rents and achieve proforma as planned.

The market risks are offset in two ways. First, the letter of credit is of an amount sufficient to cover all negative cash flows and can be drawn down by the Lender in the event of default. Second, the debt service payments by the Borrower are staged in a fixed step-up pattern. This differs from the normal office building participating mortgage where the Lender shares in additional interest only from increases in rent above the proforma. Thus, even if the property does not achieve its projected proforma on schedule the Lender will still receive increased debt service payments.

The Huntington Brook project is currently having severe paint peeling problems. The Borrowers have indicated that it is a paint quality problem originating with the paint contractor. The entire project is due to be repainted. If this problem cannot be overcome, it will represent a serious obstacle to continued leasing of the units, as well as higher operating expenses and a lower value of the property. We have asked the consulting engineers to address this problem specifically.

There is always the risk that the borrowing entity cannot perform the required construction, leasing and management tasks necessary to have a successful real estate investment. In this case, however, we feel that the borrowing entity has sufficient financial staying power and experience in the construction and leasing of similar projects in the Dallas-Fort Worth metropolitan area. In addition, Lincoln Properties, which is one of the largest property management firms in the country, is responsible for ongoing property management.

4. Conclusion

In our opinion, these three projects are well designed, well located, well constructed and will be well managed. The standard participating mortgage format was altered slightly to reflect the specific attributes of apartment development and investment.

Because the \$32,000,000 loan will be spread over three different apartment projects, there is considerable built-in diversification in this loan. In addition, the loans on apartment projects will add property-type diversification to the overall USF&G participating mortgage portfolio.

We therefore recommend that the Real Estate Committee of USF&G approve the issuance of a commitment for three first mortgages totalling \$32,000,000 on the Sullivan apartment projects under the terms and conditions outlined in this report.

PIEDMONT REALTY ADVISORS

650 CALIFORNIA STREET
THIRTY-FIRST FLOOR
SAN FRANCISCO, CALIFORNIA 94108

415-433-4100

Exhibit V-1
BORROWER'S APPLICATION
SULLIVAN APARTMENTS

Mr. C. Jeff Fritts
FrittsSesler Investments
5420 LBJ, Two Lincoln Centre, Suite 385
Dallas, Texas 75240

Re: First Mortgage Financing
Sullivan Apartments
* Huntington Brook, Dallas, Texas
* Huntington Lakes, Dallas, Texas
* Huntington Ridge, Irving, Texas

Dear Jeff:

Piedmont Realty Advisors is prepared to recommend to its client's Investment Committee that it issue a commitment for a package of participating mortgages on the above captioned properties subject to the following terms and conditions described in this letter.

Properties:

Huntington Brook - a 320 unit, 244,972 square foot project with two swimming pools and a jogging trail. The 10.8 acre property is located on Audelia Road, 1 mile north of the LBJ Freeway in Dallas, Texas.

Huntington Lakes - a 249 unit, 183,037 square foot project with two swimming pools and a man-made lake. The 10.44 acre complex is located on Skillman Road south of the Church Road intersection in Dallas, Texas.

Huntington Ridge - a 232 unit, 175,544 square foot project with two swimming pools. The 9.34 acre complex is located on Esters Road near the intersection of Belt Line Road and Walnut Hill Lane in Irving, Texas.

Mr. C. Jeff Fritts
May 29, 1984
Page Two

Borrower: Huntington Brook Dallas, Ltd.
 Huntington Creek Dallas, Ltd.
 Huntington Ridge Irving, Ltd.

Lender: United States Fidelity & Guaranty
 Company.

Loan Amounts: Huntington Brook - \$13,856,000
 Huntington Lakes - \$ 9,408,000
 Huntington Ridge - \$ 8,736,000
 \$32,000,000

Interest Rate: The interest rates and debt service will
 be based on the following schedule:

<u>Loan Years</u>	<u>Interest Pay Rate</u>	<u>Interest Accrual Rate</u>
1-2	10.5% on initial loan balance	13.5%
3-4	11.0% on loan balance the first day of the third loan year.	13.5%
5-6	11.5% on loan balance the first day of the fifth loan year.	13.5%
7-8	12.0% on loan balance the first day of the seventh loan year.	13.5%
9-10	13.0% on loan balance the first day of the ninth loan year.	13.5%

All unpaid interest is added to the outstanding loan
balance on a monthly basis.

Term: Ten years.

Amortization: Not applicable, interest only.

Call Option: At the end of the 8th loan year or if
 the property is sold. Lender will give
 borrower 12 months written notice of
 their intent to call the loan.

Prepayment: * No prepayment through year 4.
 * Prepayment fee of 5% of the out-
 standing loan balance in year 5, 3%
 of the outstanding loan balance in
 year 6, declining 1% per year to 1%
 of the outstanding loan balance in
 year 8 and thereafter.

Mr. C. Jeff Fritts
May 29, 1984
Page Three

* No prepayment fee if lender exercises its call option.

Recoursability: The loans will carry no personal liability and will not be cross collateralized.

Additional Interest:

A. Accrued
Interest:

The unpaid portion of the 13.5% interest rate will be added to the outstanding loan balance monthly and will be payable when the loan is repaid.

B. Sale or
Refinancing:

Lender receives 50% of the difference between the net sales price (contract price less 3%) and the outstanding loan balance if the property is sold or 50% of the difference between the appraised value at highest and best use less selling expenses and the outstanding loan balance if the property is not sold before the loan is called, refinanced or matures.

Commitment Fee: \$ 320,000

Contingencies:

A. Engineering:

This commitment will be contingent on the Lender receiving an engineering report approving the plans and specifications.

B. Market Value
Appriaisal:

This commitment is contingent upon the Lender receiving market value estimate of the property from an MAI designated appraiser which is not less than \$38,000,000.

Mr. C. Jeff Fritts
May 29, 1984
Page Four

C. Letter of
Credit:

The general partner of the borrower will provide the Lender with an unconditional Letter of Credit for 30 months in the following amounts:

Huntington Brook	\$850,000
Huntington Lakes	\$700,000
Huntington Ridge	<u>\$300,000</u>
	\$1,850,000

Letter of Credit to be reduced by \$28,333 per month for 30 months.

D. Syndication:

Lender will permit a one-time syndication of the properties provided that the managing general partner of the borrower retain a 51% general partnership interest in the properties.

E. Secondary
Financing:

Lender will not permit secondary financing on the properties.

F. Capital
Improvements:

Any capital improvements which the borrower intends to claim as an equity preference must be approved in writing by Lender. Such approval not to be unreasonably withheld if the improvements make economic sense for both borrower and Lender. If approved, the cost shall become an equity preference for the borrower to be repaid prior to calculation of Lender's additional interest from sale or refinancing.

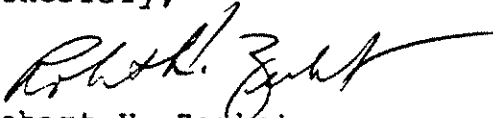
G. Commitment
Date:

Written commitment must be delivered not later than July 5, 1984.

Mr. C. Jeff Fritts
May 29, 1984
Page Five




If the terms outlined in this letter are acceptable to Sullivan Development Company, please have their representative sign below and return with an application fee of \$50,000 by Wednesday, June 6, 1984. The check should be made out to the Lender. The application fee will be returned if the Lender does not issue a commitment according to the terms of this letter or applied to the commitment fee if a commitment is issued.

Sincerely,


Robert H. Zerbst
President

RHZ/jb

cc: Eugene M. Howerdd, Jr.

 _____ SIGNED		 _____ TITLE
--	---	--

6-11-84
DATED

Exhibit V-2
PROFORMA INCOME STATEMENT
SULLIVAN APARTMENT PORTFOLIO

	<u>Huntington Ridge (1)</u>	<u>Huntington Lakes (2)</u>	<u>Huntington Brook (3)</u>
Contract Gross Income	\$ 1,356,000	\$ 1,523,200	\$ 2,008,500 (4)
View Bonus Income	4,200	4,400	5,800
Misc Income (5)	32,000	34,400	70,000
	-----	-----	-----
TOTAL GROSS INCOME	\$ 1,392,200	\$ 1,561,800	\$ 2,084,306
Less: Vacancy (5%)	69,600	78,100	104,200
	-----	-----	-----
EFFECTIVE GROSS INCOME	\$ 1,322,600	\$ 1,483,700	\$ 1,980,100
Less: Expenses (6)	351,100	402,700	516,900
	-----	-----	-----
NET OPERATING INCOME	\$ 971,500	\$ 1,081,000	\$ 1,463,200
DEBT SERVICE	\$ 917,280	987,840	1,454,880
DEBT COVERAGE RATIO	1.06	1.09	1.01

Source: Piedmont Realty Advisors
Lincoln Property Company
Sullivan Development Company

- Notes:
- (1) Achieves stabilized (95%) occupancy 9 months after initial funding.
 - (2) Achieves stabilized occupancy 16 months after initial funding.
 - (3) Achieves stabilized income 13 months after initial funding.
 - (4) Contract Gross Income was estimated as follows:
Huntington Ridge - \$.65 per square foot
Huntington Lakes - \$.70 per square foot
Huntington Brook - \$.69 per square foot

(5) Miscellaneous rent for the projects was estimated as follows:

	<u>Huntington Ridge</u>	<u>Huntington Lakes</u>	<u>Huntington Brook</u>
Washer/Dryer Rent	\$ 3.80	\$ 3.80	\$ 10.55
Forfeited Deposits	2.60	2.60	2.60
Late Rent Fees	1.50	1.50	1.50
Vending Revenue	3.20	3.20	3.20
Bounced Check Fees	0.40	0.40	0.40
	-----	-----	-----
TOTAL	\$ 11.50	\$ 11.50	\$ 18.25

(Note: All figures are income per unit per month.)

(6) Operating expenses for the projects were estimated as follows:

	<u>Huntington Ridge</u>	<u>Huntington Lakes</u>	<u>Huntington Brook</u>
Management	\$.35	\$.38	\$.38
Utilities	.36	.37	.37
Taxes	.45	.53	.53
Insurance	.06	.06	.06
Payroll	.30	.35	.26
Advertising	.03	.03	.03
Repair/Maintenance	.34	.37	.37
Trash	.04	.04	.04
Other Services	.03	.03	.03
Miscellaneous	.04	.04	.04
	-----	-----	-----
TOTAL	\$ 2.00	\$ 2.20	\$ 2.11

(Note: All figures are annual expenses per rentable square foot.)

Exhibit V-3
CASH FLOW ASSUMPTIONS
SULLIVAN APARTMENT PORTFOLIO

Income:

Stabilized Incomes		
*	Huntington Ridge	\$ 1,392,000
*	Huntington Lakes	\$ 1,561,800
*	Huntington Brook	\$ 2,084,300
Vacancy		5%
Annual Income Growth		6%

Occupancy:

Huntington Ridge	90% occupancy year 1
	95% occupancy years 2-8
Huntington Lakes	50% occupancy year 1
	90% occupancy year 2
	95% occupancy years 3-8
Huntington Brook	55% occupancy year 1
	95% occupancy years 2-8

Expenses:

Huntington Ridge	\$351,000 or \$2.00/sf
Huntington Lakes	\$402,700 or \$2.20/sf
Huntington Brook	\$516,900 or \$2.11/sf
Annual Expense Growth	6%

Value Calculations:

Current Values	
*	Huntington Ridge \$10,400,000 or \$44,800/unit
*	Huntington Lakes \$12,000,000 or \$48,200/unit
*	Huntington Brook \$15,500,000 or \$48,400/unit
8th Year's Sales Value	6% annual increase applied to current value.
Sales Expenses	3% of sales price.

Exhibit V-4
SUMMARY OF CASH FLOWS
SULLIVAN APARTMENT PORTFOLIO

***OPERATING CASHFLOWS

HUNTINGTON BROOK 06-13-1984 15:56:00

year	01	02	03	04	05	06	07	08
GROSS POTENTIAL RENT	2083500	2208510	2341021	2481482	2630371	2788193	2955485	3132814
minus								
VACANCY ALLOWANCE	937575	110426	117051	124074	131519	139410	147774	156641
EXPECTED RENT	1145925	2098085	2223970	2357408	2498852	2648783	2807710	2976173
EXPECTED REVENUE	1145925	2098085	2223970	2357408	2498852	2648783	2807710	2976173
minus								
OPERATING EXPENSES	284300	521300	552578	585733	620877	658129	697617	739474
CASH BEFORE FINANCE	861625	1576785	1671392	1771675	1877976	1990654	2110093	2236699
minus								
FINANCING PAYMENTS	1454880	1454880	1628472	1628472	1799604	1799604	1959204	1959204
OPERATING CASH BEFORE TAXES	-593255	121905	42920	143203	78372	191050	150889	277495

***PROCEEDS from HORIZON-END SALE

HUNTINGTON BROOK 06-13-1984 15:56:20

SELLING PRICE of PROPERTY: year 08	24704645
minus SELLING COMMISSION and EXPENSES	741139
minus OUTSTANDING LOAN BALANCE	14932569
minus CONTINGENT REVERSION PAYMENT	3515468
CASH from SALE BEFORE TAXES	3515468

***OPERATING CASHFLOWS

HUNTINGTON LAKES 06-13-1984 15:48:31

year	01	02	03	04	05	06	07	08
GROSS POTENTIAL RENT	1561000	1654660	1753940	1859176	1970727	2088970	2214308	2347167
minus								
VACANCY ALLOWANCE	780500	165466	87697	92959	98536	104449	110715	117358
EXPECTED RENT	780500	1489194	1666243	1766217	1872190	1984522	2103593	2229808
EXPECTED REVENUE	780500	1489194	1666243	1766217	1872190	1984522	2103593	2229808
minus								
OPERATING EXPENSES	201300	383800	452100	479226	507980	538458	570766	605012
CASH BEFORE FINANCE	579200	1105394	1214143	1286991	1364211	1446063	1532827	1624797
minus								
FINANCING PAYMENTS	987840	987840	1105716	1105716	1221900	1221900	1333200	1333200
OPERATING CASH BEFORE TAXES	-408640	117554	108427	181275	142311	224163	199627	291597

***PROCEEDS from HORIZON-END SALE

HUNTINGTON LAKES 06-13-1984 15:48:48

SELLING PRICE of PROPERTY: year 08	19126177
minus SELLING COMMISSION and EXPENSES	573785
minus OUTSTANDING LOAN BALANCE	11490218
minus CONTINGENT REVERSION PAYMENT	3531087
CASH from SALE BEFORE TAXES	3531087

***OPERATING CASHFLOWS

HUNTINGTON RIDGE 06-13-1984 15:39:13

year	01	02	03	04	05	06	07	08
GROSS POTENTIAL RENT	1392000	1475520	1564051	1657894	1757368	1862810	1974579	2093053
minus								
VACANCY ALLOWANCE	139200	73776	78203	82895	87868	93141	98729	104653
EXPECTED RENT	1252800	1401744	1485849	1575000	1669500	1769670	1875850	1988401
EXPECTED REVENUE	1252800	1401744	1485849	1575000	1669500	1769670	1875850	1988401
minus								
OPERATING EXPENSES	316000	372200	394532	418204	443296	469894	498088	527973
CASH BEFORE FINANCE	936800	1029544	1091317	1156796	1226203	1299776	1377762	1460428
minus								
FINANCING PAYMENTS	917280	917280	1026732	1026732	1134624	1134624	1237980	1237980
OPERATING CASH BEFORE TAXES	19520	112264	64585	130064	91579	165152	139782	222448

***PROCEEDS from HORIZON-END SALE

HUNTINGTON RIDGE 06-13-1984 15:39:29

SELLING PRICE of PROPERTY: year 08	16576020
minus SELLING COMMISSION and EXPENSES	497281
minus OUTSTANDING LOAN BALANCE	10669478
minus CONTINGENT REVERSION PAYMENT	2704631
CASH from SALE BEFORE TAXES	2704631

Exhibit V-5
INVESTOR'S YIELD SUMMARY
SULLIVAN APARTMENT PORTFOLIO

Loan Year	Annual Cash Flow		
	Huntington Brook	Huntington Lakes	Huntington Ridge
1	\$ 1,454,880	\$ 987,840	\$ 917,280
2	1,454,880	987,840	917,280
3	1,628,472	1,105,716	1,026,732
4	1,628,472	1,105,716	1,026,732
5	1,799,604	1,221,900	1,134,624
6	1,799,604	1,221,900	1,134,624
7	1,959,204	1,333,200	1,237,980
8	22,407,241 (1)	16,354,505 (2)	14,612,089 (3)
Yields (4)	15.3%	16.1%	15.7%

Notes: (1) Debt Service year 8 (\$1,959,204) plus outstanding loan balance (\$16,932,569) plus residual (\$3,515,468).

(2) Debt Service year 8 (\$1,333,200) plus outstanding loan balance (\$11,490,218) plus residual (\$3,531,087).

(3) Debt Service year 8 (\$1,237,980) plus outstanding loan balance (\$10,669,478) plus residual (\$2,704,631).

(4) Internal rate of return calculated using the initial funding amount as the investor's initial investment.

APPENDIX A
STANDARD LEASE FORMS



SUMMARY OF APARTMENT RENTAL CONTRACT

THIS DOCUMENT IS ONLY A SUMMARY OF THE LEASE AND IS NOT A SUBSTITUTE FOR THE LEASE. YOU ARE RESPONSIBLE FOR READING AND UNDERSTANDING EACH PROVISION OF THE LEASE AND ARE BOUND BY ITS TERMS. THIS DOCUMENT IS PROVIDED TO YOU AS A COURTESY BY LPC IN ORDER THAT YOU MAY BECOME AWARE OF THE BASIC PROVISIONS OF THE LEASE.

- 1: This paragraph tells you that the Lease is between you and the Owner. Lincoln Property Company is the agent of the Owner.
- 2: This paragraph identifies your apartment number and street address and any furniture you are renting from the Owner. It also gives the beginning and ending dates for the Lease. The Lease will be automatically renewed on a month-to-month basis unless you give a 30-day written notice to move out, execute a new Lease, or unless the Owner terminates the Lease.
- 3: **SECURITY DEPOSIT:** The amount of your security deposit is stated in this paragraph. The security deposit cannot be applied by you to rent you owe, but in some cases it can be applied to delinquent rent by the Owner. A condition to your refund is that you give us 30 days written notice before your Lease expires and/or prior to move out.
- 4: **RENT:** This paragraph states your monthly rent and the location where payment is to be made. Rent is due on or before the first day of the month. If you pay after the fifth of the month, a late charge of \$2.00 per day from the first will be assessed until the rent is paid in full. There is also a \$20.00 charge for checks returned to us. This fee must be paid by cash, certified check, cashier's check or money order. This paragraph also states your prorated rent for your first month and what portion of rent is allocated for furniture rental, if applicable. Paragraph 4 also contains the escalation rental increase clause. It means, if we have an increase in our operating expense, property taxes or utilities, then upon 30 days written notice to you, we can increase your rent even while this Lease is in effect. The increase cannot exceed 15% during the initial Lease term.
- 5: **UTILITIES:** This paragraph explains which utilities are paid by the Owner and when those utilities may be terminated. The telephone service and electronic alarm system service (if any) is paid by you.
- 6: **THE APARTMENT WILL BE OCCUPIED ONLY BY:** The apartment will be occupied only by the people included on the Lease. There will be no assignment or subletting. Changing of roommates will be only with the prior consent of the Owner. If a change is made without consent, all former roommates are liable for the nonpayment of rent by the persons who take their place.
- 7: **RESIDENT ACCEPTANCE:** Any defects in the condition of your apartment are to be recorded on your Move In Condition Form and returned to the manager within 48 hours of your move in. If you do not report any discrepancies in the apartment by that time, the form will be deemed to be correct. Any alteration in your apartment such as changes in paint color, fixtures and water furniture, are subject to the managers approval. The apartment and the common area must be kept in clean and sanitary condition. Please note the disclaimer of warranties contained in this paragraph. All light bulbs should be in working condition when you move in, thereafter they are to be replaced by you. We ask also that you do not duplicate keys to your apartment. Upon termination of this Lease, you agree to promptly vacate the apartment and leave it in the same condition as when received, reasonable wear and tear excepted.
- 8: **NOTICE REQUIREMENT:** Any request you have must be made in writing and delivered to the manager's office. We can notify you by affixing information to the door of your apartment.
- 9: **COMMUNITY POLICIES:** No business shall be conducted from any apartment. The Owner has exclusive control of all common areas. Steps, hallways, sidewalks and such are not to be obstructed, but only used for coming and going.
- 10: **VILLAGE COUNTRY CLUB:** Certain recreational and exercise equipment and facilities have been made available to you. The use of the facilities is restricted to individuals 19 years or older. The facilities will be used solely at your own risk, as we make no warranties of any type. You release us and the Owner from all liability.
- 11: **LIABILITY:** We are not responsible for death, accidents or loss of personal property unless we are grossly negligent. We strongly recommend that you have your own insurance. It is your responsibility to inform us in writing of any defects in locks, security devices or equipment and smoke alarms. If additional security devices are installed, you must supply us with key. Also, if you request a Lincoln employee to render a service not related to their employment, the Owner and LPC will not be held responsible for the employees' acts.
- 12: **RESIDENT AGREES TO PAY TO OWNER WITHIN 5 DAYS:** You are responsible for any damage to your apartment or the common area, such as parking area and grounds, which is caused intentionally, negligently or by your improper use. Such charges are due within five days of our request. These reimbursements can be deducted by us from your deposit if not paid prior to move out.
- 13: **REPAIRS AND MALFUNCTIONS:** All maintenance problems are to be promptly reported, in writing, to our office. We may temporarily turn off utilities to make needed repairs. Your rent will not be reduced during the period your apartment is under repair. If the apartment becomes unfit for occupancy, we can terminate the Lease.
- 14: **WHEN OWNER MAY ENTER:** We may enter your apartment for emergencies within reasonable hours for such purposes as maintenance, to leave a note if rent is not paid, to pre-lease your apartment or to prevent waste of utilities. If an electronic alarm system is present, we may turn it off to enter.
- 15: **PETS:** No pets are allowed, even temporarily, unless permission is granted by Owner in writing (i.e., pet lease). Your increased deposit is non-refundable until you vacate the apartment.

- 16: **RESIDENT SHALL NOT:** You can not vacate the apartment without prior payment of all sums due or be absent from the apartment for three (3) consecutive days while any money is due, or the apartment will be deemed abandoned.
- 17: **DEFAULT BY OWNER:** We agree to keep the property in a clean and sanitary condition, maintain fixtures, furniture, hot water, heating and/or air conditioning equipment, abide by state and local laws and make all responsible repairs. Failure to do so gives you the right to terminate the Lease if you follow certain procedures identified in the Lease.
- 18: **DEFAULT BY RESIDENT:** If you fail to pay rentals when due, fail to reimburse us for damage repairs due, or fail to comply with any terms of the Lease contract, community policies, laws, or abandon the apartment, then we can terminate your right of occupancy with one day's written notice. You will be responsible for rent for the remainder of your Lease term and if relet, you will be credited with the amount we receive. You are responsible for expenses we incur in reletting your apartment. We may report unpaid rent and other sums due and/or NSF checks to the credit bureau.
- 19: **ACCELERATION:** All monthly rentals shall be accelerated and due if you move before the end of your Lease term or if you are evicted by court order.
- 20: **HOLDOVER:** After your Lease is up, your tenancy will be on a month to month basis unless you request to sign a Lease renewal or the Landlord has terminated your Lease. In order to terminate the Lease, 30 day's written notice is required. You must leave the apartment in the same condition as when you moved in, reasonable wear and tear excepted.
- 21: **CONTRACTUAL LIEN:** When you are in default of your Lease, we may enter the apartment and exercise the landlord's lien on non-exempt personal property. Written notice will be left in the apartment, and you will be liable for reasonable costs.
- 22: **RELEASE OF RESIDENT:** This is a binding Lease and has no release clause.
- 23: **MOVE OUT PROCEDURES:** If you fail to move on your move out date you are liable to pay triple rents for the holdover period.
- 24: **DEDUCTIONS:** Deductions will be made from the security deposit if you fail to comply with the move-out cleaning instructions, damage the apartment beyond normal wear and tear, fail to return a key upon move out or have unpaid sums due.
- 25: **CONDITIONS FOR REFUND:** Any refundable security deposit will be returned to you within 30 days of your move out date if you provide us with a 30 day written notice to vacate and you furnish us with a forwarding address.
- 26: **SURRENDER:** When all residents of an apartment have turned in keys or have left and do not intend to return and the move out date has expired, we shall consider the apartment surrendered.
- 27: **MULTIPLE RESIDENTS:** Each resident of any apartment is jointly and severally liable for all sums due under the Lease. The return of the security deposit will be by one check payable to all residents.
- 28: **FAILURE TO PAY FIRST MONTH'S RENT:** Rent for the first month of your Lease is due on the first day of the month. If you fail to pay the rent, the entire Lease amount can be accelerated.
- 29: **EMINENT DOMAIN:** If the apartment should be taken by eminent domain, you will pay rent until you have to move. Any rights you have in eminent domain compensation are assigned to the Owner.
- 30: **GENERAL:** This paragraph confirms that no oral agreements have been entered into and that this Lease cannot be modified unless in writing. If we are unable to give you possession of the apartment at the agreed date, for any reason, we shall not be liable or in default. You may not withhold rent for any reason. This Lease shall not become effective until your application has been approved or Owner has tendered the apartment to you. Notice to one resident is notice to all residents of the apartment.
- 31: **LINCOLN PROPERTY COMPANY'S STATUS:** LPC is acting as the agent for the Owner. Therefore, responsibility for all obligations of the Owner rests entirely with the Owner. These obligations include the security deposit.
- 32: **THIS CONTRACT:** Copies of everything you have signed will be given to you along with our community policies when you move in.
- 33: **SPECIAL PROVISIONS OR ADDITIONAL AGREEMENTS:** We reserve the right to raise the rent, if necessary, upon 30 days written notice to you. Likewise, you have the right to terminate the Lease by giving us written notice 7 days after receiving the increase notice.



APARTMENT LEASE CONTRACT

Date Typed: _____

1. THE PARTIES TO THIS LEASE (the "Lease") are the owner of the Apartment (hereinafter referred to as "Owner"), acting by and through its authorized agent, Lincoln Property Company ("LPC") and _____ (hereinafter referred to as "Resident").

2. Owner hereby leases to Resident Apartment No. _____ (the "Apartment") at _____ in _____ County, _____ Texas (the "Community") together with household furniture and furnishings, if any, described in the Furniture Inventory and Condition form attached hereto as Exhibit "A" and made a part hereof. The Apartment is for use by Resident only as a private residence and not for any business or child care use, for a term commencing

on the _____ day of _____, 19____, and ending on the _____ day of _____, 19____ (the "Lease Term"). The Lease, subject to Owner's approval, may be renewed and the Lease Term extended by Resident by executing a Renewal Addendum. The Renewal Addendum shall have the same force and effect as the execution of a new lease. Unless another rental contract is signed by the parties which supersedes this Lease or a renewal addendum is signed, or unless a written notice of termination is given by either party at least thirty (30) days prior to the end of the Lease Term, the Lease will be automatically renewed on a month to month basis, during which time thirty (30) days' written notice will be required in order for either party to terminate the Lease.

3. SECURITY DEPOSIT. Resident agrees that the Security Deposit will be \$ _____ and will be paid on or before the signing of the Lease. The Security Deposit is not advance Rent and cannot be applied to Rent by Resident. However, as provided in Paragraph 24 of the Lease, Owner may, under certain described conditions apply the Security Deposit toward Rent. Refunds of the Security Deposit shall be made in accordance with the terms of the Lease. A CONDITION TO THE REFUND OF THE SECURITY DEPOSIT IS THAT RESIDENT MUST PROVIDE OWNER WRITTEN NOTICE OF SURRENDER OF THE APARTMENT AT LEAST THIRTY (30) DAYS PRIOR TO THE EXPIRATION OR TERMINATION OF THE LEASE, OR ANY EXTENSION OR RENEWAL HEREOF.

4. RENT. Resident(s) will pay \$ _____ per calendar month as Rent (the "Rent"). Of the Rent, \$ _____ is allocated to furniture rental. The prorated Rent from the date of move-in to the 1st day of the following month is \$ _____ Rent is due and payable in advance and without demand or offset at

_____ in _____, Texas, on or before the 1st day of each month. After the 1st day of the month the Rent is late, and all remedies in Paragraph 18 will be applicable. If the Rent is not paid on or before the 5th day of the month, Resident agrees to pay a late charge of \$2.00 per day dating back to the first day of the month and accumulating until the Rent is paid in full. The late charge is additional Rent. Acceptance of the Rent by Owner any time between the 1st and 5th day of the month is not a waiver of the due date for Rent. During the Lease Term or during any renewal or extension thereof, upon thirty (30) days' written notice to Resident, Owner may increase the Rent if Owner reasonably determines that the expenses fairly allocable to the Apartment for capital improvements to the community, property taxes, utilities, charges for municipal services, insurance, or operating and maintenance expenses have increased by at least the amount of the rental increase, but in no event shall such increase exceed fifteen percent (15%) during the Lease Term. Prepayment of Rent shall not affect Owner's right to increase the Rent and demand payment of the increased amount for the prepaid period as well as the term thereafter. This paragraph shall automatically be modified to limit Rent increases to those permissible under applicable present or future (1) rent, price, or other stabilization requirements and (2) requirements of law. Resident's right to possession of the Apartment and all of Owner's obligations hereunder are expressly contingent on the timely payment of Rent. All monies received by Owner shall be applied first to non-rent items, then to Rent. Resident will pay a charge of \$20.00 for each of Resident's checks which are returned to Owner by a bank or other entity for any reason. In the event that Owner receives two (2) NSF checks, Owner may require that Rent and all other sums due be paid in either cash, certified check, cashier's check or money order. At Owner's option, it may require that all Rent and other sums be paid in either cash, certified check, cashier's check or money order, and by one monthly payment rather than multiple payments.

5. UTILITIES. Owner will pay for the following utilities: _____

which shall in no event include telephone or electronic alarm system, if any. Resident shall pay for all other utilities. Owner has the right to terminate any utilities for which it pays upon one (1) day's written notice to Resident if Resident is in default of the Lease or is unlawfully holding over. Utilities shall be used only for ordinary household purposes and shall not be wasted by Resident.

6. THE APARTMENT WILL BE OCCUPIED ONLY BY: (List all adults and minors)

(Those other than Resident will be referred to as "Occupants".) Resident shall not sublet or assign the Lease and any attempt to do so without the prior written consent of Owner shall be void. Prior written consent of Owner is necessary in order to change Roommates. If Roommates are changed without this consent, the old Roommate will be liable for any default in the payment of Rent by the new Roommate.

7. RESIDENT ACCEPTANCE. Within forty eight (48) hours of receipt of a Move-In Condition Form (MIC), attached hereto as Exhibit B and made a part hereof, Resident agrees to report to Owner in writing any such discrepancies between the information described in the MIC and the actual condition of the apartment. Owner shall then amend such form to correct such discrepancies. Resident's failure to report any defects or problems with the Apartment in writing within such time is and shall be a binding admission of the accuracy of such form. Any such written report from Resident is not and shall not constitute a written request for repairs within the meaning of Paragraph 13. Owner makes no implied warranties. In particular, Owner disclaims and excludes any warranty that the premises and its contents are fit for any particular purpose or are merchantable. Owner will initially furnish light bulbs for the Apartment; thereafter, light bulbs will be replaced by Resident at Resident's expense. Resident accepts the Apartment subject to any existing or future recorded mortgage, deed of trust, or other lien applicable to the Apartment or its contents. The Apartment and all other areas which are reserved for Resident's private use shall be kept reasonably clean and sanitary by Resident. No alterations, improvements, painting, installations of antenna, telephone, computer, cable television outlets or dryer outlets will be permitted without the prior written consent of Owner. Resident may not change shower head devices, place water furniture, washers, dryers or similar appliances in the Apartment or otherwise alter the Apartment, its contents, fixtures or equipment of the Community without the prior written consent of Owner. A reasonable number of small holes in sheetrock walls and in the grooves of wood paneling will be allowed to hang pictures. Resident shall not duplicate keys to the Apartment or remove Owner's fixtures, equipment, security devices, electronic alarm system, furniture or furnishings from the Apartment for any reason. Upon the termination of the Lease for whatever cause, Resident covenants and agrees to promptly and peacefully vacate and surrender possession of the Apartment to Owner and promptly and peacefully surrender and deliver to Owner all of the personal property belonging to Owner, including, but not limited to, all those items of furniture and furnishings, if any, listed on Exhibit "A", in the same condition as when received, except for reasonable wear and tear.

8. NOTICE REQUIREMENT. All notices by Resident to Owner, its agents and legal representatives including, but not limited to, notices: (a) requesting the name and address of Owner or LPC, (b) requesting the installation, change, rekeying or removal of a security device, (c) of malfunction of a smoke detector, (d) requesting installation, inspection or repair of a smoke detector, or (e) requesting repairs in accordance with paragraph 13 hereof, shall be in writing and delivered to the location where Rent is to be paid. All notices by Owner, its agents and legal representatives to Resident shall be delivered to the Apartment or to such other address as Resident may designate by written notice to Owner. Unless otherwise agreed in writing between Owner and Resident, Owner, its agents and legal representatives may give Resident notice by firmly affixing same to the Apartment door.

9. COMMUNITY POLICIES. Resident, Occupants, guests, invitees and others present at the Community with Resident's consent shall comply with all written Community policies which shall be considered part of the Lease, and Owner may make policy changes if in writing and given to Resident. All such policies may be enforced through Owner's agents or legal representatives, and Resident shall hold harmless for reasonable enforcement thereof. Resident may not operate any type of business or conduct any commercial activity in or from the Apartment. Garbage shall be disposed of only in designated receptacles. All parking lots, driveways, walkways, landscaped areas, laundry rooms, recreational areas, and other areas and facilities available for common use by Residents (the "Common Areas") are subject to Owner's exclusive control. Sidewalks, steps, outside hallways, entrances, walkways and stairs shall not be obstructed in any way or used for any purpose other than ingress or egress. Owner may impose such specific restrictions on Resident's use of the Common Areas as it deems appropriate by giving notice by sign, letter or other means to Resident, and violation of any such restrictions shall be a default by Resident. The Common Areas are to be used solely at the risk of the person using them. Owner may regulate or prohibit from the Apartment or Community motorcycles, mopeds, bicycles, tricycles, skateboards, roller skates, trampolines, exercise equipment, recreational vehicles, boats, trailers or inoperable vehicles. Resident shall not cause or permit the display of any sign or advertising matter which is visible outside the Apartment or is on the Common Areas or otherwise in the Community, without Owner's prior written consent.

LPC 903A (Rev. 9/83)

INITIALS _____

Owner reserves the right to control the entry upon the Community by Resident's guests, agents, licensees or invitees, furniture movers, delivery persons, solicitors and/or salespeople. Owner may prohibit from the Apartment or Community guests or invitees who, in Owner's reasonable judgment, have been disturbing the peace, disturbing other Residents, or violating Community policies. Resident, Occupants, guests, invitees, and others present at the Community with Resident's consent shall not be disorderly, boisterous or unlawful, or disturb the peace or the rights and privileges of other Residents, or permit any unlawful activities or any act or practice which will injure the reputation of the Community. In the event Resident violates any law or Community policy, Resident shall be subject to the remedies provided for in Paragraph 18 herein.

10. **VILLAGE COUNTRY CLUB.** Resident recognizes that certain recreational and exercise equipment and facilities (hereinafter referred to as the "Village Country Club"), including without limitation an exercise room, exercise equipment, tennis courts, swimming pools, sauna, and steam room, have been made available by Owner to Resident and other Residents of the several communities of apartments of Owner or those managed by LPC. Use of the Village Country Club is restricted to individuals who are nineteen (19) years of age or older and Resident agrees not to allow Resident's guests or invitees who are less than nineteen (19) years of age to use such facilities. Resident agrees to use the Village Country Club in a prudent manner, a manner that is not offensive or dangerous to Resident or any other users thereof, and a manner which is in compliance with such policies as shall be established by Owner, its agents or legal representatives in connection with the operation of the Village Country Club. Resident further recognizes that Owner provides the Village Country Club facilities for Resident only as an incidental service to Resident in connection with Resident's leasing of the Apartment, that no attendants or supervisors will be provided by Owner, and that there is no representation that its agents, servants, employees or legal representatives have any expertise in the operation of spas, exercise facilities and equipment or country clubs; and, therefore, Resident expressly agrees that use of the facilities in the Village Country Club by Resident, Resident's invitees, guests and Occupants shall be wholly at Resident's own risk. Resident shall be responsible for and shall hold harmless Owner, Owner's agents and legal representatives for all personal or property damage, death, injury or loss suffered or sustained by Resident or Resident's guests or invitees on account of use of the Village Country Club other than from Owner's gross negligence or willful misconduct or that of its servants, employees or legal representatives. Resident understands that Owner makes no representation or warranty, express or implied, that the equipment or facilities provided in the Village Country Club are fit for the use for which they are intended or are fit for any other particular purpose. Owner disclaims, excludes and denies all warranties and any other implied warranties as to the physical condition and operation of the equipment and facilities provided in the Village Country Club.
11. **LIABILITY.** Owner, Owner's agents, servants, employees and legal representatives will not be liable for death, losses or damages to person or property of Resident, Resident's guests or Occupants caused by theft, burglary, rape, assault, battery, arson, mischief or other crime, vandalism, fire, smoke, water, lightning, rain, flood, water leaks, hail, ice, snow, explosion, sonic boom, interruption of utilities, electrical shock, defect in any of the contents of the Apartments, latent defect in the Community, acts of God, other unexplained phenomena, acts of other residents or any other cause other than the gross negligence of Owner or its agents, servants, employees or legal representatives acting in the course and scope of employment. Resident will indemnify and hold harmless Owner, Owner's agents, servants, employees and legal representatives for any liability, including costs and attorney's fees, due to death, loss or damage to the person or property of Resident, Occupants, guests, invitees or others present in the Apartment or at the Community with Resident's consent from any cause other than Owner's gross negligence or that of its agents, servants, employees or legal representatives acting in the course and scope of employment, and from any liabilities arising as the result of the acts of Resident, Occupants, or others present with Resident's consent. Owner is not an insurer. Owner strongly recommends that Resident secure insurance to protect against all of the above occurrences. Owner shall have no duty regarding security at the Community other than to make necessary repairs to security devices as provided in Paragraph 13. Resident has inspected the security devices with Owner. Owner's agent or legal representative and has been given the opportunity to make comments on their condition on Exhibit "B". These comments do not constitute a written request for repair as required by the Lease. Owner will make needed repairs of same only upon written request of Resident. Owner shall have no duty to furnish alarms of any kind, security guards, or additional security devices except as required by Tex. Rev. Civ. Stat. Ann. art. 5236(h) and 5236(i) or other law. Resident shall pay for and replace smoke detector batteries, and shall pay for monthly service on the electronic alarm system, if any. Upon written request and payment of material costs, Owner will change or install additional locks. If Resident installs additional security devices, Owner shall be given the keys, codes or operating device immediately upon installation. Any notices or requests by Resident for inspection, installation or repair of security devices or smoke detectors shall be in writing. If Owner's agents, servants, employees or legal representatives are requested to render services not contemplated by their employment contract, such as moving vehicles or furniture, cleaning, or delivering or accepting deliveries, such agent, servant, employee or legal representative shall be deemed the agent of the Resident regardless of whether payment is arranged for such service; and Resident agrees to and does hereby release, indemnify and hold harmless Owner, its agents, servants, employees and legal representatives from all liability regarding same. **IMPORTANT: RESIDENT UNDERSTANDS AND AGREES THAT OWNER, ITS AGENTS, SERVANTS, EMPLOYEES AND LEGAL REPRESENTATIVES ARE LIMITED IN THEIR ABILITY TO PROTECT RESIDENT, RESIDENT'S OCCUPANTS, GUESTS AND INVITEES FROM CRIME, ACCIDENT, OR NATURAL CATASTROPHE AND THAT RESIDENT IS BETTER ABLE TO EVALUATE INDIVIDUAL RISK AND LOSS AND OBTAIN INSURANCE TO PROTECT AGAINST SUCH EVENTS. RESIDENT THEREFORE AGREES THAT OWNER'S LIABILITY AND THAT OF ITS AGENTS AND LEGAL REPRESENTATIVES IS LIMITED TO THAT EXPRESSED IN THIS LEASE.**
12. **RESIDENT AGREES TO PAY TO OWNER WITHIN FIVE (5) DAYS** after demand the amount of any loss, property damage, or cost of repairs or service incurred by Owner, including damages from windows or doors left open, which is caused intentionally, negligently or by the improper use of the Apartment, Common Areas or the Community by Resident, Occupants, guests, invitees, pets or others at the Community with Resident's consent. Resident shall be responsible for all plumbing stoppages occurring in lines exclusively serving the Apartment, and damage to doors, windows or screens, unless due to the gross negligence of Owner, its agents, servants, employees or legal representatives. Owner's delay in demanding damage reimbursements, late-payment charges, returned check charges, pet charges or other sums due by Resident shall not be deemed a waiver of these charges; and Owner may demand same at any time (including at move-out); or Owner may deduct same from the Security Deposit. The rights and remedies of Owner under this Lease are cumulative, and the use of one or more thereof shall not exclude or waive the right to the use of any other remedy.
13. **REPAIRS AND MALFUNCTIONS.** Resident shall promptly request, in writing, any repairs to be made to the Apartment or its contents, fixtures, security devices and other equipment, etc. which belong to Owner that are necessary to maintain in proper condition, except in case of emergency when oral requests to the management office only, will be accepted. In case of malfunctions of equipment, fixtures, security devices or utilities, or damage by fire, water or other cause, Resident shall notify Owner immediately. Owner shall, upon actual receipt by Owner of such written (or oral, if authorized) request, act with reasonable diligence in making such repairs and the Lease shall continue and the Rent shall not abate during such period; provided, however, that Owner may require Resident to pay any money due pursuant to Paragraph 12 in regard to such repairs prior to making them. Should the Apartment, in Owner's sole discretion, become unfit for occupancy, Owner may refuse to repair and, by giving written notice, terminate the Lease. Owner may temporarily turn off equipment and interrupt utilities to avoid damage to property or to perform maintenance requiring same.
14. **WHEN OWNER MAY ENTER.** Permission to enter or request for services from any Resident shall be deemed to be from all Residents. If Resident, Resident's guests or Occupants are present, then Owner, its agents, employees, servants and legal representatives or servicemen may enter the Apartment during reasonable times for any reasonable business purpose. Otherwise, Owner, its agents, employees, servants and legal representatives or servicemen may enter by key, or by other means if locks have been installed which violate the terms of the Lease, without notice to Resident at reasonable times for the following purposes: repairs, extermination, maintenance, emergency safety or fire inspections, exercising landlord's lien, leaving notices, retrieving property, preventing waste of utilities, removing unauthorized locks, latches, or window coverings, and showing the Apartment to building inspectors, fire marshals, lenders, prospective purchasers, or insurance agents, or to prospective residents after notification of move-out or lease termination has been given. During any emergency, Owner, its agents or legal representatives may forcibly enter the Apartment. Where the Apartment has been equipped with an electronic alarm system approved by Owner, the Owner, its agents, employees, servants or legal representatives shall have the right to turn the system off to enter the Apartment and shall have the right to enter and allow the alarm to sound, for the above described purposes and Resident shall hold Owner, its agents, employees, servants and legal representatives harmless for all personal property damage, death, injury or loss sustained or suffered by Resident, Resident's guests, invitees or Occupants on account of such entry by such persons for the above described purposes.
15. **PETS.** Resident will not permit any pet or animal, even temporarily, anywhere in the Apartment or the Community without prior written consent of Owner. The presence of a pet or animal without such consent shall constitute a breach of a material condition hereof. Resident agrees to pay such additional rent as specified in the Pet Lease, which is incorporated herein and made a part hereof for all purposes, and to pay any increased Security Deposit for any pets permitted by Owner. Any such increased Security Deposit shall be considered as a general Security Deposit for any and all purposes, and refund of such deposit shall be subject to all of the terms and conditions set forth in this Lease. The increased Security Deposit is not refundable prior to surrender of the Apartment, even if the pet has been removed. It is understood and agreed by Resident that any expenses incurred by Owner, its agents, servants, employees or legal representatives, including cleaning of carpet, in the extermination of fleas and ticks in the Apartment after termination of the Lease are recoverable by Owner from Resident and are not considered normal wear and tear. Resident agrees to pay _____ for the extermination of fleas and ticks in the Apartment.
16. **RESIDENT SHALL NOT vacate the Apartment at any time without prior payment of all sums due or to become due for the entire Lease Term and any extensions or renewals thereof, nor shall Resident be absent from the Apartment for any three (3) consecutive days while any money is due to Owner. If Resident is absent from the Apartment for three (3) consecutive days during the Lease Term or any renewal or extension period while all or any portion of the Rent is delinquent, the Apartment may be deemed abandoned.**

17. **DEFAULT BY OWNER.** Owner agrees to act with reasonable diligence to: (a) keep Common Areas of the Community reasonably clean; (b) maintain fixtures, furniture, hot water, heating and/or air conditioning equipment; (c) remain in substantial compliance with applicable state and local laws regarding safety and sanitation; and (d) make all reasonable repairs, subject to Resident's obligation to pay for damages caused by Resident, Resident's guests, invitees or other Occupants. Resident may terminate the Lease for violation of the foregoing by Owner only after the following procedures have been followed: (a) Resident shall make written request for repair or remedy of the condition, and all Rents must be current at such time; (b) after receipt of such request, Owner shall have reasonable time to repair, considering the nature of the problem and the reasonable availability of materials, labor, and utilities; (c) if such reasonable time has lapsed and if Owner has not made a diligent effort to repair, Resident shall then give Owner written notice of intent to terminate the Lease unless the repair is made within seven (7) days; and (d) repair has not been made within such seven (7) day period. In the event the Lease is terminated pursuant to this paragraph, Resident's Security Deposit and prorated Rent will be refunded as required by law.
18. **DEFAULT BY RESIDENT.** If Resident fails to pay Rent or other lawful charges when due, including reimbursement for damages, repairs or plumbing service costs or if Resident, Resident's guests, invitees or other Occupants violate the covenants or conditions of the Lease or the community policies of Owner, its agent or legal representatives, or applicable federal, state and local laws, or if Resident abandons the Apartment, then Owner may (with or without demand for performance) terminate Resident's right of occupancy by giving Resident one day's written notice to vacate; and Owner shall be entitled to immediate possession by eviction suit. Notice may be given by mail or personal delivery to Resident or Resident's Apartment. Personal delivery to the Apartment may consist of affixing the notice upon any door leading into the Apartment. Termination of possession rights or subsequent reletting by Owner shall not release Resident from liability for future Rent under this Lease. After Owner gives notice to vacate or after Owner files a petition for eviction, Owner may still accept Rent or other sums due without waiving or diminishing Owner's right of eviction. Acceptance of monies at any time will not waive Owner's right to collect from Resident for property damage, past or future Rent or other sums due. In the event of termination, Owner may, but is under no obligation to, relet the Apartment, and if relet, any payments made after reletting shall be credited against sums due from Resident under this Lease. If Owner diligently attempts to relet the Apartment prior to the end of the Lease Term, Resident shall be liable, regardless of whether reletting attempts are successful, for all costs incurred by Owner in placing the Apartment in condition to be relet, including, but not limited to, its administrative expenses which Owner and Resident agree to be \$50.00. Resident expressly agrees that any such costs shall not be deemed to be attributable to normal wear and tear. Such amount shall be due at move-out and shall satisfy Resident's liability for the above costs of reletting, but it will not satisfy or terminate Resident's liability for past due Rent, future Rent, cleaning, repairing, lock changes or other sums due under the Lease. If Resident's Rent is delinquent, and if one day's prior written notice is delivered to Resident or Resident's Apartment, Owner may terminate utilities furnished and paid for by Owner. Owner may report unpaid Rent, other sums due and/or NSF or returned checks to any local credit bureau or other similar collection or credit reporting service for permanent recordation in Resident's credit record. In any lawsuit involving contractual or statutory obligations of Owner, its agents or legal representatives or Resident, the prevailing party shall be entitled to recover attorneys' fees and all other costs of litigation from the non-prevailing party. All amounts in any lawsuit judgment shall bear the highest lawful interest from due date until paid.
19. **ACCELERATION.** All monthly Rent for the remainder of the Lease Term or extension period shall be accelerated automatically without notice or demand and shall be immediately due and delinquent if: (1) Resident moves out, removes property in contemplation of moving out or gives notice (in person or by agent) of intent to move out prior to the end of the Lease Term or renewal or extension period, and (2) rentals for the entire Lease Term and renewal or extension period have not been paid in full. Remaining Rents shall likewise be accelerated if Resident is evicted by court order. Such right of acceleration is in lieu of having Rent for the entire Lease Term payable at the beginning of the Lease.
20. **HOLDOVER.** If Resident holds over and fails to move out on or before the date required under the Lease, Resident shall be liable to pay triple rents for the holdover period and to indemnify Owner and/or prospective residents for damages incurred (including, but not limited to, lost Rent, lodging expenses and attorneys' fees), and at Owner's option, Owner may extend the Lease Term for one month by delivering written notice to Resident or the Apartment while Resident is still holding over. Holdover Rents shall be immediately due on a daily basis and delinquent without notice or demand.
21. **CONTRACTUAL LIEN.** During the Lease Term, and any extension or renewals thereof, in order to secure payment of delinquent Rent, Resident hereby expressly grants to Owner a landlord's lien on all personal property (except property exempt by statute) located at the Community, waiving any requirement of notice or demand for payment, which lien is granted in addition to Owner's statutory lien. In order to exercise its contractual or statutory lien rights when Resident is in default hereunder, Owner, its agents, employees, servants and legal representatives may peacefully enter the Apartment (or any other place where property is stored) and remove and store all property therein, except property exempt by statute; provided however, in the event Resident is not present, written notice of such entry must be left. In order to clear an abandoned apartment, Owner, its agents, employees, servants and legal representatives may enter the Apartment and remove and store all property of every kind found therein. Resident shall be liable for reasonable costs incurred by Owner, its agents, employees, servants and legal representatives for packing, removing or storing property which has been abandoned, removed by agreement, seized under contractual lien or removed pursuant to court order. Owner, its agents and legal representatives may sell seized property at public or private sale (subject to any recorded chattel mortgage) thirty (30) days after written notice of the time and place of sale is sent by certified mail to Resident. Proceeds of the sale shall be first credited to the cost of sale, including storage costs, and then to Resident's indebtedness to Owner. Any surplus shall be mailed to Resident at the address to which the notice of sale was directed. None of the above procedures shall require prior court hearing. Resident releases and agrees to hold Owner, its agents and legal representatives harmless from any claim or liability arising out of Owner's exercise of the lien rights granted by statute or by this paragraph.
22. **RELEASE OF RESIDENT.** Resident will not be released from the Lease on the grounds of voluntary or involuntary school withdrawal or transfer, voluntary or involuntary business transfer, layoff or termination, marriage, divorce, marriage reconciliation, loss of co-residents, bad health, death, enlistment or transfer in the armed services or any other reason.
23. **MOVE OUT PROCEDURES.** Resident must give to Owner or Owner's representative written notice of intent to vacate at least thirty (30) days prior to the last day of the Lease Term and any renewal or extension period. Verbal notice of termination will not be accepted. If Resident moves from the Apartment prior to the last day of the Lease Term, or any renewal or extension period, Resident shall be in default and subject to Paragraph 18 hereof. Return of the Security Deposit will be governed by the terms of this Lease. Prior to vacating the Apartment, Resident agrees to comply with the terms of Owner's Move-Out Instructions, and to otherwise leave the Apartment in the same condition as when leased, except for ordinary wear and tear and damages which Owner is required by Paragraph 13 to repair at its expense. After Resident vacates the Apartment, Owner, its agents or legal representatives will inspect the Apartment with the Move-Out Condition Walk Sheet, attached hereto as Exhibit C and made a part hereof, and Owner's written Move-Out Instructions. Owner, its agents and legal representatives shall not be responsible for personal property which may be left at the Community after Resident has left the Apartment nor shall Owner, its agents and legal representatives be liable to Resident for any loss of or damage to such property.

SECURITY DEPOSIT

24. **DEDUCTIONS.** Prior to refund, deductions will be made from the Security Deposit for the following items: (a) If Resident has failed to comply with the MOVE-OUT CLEANING INSTRUCTIONS, then Resident agrees to pay to Owner the amount of money indicated on the Schedule of Cleaning Charges for each such item. Owner will, upon request, furnish Resident with a copy of the Schedule of Cleaning Charges. Such amounts, if any, may be deducted from the Security Deposit. Owner and Resident agree that these amounts are reasonable estimates of the actual costs which Owner will incur as to each item and agree to be bound thereby and agree that such amounts shall not be deemed attributable to normal wear and tear of the Apartment; (b) Owner's actual expenses for damages beyond normal wear and tear to the Apartment or its contents, including the electronic alarm system, if any, other than those related to repairs required by the Lease to be at Owner's expense; (c) Damages resulting from Resident's breach of Paragraph 7 of the Lease; (d) A charge of \$25.00 in the event any key to the Apartment is not returned at move-out; and (e) Any other unpaid sums due to Owner under the terms of the Lease, including, but not limited to, late charges, returned checks, NSF check charges, bank service charges, service charges for which owner has not been reimbursed, insufficient light bulbs, utilities for repairs, removal of illegally parked vehicles, unpaid damage claims, administrative costs, charges for removal of unauthorized locks, agreed costs of reletting, charges for removing, packing and storing abandoned, seized or lawfully removed property, attorneys' fees, courts costs, charges for Owner's time and inconvenience in any valid eviction proceeding against Resident, unpaid utility charges, Rent and other lawful deductions. Security Deposits will be first applied to non-rent items, then to unpaid Rent. If lawful deductions exceed the total amount of deposits, Resident shall pay such excess amount upon written demand by Owner.
25. **CONDITIONS FOR REFUND.** After deduction of the items in Paragraph 24, if any, the balance of the Security Deposit(s), together with an itemized accounting of any deductions will be mailed to Resident no later than thirty (30) days after surrender of the Apartment by all Residents who have signed the Lease, provided, the following conditions are met by Resident: (a) At least thirty (30) days' written notice of intent to surrender must be given to Owner, its agents or legal representatives prior to the ending date of the Lease Term, renewal or extension period. Verbal notice will not satisfy this condition under any circumstances. This advance written notice of intent to surrender is a condition to refund, in whole or in part, of the Security Deposit. (b) Resident must furnish Owner, its agents or legal representatives with a written copy of Resident's forwarding address or addresses. Owner's agents or legal representatives have no authority to estimate or commit to the amount or the deductibility of repairs, damages or charges prior to mailing of the itemized accounting.
26. **SURRENDER.** For purposes of determining relinquishment of possession, damages, clean-up charges and other deductions, "surrender" shall occur when (a) all Residents who signed the Lease live elsewhere and the move-out date has expired, (b) all keys have been turned in, or (c) when it reasonably appears that all Residents have permanently moved out and do not intend to return, whichever occurs first.

27. **MULTIPLE RESIDENTS.** In the event more than one Resident signs the Lease, each Resident is jointly and severally liable for all sums due under the Lease. The amount of any refund will be calculated without regard to who paid the Security Deposit and without regard to whose conduct resulted in any deductions therefrom. Security Deposits are collected for and remitted to the Owner by Lincoln Property Company and, therefore, are a debt of Owner. Security Deposits are not necessarily held in trust by Owner.

The Security Deposit has been paid as follows:

Resident	Amount	Original Date

Any refund of the Security Deposit due hereunder will be paid in proportion to the amounts paid as reflected above in the event of more than one Resident, and shall be made by one check jointly payable to all Residents.

28. **FAILURE TO PAY FIRST MONTH'S RENT.** If Resident fails to pay the first month's Rent by the first day of the first rental period under the Lease, all future Rents may be accelerated and immediately due and payable. In addition, Owner may terminate Resident's right of occupancy and sue for damages, future rentals, attorneys' fees, court costs and other lawful charges.

MISCELLANEOUS

29. **EMINENT DOMAIN.** In the event the Apartment is taken through the exercise of the power of eminent domain, the monthly Rent shall be paid by Resident to this date of ouster in the eminent domain proceedings, at which time the Lease shall terminate. In the event of such taking, the entire award for damage to the Apartment, both leasehold and reversion, shall be the sole property, right and cause of action of the Owner, and Resident hereby assigns and conveys to Owner all of Resident's right, title and interest in and to any joint award made pursuant to any such proceedings. Resident hereby authorizes and empowers Owner in the name of the Resident to pursue such remedies as may be available to Owner to receive such award for damages, and to make, execute and deliver in Resident's name any release or other instrument that may be required to recover such award or judgment.
30. **GENERAL.** No oral agreements have been entered into between the parties. This Lease is the entire agreement. In particular, no statement of Owner, its agents, employees, servants or legal representative shall modify, change, add or delete provisions of this Lease unless in writing. In the event of more than one Resident, each Resident is jointly and severally liable for each provision of the Lease, and notice to one Resident shall constitute notice to all Residents. Violation of the Lease by Resident, Resident's guests or Occupants shall be considered a violation by all Residents. Further, all demonstrations, inspections and explanations made by Owner, its agents, employees, servants or legal representatives to one of the Residents of the Apartment shall be binding on all Residents of the Apartment with the same force and effect as if made to each of them. All obligations hereunder are to be performed in the county where the Community is located. If Owner is unable to give Resident, possession of the Apartment at the agreed date for any reason, including construction, holdover, etc., Owner shall not be in default hereunder nor be liable to Resident as a result of such delay, and the Lease shall remain in force subject to the following: (1) Rent shall be abated on a daily basis during such delay, and (2) Resident may terminate by giving written notice to Owner no later than the third day of delay, whereupon Resident shall be entitled only to a refund of the Security Deposit. Resident's right of abatement or termination shall not apply to cleaning or repair delays which do not prevent occupancy by Resident. All of Resident's statements in the rental application were relied upon by Owner in execution of the Lease. Resident may not withhold Rent or offset against Rent. In the event the Lease is executed prior to approval of Resident's rental application by Owner, the Lease shall not become effective until Owner has either tendered the Apartment to Resident or approved Resident's application(s) in writing. Any clause of the Lease declared invalid by law shall not invalidate the remaining clauses in the Lease. It is specifically understood and agreed between the parties hereto that any obligation of Owner to pay money or other consideration to Resident shall be satisfied solely from the Owner's estate and interest in the property of which the Apartment is a part, or the proceeds thereof, and Resident covenants and agrees that only such financial interest will be pursued for the satisfaction of any remedy which Resident may have for the collection of money or other consideration from Owner by judicial process or otherwise.
31. **LINCOLN PROPERTY COMPANY'S STATUS.** Important: Read this Section carefully. It is specifically understood and agreed that LPC acts only as Agent for Owner. Responsibility for all obligations of Owner, including Security Deposits, rests entirely on such Owner. Resident agrees that LPC may exercise and shall have all of the rights and powers of Owner hereunder.
32. **THIS CONTRACT** may be executed in multiple copies. A copy of Owner's Community policies will be furnished when Resident moves in, or earlier if requested.
33. **SPECIAL PROVISIONS OR ADDITIONAL AGREEMENTS:** Owner reserves the right to increase Rent for reasons other than specified hereinabove upon thirty (30) days' written notice to Resident, in which event Resident shall have an option to terminate the Lease by giving Owner written notice of termination within seven (7) days after receipt by Resident of the aforesaid notice of Rent increase. In the event of termination by Resident, such termination shall be effective on the date of the scheduled Rent increase.

THIS IS A BINDING LEGAL DOCUMENT. READ CAREFULLY BEFORE SIGNING.

Resident(s) (All Residents must sign)	Date Signed	OWNER By: LINCOLN PROPERTY COMPANY, AGENT 1800 Two Turtle Creek Village Dallas, Texas 75219
_____	_____	By: _____
_____	_____	
_____	_____	

ADDENDUM TO APARTMENT RENTAL CONTRACT

(FOR RESIDENT PAID ELECTRICITY)

Electricity in reasonable quantities shall be furnished to Resident on a submetered basis, at the expense of Resident. Charges for such electricity in each month or part thereof shall be computed by multiplying the number of kilowatt hours of electricity used by Resident times the per kilowatt hour rate paid by Owner for such month to the utility company furnishing such electricity. The bills which you will receive will be issued by Owner, not by the public utility company. The records and all electric meters in the Community shall be presumed to be correct for all purposes. Charges for such electricity shall be deemed to be "rent" and are payable to Owner on the date stated in the bill, and Resident agrees that his covenant to pay such charges shall be a covenant independent of every other covenant of this Lease. The electric consumption for all common areas and common facilities will be paid for by Owner. Any dispute regarding the computation of Resident's bill or the accuracy of the submetering equipment shall be between Resident and Owner.

Resident shall have the right to make an examination of the Owner's utility bills for the Community for the purpose of verifying the accuracy of any statement furnished by Owner to Resident. Such examination shall be made and completed within fifteen (15) days after the statement with respect to which such examination pertains has been furnished to Resident, and shall be made at such times and such days as are reasonably convenient to Owner, after three (3) days' written notice to Owner requesting such examination.

Owner reserves the right, at any time during the term hereof, or any extensions or renewals thereof, to elect by giving Resident ten (10) days' notice in writing of such election to require Resident to pay for all electricity consumed on the demised premises directly to the utility company providing such electricity. Said election shall become effective on the first day of the month next following the expiration of the ten (10) day period referred to above. In the event Owner elects to have Resident pay for such electricity directly to said utility company, Resident agrees to execute, within the said ten (10) day period, an additional Addendum to the Apartment Rental Contract necessary or proper to evidence the conversion.

Owner further reserves the right, at any time during the term hereof, or any extensions or renewals thereof, to elect by giving Resident ten (10) days' notice in writing of such election to require Resident to pay to Owner, as additional rent, Resident's Prorata Share (as hereinafter defined) of all water and gas consumed at the Community during each month or portion of a month during the Lease Term. Owner shall bill Resident monthly for Resident's Prorata Share of such water and gas costs for the prior month, which shall be paid by Resident with the next month's rent. Resident's Prorata Share of such water and gas shall be adjusted for any partial month of occupancy on a per diem basis. Resident's Prorata Share shall be determined by multiplying the cost of all water and gas consumed at the Community (less the costs of water and gas attributable to the Common Areas) by a fraction, the numerator of which shall be the number of square feet in the apartment and the denominator of which shall be the total number of square feet in all the apartments in the Community. It is hereby agreed and understood that Resident's Prorata Share shall be _____ of the cost of all water and gas consumed at the Community.

Owner has not, and cannot represent, warrant or covenant that the electricity rates now in existence shall continue in the future. In this connection, Owner and Resident specifically agree that the responsibility of Resident to pay for electricity shall be unaffected by any rate increase and/or reclassification of Owner from one rate category to another rate category.

Resident's failure to pay any electric, water, or gas bill shall constitute a material violation of this Contract. The amount of any unpaid electric, water, or gas bill may be charged by Owner against Resident's Security Deposit.

EXECUTED this _____ day of _____, 19____.

RESIDENT OR RESIDENTS:

LINCOLN PROPERTY COMPANY
1800 Two Turtle Creek Village
Dallas, Texas 75219

Solely As Agent For:

By: _____

APPENDIX B
COMPARABLE SALES CHARACTERISTICS

Appendix B

SALES SUMMARY

DATA NO.	NAME	DATE OF SALE	# UNITS	PRICE			GRM
				TOTAL	/UNIT	/SF	
1	Prestonwood Greens	4/83	192	\$ 8,800,000	\$45,883	\$49.51	8.59
2	Meadowcrest Apartments	7/83	352	13,400,000	38,068	49.33	7.72
3	Preston Del Norte	1/83	336 (358)	17,500,000	52,083	48.48	n/a
4	London Park	12/82	243	11,155,413	45,907	56.14	8.17
5	Prestonwood Fairways	6/83	200	10,000,000	50,000	45.54	7.40
6	Preston Villa	6/82	176	8,165,000	46,392	50.00	8.33
7	Parkway Plaza	7/83	216	12,000,000	55,555	64.26	10.67
8	Bent Oaks	*7/83	200	10,005,984	50,030	54.00	n/a
9	Preston Greens	*	256	15,500,000	60,547	56.00	n/a
10	Celery Stalk	9/83	410	21,000,000	51,219	56.00	8.36
11	Preston Trails	9/83	250	9,600,000	38,400	49.21	7.57
12	Glen Lakes	*	424	22,500,000	53,066	60.53	7.51
13	Cross Creek	*	264	8,800,000	33,333	50.71	6.67

* Under Contract.