

**VININGS AT LAKE HOWELL
APARTMENTS**

ORLANDO, FLORIDA

**USF&G Realty Advisors, Inc.
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**VININGS at LAKE HOWELL
ORLANDO, FLORIDA**

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INVESTMENT MEMORANDUM

TO: Realty Investment Approval Committee
FROM: Edward B. Moseley
DATE: March 5, 1990
SUBJECT: The Vinings at Lake Howell
Orlando, Florida

I. INTRODUCTION

Enclosed for your review is an Investment Report on the Vinings at Lake Howell (the Vinings), a proposed 408-unit multifamily development in the northeastern suburbs of Orlando, Florida. The developer, Trammell Crow Residential (Crow), has a regional office in Altamonte Springs, Florida, ten minutes west of the subject site. Crow is the nation's largest developer and has a strong presence in the Orlando market having developed over 3,000 rental units since 1984. Construction of the \$25,600,000 Vinings is scheduled to begin in May 1990, and USF&G's initial funding is anticipated to occur during the fourth quarter of 1991 or the first quarter of 1992. USF&G's funding is contingent upon issuance of final certificates of occupancy (as well as the other contingencies listed in the Application Letter, attached as Exhibit I-1), and will occur upon the earlier of (a) monthly gross collected rental income in excess of \$229,233, or (b) the issuance of a letter of credit in an amount equal to twelve (12) times the difference between \$229,233 and the previous month's rental income as evidenced by executed leases.

II. THE PROPERTY

A. Location

The Vinings will be developed in the town of Casselberry in southeast Seminole County, Florida, a northeastern suburb of Orlando. The primary arterials connecting Orlando with other major cities in Florida are Interstate 4 (I-4) and the Florida Turnpike (see Regional Location Map attached as Exhibit II-1). Florida's Turnpike intersects with the southwestern portion of Orlando as it runs from Interstate 75 (I-75) to the southern tip of the state. I-4 extends coast to coast from Daytona Beach to Tampa, connecting Orlando with Interstates 95 and 75. I-4 intersects with the city of Orlando and divides downtown into east and west. State Highway 528 (Beeline Expressway) branches off I-4 in southwest Orlando and continues laterally across the state to the eastern shore at Cape Canaveral.

B. Access

The subject site has over 1,000 feet of frontage along State Highway 436 (Semoran Boulevard). Semoran Boulevard serves as the northern and eastern leg of Orlando's inner beltway, connecting the northeastern suburbs with I-4, U.S. Highway 17/92 and State Highways 50 and 528. Semoran Boulevard runs east from Apopka to Casselberry then turns due south and dead ends at the Orlando International Airport (see Site Vicinity Map attached as Exhibit II-2). An essential link to the northeastern suburbs, Semoran Boulevard is heavily traveled resulting in congestion during peak hours. In order to alleviate present and future congestion, the Florida

State Highway Department plans to construct two additional lanes between the intersection of U.S. Highway 17/92 and State Highway 50 (see Road Improvement Map attached as Exhibit II-3). Construction is currently underway on a \$450 million Beltway system (to be completed by the late 1990's) that will further alleviate pressure on the existing arterial system. The site will have two points of ingress/egress. The main entrance will be a fully signalized interchange along the southern portion of the site at the intersection of Semoran Boulevard and Lake Howell Lane. The second access point will be a right turn lane into the middle portion of the site off Semoran Boulevard as well as a right turn lane out of the site onto Semoran Boulevard north (see Site Access Map attached as Exhibit II-4). The traffic count in front of the site along Semoran Boulevard averages 58,000 cars each day. The subject's convenient access to Semoran Boulevard puts residents within 20 minutes driving time to downtown and the Orlando International Airport.

C. Neighborhood

The Vinings will be built on a densely wooded, 31.5-acre site between Lake Howell, a 600-acre water-ski lake, and Semoran Boulevard (see Aerial Photographs attached as Exhibit II-5A through II-5C). The 64-unit Carmel by the Lake Condominium project shares the subject's northern border, and a seven year old multifamily community known as The Reflections is located directly south of the subject across Lake Howell Lane. Across Semoran Boulevard to the west is a large shopping facility called Lake Howell Square, anchored by Walmart. The area primarily consists of single family residences and retail developments which border Semoran Boulevard. Development on Lake Howell's perimeter includes single and multifamily housing as well as large parcels of environmentally protected areas where development is prohibited.

D. The Site

The rectangularly shaped site is situated at the northeast corner of Semoran Boulevard and Lake Howell Lane (see Site Plan attached as Exhibit II-6). The site will have excellent visibility along Semoran Boulevard, with over 1,000 feet of frontage. Six of the 17 buildings will be positioned along the perimeter of the lake allowing excellent views. Lake views will also be afforded from the pool and recreation areas. Three buildings will be adjacent to the clubhouse and the adjoining amenity areas. The site is heavily wooded with a variety of specimens including many mature oak trees.

E. Improvements

The Vinings will consist of 408 multifamily rental units in 17 buildings of two and three-story, split-level design. There will be a clubhouse facility with a leasing office and a secondary cabana building. The construction will be of wood frame with a combination of stucco and wood siding (see Building Rendering attached as Exhibit II-7A). The property will offer one, two and three-bedroom floor plans comprised of 36% one-bedroom units, 43% two-bedroom units, and 21% three-bedroom units as follows:

148 one-bedroom/one-bath units of 812 square feet;
176 two-bedroom/two-bath units of 1,140 square feet;
84 three-bedroom/two-bath units of 1,330 square feet;
408 units with an average unit size of 1,060 square feet.

The building floor plans are presented in Exhibit II-7B, and the unit floor plans are presented in appendices A-1 through A-3. Project amenities will include:

- A) 3,000 square foot main clubhouse with a fitness center, laundry facility and party room;

- B) master pool area and outdoor jacuzzi/spa;
- C) secondary pool with cabana building;
- D) tot lot /volleyball area;
- E) tennis court;
- F) boat parking;
- G) barbecue areas;
- H) wood decking along water amenities;
- I) boat ramp into Lake Howell;
- J) marina facilities for 30 boat slips, and
- K) white sandy beach area.

There will be parking provided for 816 cars (2.0 parking spaces per unit) consisting of 25 detached garages, 200 car ports and 591 surface parking spaces.

F. Sources and Uses of Funds

Total project costs are estimated to be \$25,600,000, representing a unit cost of \$62,745 or \$59.19 per square foot (see the Sources and Uses of Funds statement presented in Exhibit II-8). Land costs are \$4,488,000 or \$11,000 per unit. Direct construction costs were bid at a guaranteed maximum price of \$15,330,291 or \$37,575 per unit (\$35.44 per square foot), and indirect construction costs are estimated to be \$5,781,709 or \$14,171 per unit (\$13.37 per square foot). Soft cost savings will first be used to fund any negative cash flow prior to using Borrower's guaranty or letter of credit, and any funds remaining after 24 months will be used to reduce USF&G's committed loan amount.

III. MARKET OVERVIEW

A. Florida

Florida is growing twice as fast as the southeast and three times as fast as the nation. The Census Bureau at the U.S. Department of Commerce predicts that by the year 2000 Florida will be the third most populous state in the nation. By the end of 1988, Florida became the fourth most populous state with a population of 12,253,463. The three most populous states are California, New York and Texas with populations of 28,168,000, 17,898,000, and 16,780,000 respectively.

B. Orlando

The Orlando Metropolitan Statistical Area (MSA) is the 41st largest MSA in the nation with a 1989 population of 1,057,503. Orlando has the fifth largest MSA in the state and the fastest growing population in terms of absolute growth. Between 1980 and 1989 Orlando's population grew by approximately 357,600, an average annual growth of 40,000 (see Population Growth chart attached as Exhibit III-1). Nearly 84% of the growth was attributable to in-migration and only 16% of the current population is over 65 years old. Last year the Orlando MSA grew by approximately 39,700 or 4.0%. Fishkind & Associates, Inc. in its quarterly market review, The Econocast, forecasts that Orlando's growth will continue at a rate of 3.4% over the next three years or 36,300 new residents annually. The East Central Florida Planning Council projects the Orlando MSA population will reach 1.24 million by 1995 and 1.37 million by the year 2000, representing a 3% annual growth.

Orlando has experienced a strong employment expansion as well, growing 7.2% annually between 1983 and 1988 (see Employment Growth Chart attached as Exhibit III-2). During the same period, Salomon Brothers ranked Orlando second among U.S. cities for its rate of employment expansion, projecting 24,000 jobs per year over the next three years.

Tourism is the single largest industry in Orlando and Walt Disney is the largest component employing 28,600 persons and attracting more than 25 million visitors annually. Universal Studios' 444-acre theme park, which will open June 1990, expects to attract six million visitors annually. Sea World attracts 4.4 million visitors each year, while Boardwalk & Baseball, Church Street Station, Wet & Wild, and Cypress Gardens each host more than one million visitors annually. The service industry, of which tourism is the largest component, increased from 28% of the overall economic base in 1980 to 33% in 1989 (see Composition of Employment Base attached as Exhibit III-3). Retail trade is the second largest employment sector in the area, representing 19% of the total employment base. Manufacturing makes up 11% of the employment base and is represented by industry leaders such as Martin Marietta, Stromberg-Carlson, NCR, FMC Corporation, and AT&T Technologies (see to Exhibit III-4 for a list of the area's major employers).

Possibly the most important economic development taking place in Orlando is the creation of the MCA/Universal Studios and MGM/Disney Studios. Orlando will soon be in a position to capture a large portion of the country's television and movie production business. Universal Studios (a joint venture between Cineplex Odeon of Toronto and MCA) is being developed on a 444-acre campus in southwest Orlando. Disney is developing and has opened its own 100-acre movie production studio (built in conjunction with MGM), which features a movie theme park and studio tours. Disney is also planning a \$375 million, 200,000 square foot convention center along with two adjacent hotels. The \$84 million second phase of the Orange County Convention/Civic Center will more than double its current size of 325,000 square feet. To keep pace with sustained growth, the Orlando International Airport is currently undergoing a \$700 million renovation and expansion program. In addition, construction is underway on a \$450 million Beltway system to be completed by the late 1990s.

Multifamily building permits in Orlando averaged 10,300 units per year between 1983 and 1987. Construction peaked during the mid-1980s largely due to the rapidly increasing demand for apartments and attractive bond financing programs. The peak year for multifamily deliveries was 1985, consisting of over 15,000 units. Actual construction starts peaked in 1986 with over 10,000 multifamily units (see Multifamily Building Activity chart attached as Exhibit III-5). Construction fell off during 1987 to 5,000 units and has stabilized over the past two years, averaging 7,000 units each year. Fishkind and Associates forecasts that multifamily housing starts will average about 7,500 units annually over the next three years. A demand analysis, presented in Exhibit III-6, tracks the historical balance between demand and the availability of units in the Orlando market. The introduction of almost 30,000 units into the market between 1984 and 1987 resulted in a drop in Orlando's occupancy, which fell as low as 88% in 1988 (see Historical Occupancy Analysis presented in Exhibit III-7A). The more moderate construction starts over the past several years allowed the new units to be absorbed and the market to tighten to its current occupancy level of approximately 95%. The northeastern sector of Orlando, the subject's submarket, has shown resiliency to market fluctuation and retains more consistent occupancy levels than the other three sectors (see Area Vacancy Analysis presented in Exhibit III-7B and III-7C). During the past 18 months, the northeastern sector was the only area to remain above 92.5% occupancy and is currently 95% occupied. A listing of the potential multifamily units to be developed in northern Orlando is presented in Exhibit III-8. In 1989, 2,295 rental units were delivered in northern Orlando, 2,094 units are anticipated in 1990, and an additional 3,711 units could be introduced between 1991 and 1993.

C. Competitive Properties

The closest comparable to the subject property is the Vinings at Lake Lotus (Lake Lotus) (see Competitive Property Survey and accompanying map presented in Exhibit III-9A and III-9B, respectively). Crow completed this 469-unit project in January 1989 and reached 90% occupancy by April of the same year, representing a total lease up period of eight months.

Prior to final certificates of occupancy, Lake Lotus was 60% leased and thereafter leased at an average rate of 54 units per month. The property is currently 98% occupied and unit rents have increased approximately 12% since completion. The development plan for the subject property is virtually identical to Lake Lotus. Both properties are situated on large lakes, have immediate access to Semoran Boulevard, and share the same development and management team. The Vinings, however, has some advantages over the successful Lake Lotus project. The Vinings abuts a much larger lake, which will include the following amenities not found at Lake Lotus: a 30 slip marina, a white sandy beach, and a boat landing for the tenants use. In addition, setback requirements at Lake Lotus restricted units from being built as close to the water as those on Lake Howell. Finally, Lake Lotus is situated next to several new and competitive properties, while the Vinings is bordered by a for-sale condominium complex and a seven-year old rental community, both of inferior quality and design.

There are three properties located around Lake Lotus, five miles west of the subject property (see the Direct Unit Comparison Survey presented in Exhibit III-9C). The average rental rate for comparably sized units at Crow's Lake Lotus project is \$632 per month. The average unit size is 1,028 square feet, indicating a rent per square foot of \$.61 per month. West Town Colony, developed by Embrey and Associates, and managed by Lexford Properties, is adjacent to Crow's Lake Lotus project. Both properties came on the market at the same time, however, West Town Colony did not lease as fast as Lake Lotus. West Town Colony's average rent on comparably sized units is \$588 per month, yet the average unit size is only 933 square feet, indicating a rent per square foot of \$.63 per month. Post Lake, built by Post Properties, is not on the lake, but is within close proximity. Post Lake is three years old and achieving an average rent of \$600 per month on comparably sized units. The average unit size is 1,023 square feet, indicating a rent per square foot of \$.59 per month. Because all three of these projects are situated close to a lake, within close proximity to the subject property, and relatively new they are believed to be the closest comparables to the subject property. Thunder Hollow and Willa Springs are both one mile east of the subject site off Red Bug Lane. Thunder Hollow's average rent on comparably sized units is \$494 per month, and the average unit size is only 758 square feet, indicating a rent per square foot of \$.65 per month. Willa Springs, another Crow development, is achieving an average rent of \$560 per month, with an average unit size of 1,012 square feet, indicating a rent per square foot on comparably sized units of \$.58 per month. Neither Thunder Hollow or Willa Springs is on a lake nor do they offer a comparable amenity package to the subject property. North of the subject site on Interstate 95 are three high-end rental communities built on the Sabal Point Golf Course. Sabal Club, Sabal Park and Golf Brooke were all developed by NTS Management Company between 1985 and 1987. Each of these properties offer garage parking, golf course views and average unit sizes in excess of 1,300 square feet. The average rental rate for all three properties for comparably sized units is \$912 per month, indicating a rent per square foot of \$.65 per month. Because the units in these three developments more closely resemble condominium projects than rental apartments (ie. individual garages and larger units), they are considered superior to the subject property.

The projected average rental rate for the subject property is \$644 per month, indicating a rent per square foot of \$.61 per month. As indicated above these rents are currently being achieved in the market, furthermore, they reflect the property's 1992 pro forma rental rate.

IV. THE BORROWER/DEVELOPER

A. The Trammell Crow Company

The Trammell Crow Company has been developing real estate for the past 40 years and has grown to become the largest development firm in the United States, having developed property valued in excess of \$14 billion. Crow's Landmark projects include Embarcadero Center in San Francisco, Trammell Crow Center and the InfoMart in Dallas, the Milwaukee

Theater District, and the Atlanta Galleria. The Company's portfolio includes office buildings, warehouses, industrial parks, shopping centers, single and multifamily residential communities, hotels, and mixed-use projects in over 90 U.S. markets and several countries overseas. To date, Crow has developed over 1,000 residential projects valued in excess of \$9 billion in 60 U.S. cities. Crow was named the nation's top developer in 1985, 1986, 1987, and again in 1988. Crow's housing starts for 1987 and 1988 totaled 23,000 units.

In the Southwest United States, Trammell Crow is the leader in the market for all commercial product types, controlling approximately 900 properties in this region. Continued economic troubles in the Southwest have led to wide spread speculation as to the financial stability of the Trammell Crow organization. Much of the skepticism has been put to rest since the announcement of a major refinancing package obtained through Equitable Life Assurance Society of America. This package included more than 150 properties in the troubled region at a total restructure cost of approximately \$450 million.

B. The North Florida Group

The borrowing entity will be a to-be-formed limited partnership. Bruce Fairity is the Area Partner, Douglas Hoeksema is the Divisional Partner, Jeff Duke is the head of property management and Michael Roche will head construction (see Organizational Chart presented in Exhibit IV-1, and Biographical Sketches of the development team presented in Exhibit IV-2).

C. Track Record

The North Florida group has developed and currently manages over 3,000 units since it became active in 1984 (see Developer's Track Record presented in Exhibit IV-3A and IV-3B). Currently, only The Vinings at Blue Tree Ridge is in the lease-up stage, while the other nine projects have an average occupancy of 98%.

V. THE RISK AND RETURN

A. Investment Structure

The proposed investment is a participating first mortgage for \$25.6 million. The significant features of the loan are as follows:

- 1) USF&G's initial funding is contingent upon breakeven occupancy (equivalent to \$229,233 per month), or the issuance of a letter of credit equivalent to breakeven.
- 2) The interest rate is 9.5%, with a pay rate schedule as follows:
 - Year 1 -- The greater of 7.0% or net operating income, not to exceed 9.5%.
 - Year 2 -- The greater of 7.5% or net operating income, not to exceed 9.5%.
 - Year 3 -- The greater of 8.0% or net operating income, not to exceed 9.5%.
 - Year 4 -- The greater of 8.5% or net operating income, not to exceed 9.5%.
 - Year 5 -- The greater of 9.0% or net operating income, not to exceed 9.5%.
 - Years 6-10 -- 9.5%.
- 3) A twenty-four month "Negative Cash Flow Guaranty" from the Borrower.
- 4) To the extent that there is accrued and unpaid interest, 75% of the net cash flow will be applied toward the accrual with the balance being split 50/50.
- 5) An appraisal contingency which permits USF&G to call the loan if the annual appraisal indicates a value which would exceed USF&G's 95% loan to value requirement.
- 6) A Minimum Additional Interest Clause which insures USF&G an 11.9% internal rate of return up to 87.5% of the net sales proceeds. USF&G's Minimum

Additional Interest increases incrementally, however, if collected rents are less than 92% of proforma, up to 100% of net sales proceeds if collected rents are less than 85% of proforma.

B. Valuation

1. Pro Forma Income and Expenses

USF&G's initial funding up to \$25,600,000 will occur after the issuance of final certificates of occupancy and the earlier of (a) monthly effective gross income of \$229,233, or (b) issuance of a letter of credit equal to 12 times the difference between \$229,233 and the previous month's effective gross income. Pro forma income and expenses are presented in Exhibit V-1. The average initial rental rate is \$644 per unit or \$.61 per square foot. The pro forma is based on stabilization in 1993, and the economic projections assume an 18% vacancy factor in the first year (1992) and a 5.0% vacancy factor in years two through ten. The indicated debt coverage ratio at stabilization is 1.26. This high debt coverage ratio is a result of the modified pay rate schedule in the first five years. The actual pay rate at stabilization is projected to be 9.2%, while the scheduled pay rate in year two is 7.5%. The actual pay rate is determined by dividing the debt service paid by the Outstanding Loan Balance.

2. Preliminary Value Estimate

USF&G Realty Advisors has estimated the value of the Vinings to range between \$28,700,000 and \$28,965,000 using the most-likely pro forma assumptions (see Preliminary Valuation Analysis presented in Exhibit V-2A through V-2E). The appraisal contingency, which requires an MAI market value appraisal of \$28,765,000 ensures USF&G an 89% loan to value ratio at funding. The preliminary value estimate of \$28,900,000 indicates a loan to value ratio of 88.6%.

C. Annual Returns

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

	<u>Most-Likely Scenario</u>		
	<u>Year 2</u>	<u>Year 6</u>	<u>Year 10</u>
Debt Service	\$2,411,641	\$2,459,173	\$2,432,000
+ Repayment of Accrued Interest (up to 75% of NCF)	0	286,029	0
+ Additional Interest	0	93,081	565,546
= Total Cash Flow	<u>\$2,411,641</u>	<u>\$2,838,283</u>	<u>\$2,997,546</u>
\ Invested Capital	\$25,600,000	\$25,600,000	\$25,600,000
= USF&G's Annual Cash Return*	9.4%	11.1%	11.7%

* Note: USF&G's annual cash return is determined by dividing USF&G's total cash flow by the Original Loan Balance.

The estimated annual cash returns to USF&G are presented in Exhibits V-4A through V-4C. The Borrower will guaranty to fund any negative cash flow for twenty-four (24) months from USF&G's initial funding. The first 75% of net cash flow shall be paid to USF&G and applied

against any accrued and unpaid interest. Any remaining cash flow will be split 50/50 between USF&G and Crow.

D. Sales Proceeds

Net sales proceeds will be split 50/50 after repayment of USF&G's Outstanding Loan Balance, subject to USF&G receiving its 11.9% internal rate of return. The Minimum Additional Interest Clause provides that Crow's sales proceeds are subordinate to USF&G receiving its 11.9% internal rate of return, up to 87.5% of the net sales proceeds. USF&G's Minimum Additional Interest increases incrementally, however, if annual collected rents are less than 92% of pro forma. For instance, if collected rents are less than 85% of pro forma USF&G's Minimum Additional Interest increases to 100% of net sales proceeds. Assuming a ten year holding period, USF&G's Outstanding Loan Balance will be \$25,600,000, and USF&G's cash proceeds from sale are estimated to be \$8,547,110 under the most-likely scenario (representing 50% of the net sales proceeds to split).

E. Yield Analysis

The Investor's Yield Summaries are attached as Exhibits V-5A through V-5C. The estimated nominal rate of return on USF&G's capital is 11.9%. This yield represents a real or inflation adjusted internal rate of return of 6.9%. The estimated nominal return on USF&G's capital is comprised of the following:

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

The sensitivity of USF&G's internal rate of return to changes in inflation and terminal capitalization rates is presented in Exhibit V-6. Due to USF&G's Minimum Additional Interest Clause, USF&G's nominal yield is projected to fall below 11.9% only if the average annual inflation over ten years is 3% or less.

F. Risk

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

- 1) USF&G's funding is contingent upon a breakeven occupancy or the issuance of a letter of credit;
- 2) The initial appraisal contingency of \$28,765,000 insures USF&G of at least an 89% loan to value ratio.
- 3) Increased residual participation to USF&G (up to 100%) in the event actual rental rates are below the annual pro forma rental rate, grown 5% annually.

Market risk is also somewhat mitigated by the concurrency legislation that will likely become law in 1991. Concurrency laws will require, concurrent with the development of any property, that the impact of the potential property will not adversely affect the existing road, water or sewer system. The road serving the subject property is already beyond capacity, which will restrict delivery of future competition. Furthermore, the continuing impact of the 1986 Tax Reform and the lack of available financing vehicles will continue to hinder future development.

The risk of default occurs under the following conditions: 1) the developer is unable to make debt service payments, and 2) the Outstanding Loan Balance exceeds property value. The default risk is addressed as follows:

- 1) A cash flow guaranty from Crow for 24 months;
- 2) The pay rate schedule referred to in the pro forma section of this report protects USF&G against excessive accrual in that the debt service payments are the greater of net operating income or the scheduled pay rate;
- 3) In the event there is accrued and unpaid interest, 75% of the net cash flow will be applied against the accrual prior to cash flow splits, and
- 4) The annual appraisal contingency requires Crow to (a) pay debt service at the interest rate (9.5%), or (b) pay down the Outstanding Loan Balance, if the loan to value ratio exceeds 95%. If Crow fails to fund either of the above options, USF&G may call the loan immediately due and payable.

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

G. CONCLUSIONS AND RECOMMENDATIONS

The Vinings at Lake Howell Apartments is a to-be-built, 408-unit luxury apartment community in Casselberry, Florida. The project will consist of 17 buildings of two and three-story, split-level design. Orlando's economy has continually surpassed growth projections for the southeast and for the entire nation. As evidenced by the increasing occupancy, rental rates and absorption of new product, there appears to be continuing demand for quality, well-located multifamily housing. The overall Orlando market is approximately 95% occupied, and the subject's submarket is 95% occupied. The subject's pro forma rental rate is \$.61 per square foot in the most-likely scenario, rental rates which are currently being achieved in nearby comparable properties. The property will be managed and leased by Crow, the nation's largest developer, who has a strong presence in the Orlando market. The returns for this investment are considered adequate considering the risks involved. Therefore, USF&G Realty Advisors recommends that the USF&G Realty Investment Approval Committee approve the issuance of a commitment for a \$25,600,000 participating first mortgage under the terms and conditions outlined in Exhibit I-1.

If you have any questions or if you would like to discuss this report, please call me or Dan Kohlhepp.



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Mr. Douglas A. Hoeksema
Division Partner
Trammell Crow Residential
380 North Lake Boulevard, South
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Re: The Vinnings at Lake Howell
Orlando, Florida

Dear Doug:

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

Property: The Vinnings at Lake Howell (the "Property")--A proposed 408-unit garden apartment community on a 31.52 acre site with over 1000 feet of frontage on both State Road 436 and Lake Howell, consisting of 17 apartment buildings, a leasing office/clubhouse facility, and a secondary cabana building. Buildings will be a combination of two and three split level design and three-story design. Unit mix and approximate gross square footage of units are as follows: 148, one bedroom/one bathroom units of 812 square feet; 176, two bedroom/two bathroom units of 1,140 square feet; and 84, three bedroom/two bathroom units of 1,330 square feet. Units will include washer and dryer connections, screened decks or patios, frost free refrigerators, dishwashers and vaulted ceilings with ceiling fan in the top floor units.

Project amenities will include a main clubhouse with a fitness center, laundry facility, and party room; a master pool area and outdoor jacuzzi/spa; a secondary pool with cabana building; tot lot/volleyball area; tennis court; a boat parking area; barbecue areas; and wood deck structures at the water amenities. A boat ramp into Lake Howell, marina facilities for 30 boat slips, and a white sand beach on a portion of the frontage along Lake Howell are also planned if necessary environmental permits are obtained.

Parking will be provided for 816 cars. There will be 25 unattached garages, 200 carports and 591 surface parking spaces (2.0 parking spaces per unit).

Location: Northeast corner of State Road 436 (Semoran Boulevard) and Lake Howell Lane, Seminole County, Orlando, Florida.

Site: Approximately 31.52 acres on Lake Howell with an allowable density of 13.0 dwelling units per acre (actual density will be 12.94-units per acre). The site will have water and sewer capacity prior to Initial Funding as hereinafter defined, and all certificates of occupancy and other permits necessary for the operation of the Property as a rental community.

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

Borrower: A to-be-formed Trammell Crow Residential limited partnership ("Crow").

Lender: United States Fidelity and Guaranty Company and/or affiliates ("USF&G").

Loan Amount: \$25,600,000

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

Pay Rate: The pay rate shall be applied to the Outstanding Loan Balance. Pay rates will be as follows:

<u>Loan Year</u>	<u>Pay Rate</u>
1	Greater of 7% or net operating income not to exceed 9.5%.
2	Greater of 7.5% or net operating income not to exceed 9.5%.
3	Greater of 8% or net operating income not to exceed 9.5%.
4	Greater of 8.5% or net operating income not to exceed 9.5%.
5	Greater of 9% or net operating income not to exceed 9.5%.
6 - 10	9.5%

**Accrued Interest/
Maximum Accrual:**

As long as there is accrued and unpaid interest, Borrower shall pay Lender 75% of the net of (a) gross collected monthly income less (b) the sum of (i) actual and approved operating expenses, and (ii) interest at the pay rate on the Outstanding Loan Balance. Borrower may accrue interest on the Loan up until the loan-to-value ratio equals or exceeds 95%. If the loan-to-value ratio exceeds 95% in any year following the operating deficit guarantee period as hereinafter defined. Borrower may elect to (1) pay debt service at the interest rate (9.5%), (2) pay down the Outstanding Loan Balance so that the Outstanding Loan Balance plus the projected accrual for the next 12 month period produces a loan-to-value ratio (based on the current market value) of under 95%, or (3) prepay the Outstanding Loan Balance in its entirety subject to Lender's 11.9% annual yield (IRR) as hereinafter defined, through the date of such prepayment. The loan-to-value ratio shall be determined annually based on an appraisal to be performed by a Lender approved, MAI-designated appraiser which is acceptable in form and substance to Lender. Prior to the expiration of the two year operating deficit guarantee period, there shall be no limit on the amount of interest which may accrue on the Loan.

and witho
paying an
other pre
payment
penalty.

Recourse: Borrower shall pay all negative cash flow from operation of the Property during the first 24 months of the Loan (the "Operating Deficit Guarantee Period"). The term "Negative Cash Flow" shall mean the sum of (a) annual interest payments on the Loan, and (b) approved annual operating and capital expenses for the Property, in excess of (c) Actual Gross Collected Income from operation of the Property. Otherwise, the Loan will be non-recourse to the Borrower and its partners.

DAH
EB

The Negative Cash Flow Guarantee shall be provided jointly and severally by the following guarantors of Crow: Trammell S. Crow, J. Ronald Terwilliger, J. McDonald Williams, Robert S. Speicher, Randy Pace, Bruce Fairty, Douglas Hoeksema, the Trammell Crow Foundation Residential Partnership, and J. McDonald Williams as agent for Don Williams nominee, Brandon M. Williams 1979 Trust, Russ T. Williams 1981 Trust, Susan E. Williams 1985 Trust, and the Williams family 1989 Trust.

Amortization: Not applicable, interest only.

Term: 10 years.

Call Option: Lender shall have the option to call the Loan anytime after the fifth year. Lender shall give Borrower at least 180 days written notice of Lender's intent to call the Loan. No prepayment Fee or Mortgage Yield Maintenance Fee will be charged after the fifth year. Notwithstanding the above, if an annual appraisal indicates a loan-to-value ratio in excess of 95% in any year, and Borrower does not exercise one of its above mentioned options, then Lender shall have the option to call the Loan immediately due and payable.

Prepayment: No prepayment before the fifth year. No Prepayment Fee or Mortgage Yield Maintenance Fee will be charged after the fifth year. If the Loan is prepaid prior to the fifth year due to default, there will be a Prepayment Fee equal to the greater of (a) 10% of the Outstanding Loan Balance, or (b) the Mortgage Yield Maintenance Fee (see calculation provided in Exhibit A), plus 50% of the difference between the appraised value (as determined by an MAI-designated appraiser) and the Outstanding Loan Balance, subject however, to Lender receiving its 11.9% annual yield as hereinafter described.

Commitment Fee: \$512,000; \$384,000 paid in cash upon closing of the construction loan which is earned upon acceptance of the Commitment, and \$128,000 in cash or an unconditional, irrevocable Letter of Credit in favor of Lender issued by a banking institution satisfactory to Lender payable upon acceptance of the Commitment, which will be refunded to Borrower after completion of the Tri-Party Agreement described below.

Tri-Party Agreement: Borrower must enter into an acceptable Tri-Party Agreement with USF&G and the construction lender within 60 days following execution of the Commitment. Lender will grant an extension on the 60 day requirement provided all parties are pursuing execution of a Tri-Party Agreement in good faith and with due diligence.

Initial Funding: The lesser of actual development costs or \$25,600,000 to be funded within 60 days of receipt of final certificate of occupancy for all buildings provided that gross collected monthly rental income is at least \$229,233. However, Lender will permit Borrower to close at a gross collected monthly income level below \$229,233 if Borrower delivers to Lender for the benefit of Lender an irrevocable letter of credit (the "Letter of Credit") in an amount equal to twelve times the difference between (a)

\$229,233 and (b) the monthly rentals of the Property as evidenced by executed leases from tenants in occupancy and paying rent as of the month preceding the initial disbursement date. For purposes of this paragraph, gross collected monthly rental income shall exclude any rent concession (except for one month free rent which will be allowed up until the project receives its final certificate of occupancy) or premium charged for monthly services other than use of the rented premises (e.g. furniture rental). Gross collected monthly rental income from each applicable tenant shall, therefore, equal the annual total of such concessions or premiums subtracted from the annual rent due from such tenant divided by twelve. In addition, a tenant shall not be considered in occupancy and paying rent if such tenant has already given notice of termination of its lease. Lender will reduce the Letter of Credit monthly in proportion to the total of executed leases by tenants in occupancy and paying rent, and will release the Letter of Credit when such executed leases equal a total gross collected monthly rental income of at least \$229,233. Lender may make monthly draws on the then outstanding amount of the Letter of Credit unless Borrower elects to pay such amount in cash, in which case the Letter of Credit will be reduced correspondingly. The preceding requirement shall occur prior to any of the Guarantor's being required to make any payments under the Negative Cash Flow Guarantee. Any outstanding amount of the Letter of Credit shall be returned to Borrower concurrently with the expiration of the two year operating deficit guarantee period. Funding is to occur no later than 18 months from the executed date of the Loan commitment. Borrower may get six one month extensions of the funding date by paying USF&G an additional \$21,333 monthly commitment fee.

All monthly net operating income collected prior to Initial Funding must be used by Borrower for the payment of (i) lease-up and marketing expenses, including rental concession expenditures, or (ii) soft cost overruns (excluding offsite overhead and contingency) which Borrower receives approval from Lender prior to the incurrence of any such soft cost overrun by Borrower. Any remaining net operating income collected prior to Initial Funding will be used to pay the construction lender its construction period interest.

Any cost savings resulting from soft cost items (See Exhibit B) may be used to offset soft cost overruns (other than offsite overhead and contingency). During the first 24 months following Initial Funding, all remaining soft cost savings (i.e., the difference between actual development costs and the Loan Amount) shall be disbursed by Lender monthly to fund any Negative Cash Flow prior to using Borrower's Negative Cash Flow Guarantee. Any soft cost savings remaining at the end of the 24 months following Initial Funding will be used to reduce the committed amount of the Loan.

An amount of \$100,000 is included in the "direct construction cost" section of the budget for the development of a boat ramp and marina with 30 boat slips. To the extent permits are not obtained for the marina, Lender will deduct \$100,000 from the capital budget, and shall make the appropriate adjustments elsewhere in this letter.

Mr. Doug Hoeksema
January 31, 1990
Page 5

*To the extent there is accrued and unpaid interest on the Loan, Lender shall receive 75% of the Net Cash Flow from operation of the Property, and the remaining 25% of the Net Cash Flow shall be paid 50% to Borrower and 50% to Lender. Otherwise, Borrower shall pay Lender 50% of the Net Cash Flow as described above.

MA
EB

Additional Interest:

A. Operations:

Borrower shall pay Lender 50% of the net cash flow from operation of the Property. The term "Net Cash Flow" shall mean the net of (a) gross collected monthly income less (b) the sum of (i) actual and approved capital and operating expenses for the Property, (ii) interest at the pay rate on the Outstanding Loan Balance, ~~and (iii) accrued and unpaid interest up to 75% of (a) gross collected monthly income less (b) the sum of (i) actual and approved capital and operating expenses for the Property and (ii) interest at the pay rate on the Outstanding Loan Balance.~~ Additional Interest payments are payable monthly.

B. Sale, Refinancing or Maturity:

At the time of sale, refinancing or maturity, Lender shall receive as a first priority, return of its Outstanding Loan Balance. As a second priority, Borrower shall pay Lender 50% of the net sales proceeds. The term "Net Sales Proceeds" shall mean the net of (a) the net sales price for the Property (i.e., the gross sales price less sales expenses not to exceed 3.0% of the gross sales price) or refinancing proceeds, as applicable, less (b) the Outstanding Loan Balance, provided however, that Lender's annual yield (IRR) is equal to or greater than 11.9% through the settlement date. If Lender's yield is less than 11.9%, then Lender's Minimum Additional Interest will be increased to an amount that provides Lender with an 11.9% annual yield through the settlement date (see Exhibit C).

If the Property is not sold prior to the maturity date of the Loan, Borrower shall pay Lender 50% of the net of (a) appraised value for the Property (as determined by a Lender approved, MAI-designated appraiser), less (b) the Outstanding Loan Balance, provided however, that Lender's annual yield is equal to or greater than 11.9% through the settlement date. If Lender's yield is less than 11.9%, then Lender's Minimum Additional Interest will be increased to an amount that provides Lender with an 11.9% annual yield through the settlement date.

Notwithstanding the above, Lender's Minimum Additional Interest shall not exceed 75% of the Borrower's 50% share of Net Sales Proceeds.

A. Leases:

Lender shall have the right to review and approve the Standard Lease Form for the Property, requirements for which are attached hereto as Exhibit D, and Lender reserves the right to review and approve all leases which materially differ from the Standard Lease Form and/or the Pro Forma Rent Schedule, subsequent to initial funding by USF&G.

B. Secondary Financing:

initial funding by USF&G, Borrower may sign leases at rates below Exhibit "D" so long as Borrower posts the Letter of Credit described in the "Initial Funding" section set forth above.

C. Budget Approval:

During the term of the Loan, Borrower shall submit to Lender annual operating and capital budgets for the Property for Lender's review and approval.

D. Callable On Sale:

If the Property is sold or substantial partnership interest in the Property owned by Borrower (50% or greater) is sold prior to the end of the fifth year, the Loan shall be callable and subject to the greater of a Prepayment Fee or a Mortgage Yield Maintenance Fee.

MA
EB

E. Management: A management company satisfactory to Lender shall be designated by Borrower as property manager. The property manager shall be entitled to earn 5% of gross collected monthly income as set forth more fully in the form of Management Agreement attached hereto as Exhibit E. Lender approves Trammell Crow Residential Services as the property manager and Trammell Crow Residential Services shall manage the Property in accordance with the terms and provisions of the attached Management Agreement.

F. Accountant: The Borrower will engage an accounting firm satisfactory to Lender who shall perform an annual audit of the Property. The cost of an annual audit will be considered an allowable operating expense for the Property.

G. Annual Appraisal: Lender will require an annual appraisal of the Property to be performed by a Lender approved, MAI-designated appraiser acceptable in form and substance to Lender. The cost of the annual appraisal will be considered an allowable operating expense for the Property.

Contingencies:

A. Economic Due Diligence: This letter is contingent upon USF&G Realty Advisors being satisfied with the results of its economic due diligence.

B. Engineering: Borrower will engage an inspecting engineer approved by Lender to review the plans and specifications as well as monthly inspections of the Property during construction, including a final review upon completion. Lender reserves the right to review and approve the scope and substance of the inspections. The cost of the engineering study will be paid by Borrower. Lender must be satisfied with, and approve of, the results of the engineering inspections.

C. Environmental: Lender shall have the right to review and approve an environmental study of the Property by a reputable engineering firm acceptable to Lender which demonstrates to Lender's reasonable satisfaction that there are no environmental hazards or hazardous or toxic materials existing upon or affecting the Property. The analysis will involve a physical inspection of the Property and a historic review of the previous uses of the land. All costs associated with the environmental study will be paid by Borrower.

D. Committee Approval: This letter must be approved by Lender's Real Estate Investment Committee.


E. Market Value Appraisal: Lender must receive and approve, both in form and substance, a market value appraisal of the Property from an MAI-designated appraiser approved by Lender stating the market value of the Property is at least \$28,765,000 upon stabilization. All costs associated with the market value appraisal will be paid by Borrower. Within 90 days prior to USF&G's

Mr. Doug Hoeksema
January 31, 1990
Page 7

- Initial Funding the appraisal shall be updated to reflect an "as is" value as of the date of USF&G's Initial Funding, for accounting purposes only. and USF&G's obligation to fund shall not be contingent upon the value set forth in the updated appraisal or delayed due to such valuation.
- F. Title and Survey: Lender reserves the right to review and approve the condition of the title, title insurance and the property survey. All costs associated with the title, title insurance and survey will be paid by borrower.
- G. Closing Costs: All costs associated with the closing of the Property, including Lender's reasonable attorney's fees, will be paid by Borrower.
- H. General Contractor: Lender reserves the right to approve the General Contractor. Lender approves a limited partnership whose general partner shall be TCR North Florida Apartments Construction, Inc. EAM
EB

If the terms outlined in this letter are acceptable, please sign below and return this letter with an application fee in the amount of \$50,000 by February 9, 1990. The application fee should be wired to a custodial account. Please call me for wiring instructions. The application fee will be returned to Borrower if Lender does not issue a Commitment in accordance with the terms outlined in this letter. The application fee will be earned by Lender upon issuance of the Commitment in accordance with the terms outlined in this letter, and will be credited against the Commitment Fee.

Sincerely,


Edward B. Moseley
Vice President

Accepted:


Name

2/6/90
Date

Vice President of TCR North Florida Apartments, Inc.
Title

Exhibit A

MORTGAGE YIELD MAINTENANCE FEE CALCULATION

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

times:	Mortgage Balance in year n <u>Compound Amount of \$1, 9.5%, 10-n years</u>
(A)	Compound Amount at Interest Rate
times:	Mortgage Balance in year n <u>Compound Amount of the Treasury Note Rate, 10-n years</u>
(B)	Compound Amount at Treasury Note Rate
less:	(A) Compound Amount at Interest Rate <u>(B) Compound Amount at Treasury Note Rate</u>
times:	(C) Lost Interest from year n to year 10 <u>Present Value of \$1, Treasury Note Rate, 10-n year</u>
equals:	(D) Yield Maintenance Fee due at year n

Exhibit B

SOURCES AND USES OF FUNDS⁽¹⁾

<u>Source of Funds</u>	<u>Amount</u>	<u>\$ Per Unit</u>	<u>\$ Per S.F</u>
Participating 1st Mortgage Loan:	\$25,600,000	\$62,745	\$59.19
Total Sources of Funds:	\$25,600,000	\$62,745	\$59.19
<u>Uses of Funds</u>			
Land	\$4,488,000	\$11,000	\$10.38
Direct Construction Costs (see footnote #2)	15,330,291	37,575	35.44
Indirect Costs:			
Architect & Engineering (see footnote #3)	350,000	857	.81
Legal, Closing and Taxes (see footnote #3)	331,000	811	.77
Lease-Up & Marketing (see footnote #3)	200,000	490	.46
Water & Sewer Fees (see footnote #3)	1,287,355	3,156	2.98
Other Impact Fees (see footnote #3)	372,566	913	.86
Developer's Fee	795,000	1,948	1.84
Interest & Construction Loan Fee (see footnote #3)	2,054,288	5,036	4.75
USF&G Commitment Fee	384,000	941	.89
Appraisal (see footnote #3)	<u>7,500</u>	<u>18</u>	<u>.01</u>
Total Uses of Funds	\$25,600,000	\$62,745	\$59.19

1. Interim income is anticipated during construction of the Property. All interim income, to the extent not utilized as provided for elsewhere, will be paid by Borrower to offset the Interest and Construction Loan Fee line item of this budget.
2. An amount of \$100,000 is included in this line item for construction of the proposed boat ramp and marina with 30 boat slips at the Property. To the extent all proper permits can not be obtained for the marina, \$100,000 will be deducted from the Loan Amount and other applicable adjustments will be made in this letter.
3. After Initial Funding, money remaining in these line items (soft cost savings) will be available to fund monthly operating deficits during the Operating Deficit Guarantee Period prior to using Borrower's operating deficit guarantee. At the end of 24 months, if any money is remaining in those categories, the proceeds shall be used to reduce the Outstanding Loan Balance.

Exhibit C

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

The Minimum Additional Interest is that amount which must be paid to Lender at sale, refinancing or maturity so that Lender's annual yield (IRR) is equal to 11.9%. The Minimum Additional Interest is calculated as follows:

	Lender's Initial Funding
+	Present Value of Lender's Subsequent Fundings @ 11.9%
-	Present Value of Lender's Annual Base Interest Payment @ 11.9%
-	Present Value of Lender's Annual Additional Interest from Cash Flow @ 11.9%
-	Present Value of Any Loan Repayments @ 11.9%
-	<u>Present Value of the Outstanding Loan Balance @ 11.9%</u>
=	Present Value of Minimum Additional Interest
x	<u>Compound of 11.9% to Date of Sale, Refinancing or Maturity</u>
=	Minimum Additional Interest

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

Exhibit D
STANDARD LEASE FORM

Standard Lease Forms will include the following:

- Initial lease term not less than seven months nor greater than 12 months;
- Security deposits not less than \$100;
- Stipulate any rent concessions, gifts or inducements given;
- Stipulate first month's rent payments net of all fees and deposits.

Standard Lease Forms will prohibit:

- Automatic refund of security deposit;
- Options for renewal of any kind;
- Occupancy of a unit without a lease in force.

Initial Rental Rates:

Pro Forma Rent Schedule

	<u># Units</u>	<u>Monthly Rent/Unit</u>	<u>Total S.F.</u>	<u>PSF/MO</u>
1BR/1BATH	148	\$517	812	\$.64
2BR/2BATH	176	693	1,140	.61
3BR/2BATH	84	763	1,330	.57
Total	408	\$644	432,536	\$.61

1,060 (avg.)

Exhibit E

**STANDARD PROPERTY MANAGEMENT AGREEMENT
(TO BE PROVIDED)**

Exhibit II-1
REGIONAL LOCATION MAP
VININGS at LAKE HOWELL

FLORIDA

Interstate Highway
Toll Highway
U.S. Highway
State Highway

Cities
Interchange
Attractions
Parks & Rec. Areas

© 1988 RAND McNALLY
St. Petersburg, Florida

Subject

Key West
NAVAL AIR STATION

Exhibit II-2
SITE VICINITY MAP
VININGS at LAKE HOWELL

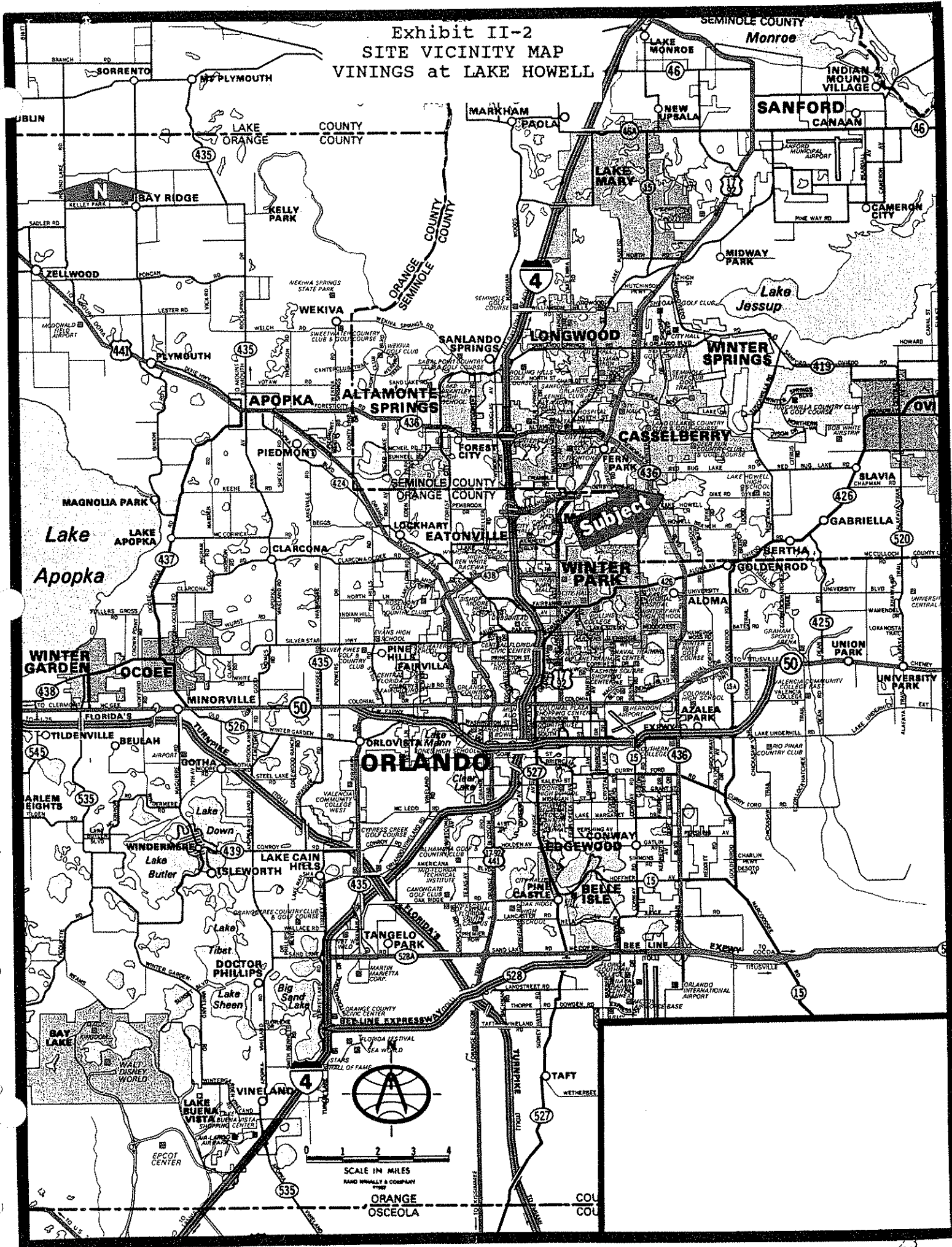


Exhibit II-3 ROAD IMPROVEMENT MAP ORLANDO, FLORIDA

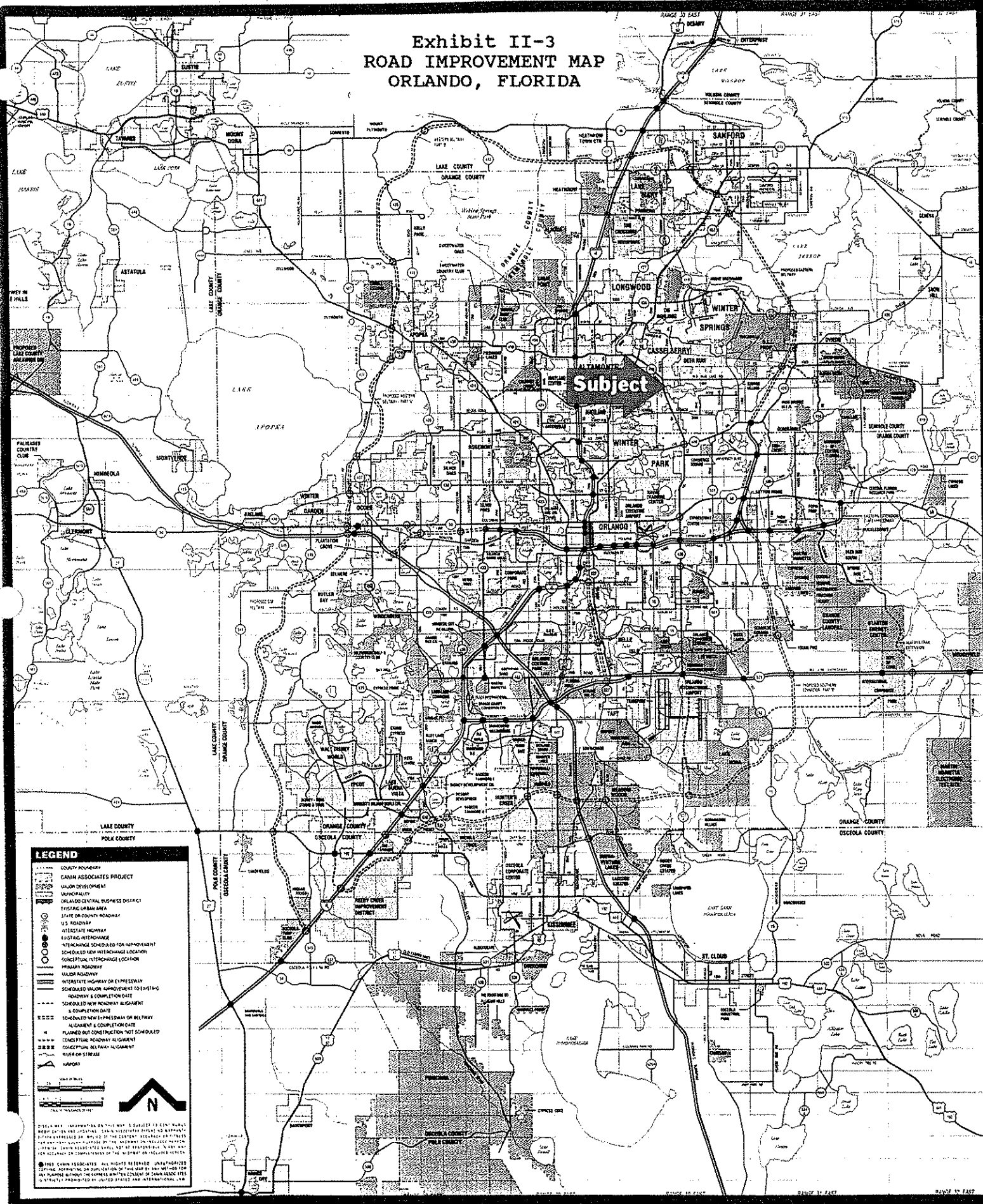


Exhibit II-4
SITE ACCESS MAP
VININGS at LAKE HOWELL

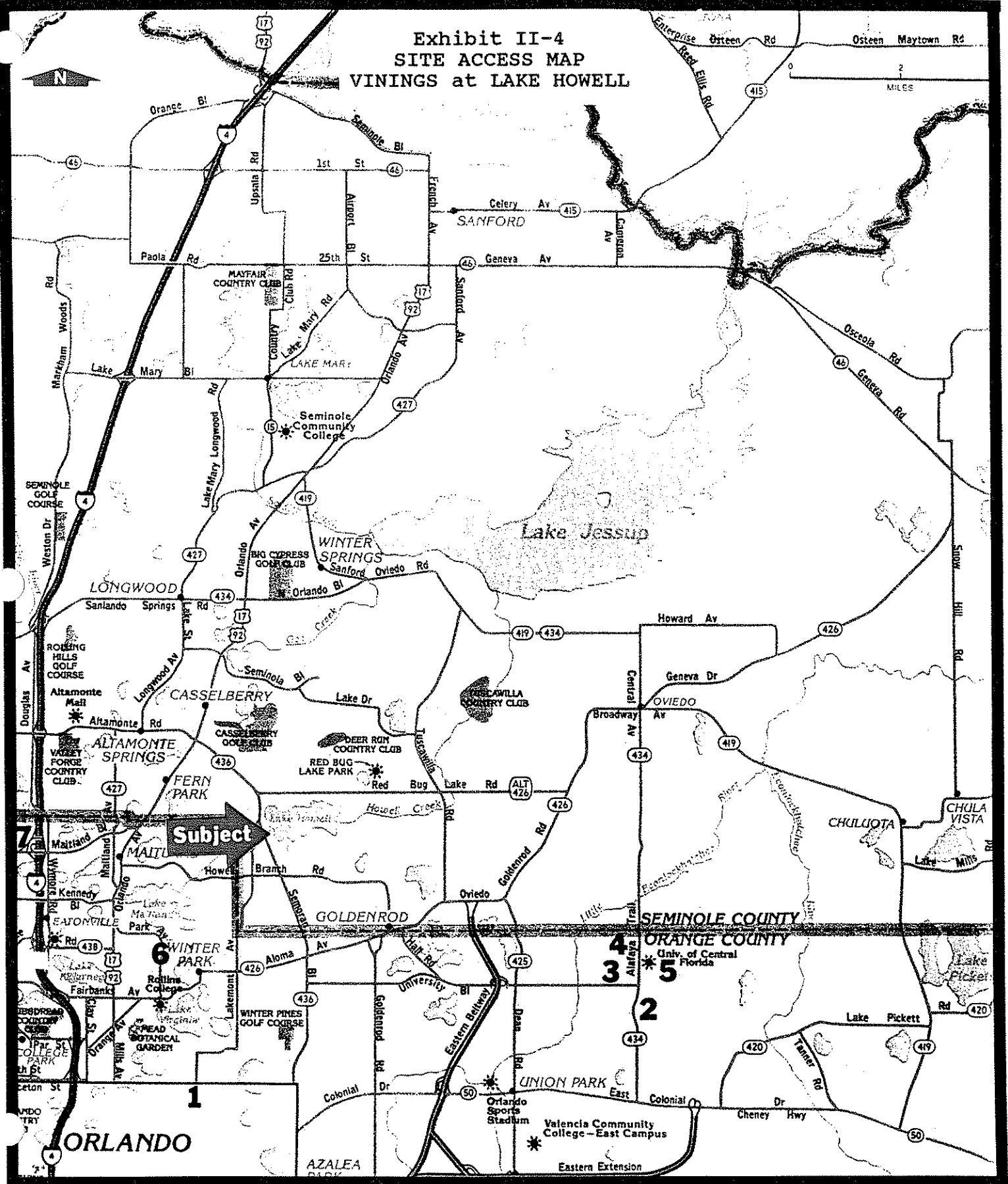


Exhibit II-5A
AERIAL PHOTOGRAPH
VININGS at LAKE HOWELL

1) Lake Howell

2) Reflections

3) Carmel by the Lake

4) Lake Howell Square

Exhibit II-5B
AERIAL PHOTOGRAPH
VININGS at LAKE HOWELL

Subject

N

Exhibit II-5C
AERIAL PHOTOGRAPH
VININGS at LAKE HOWELL

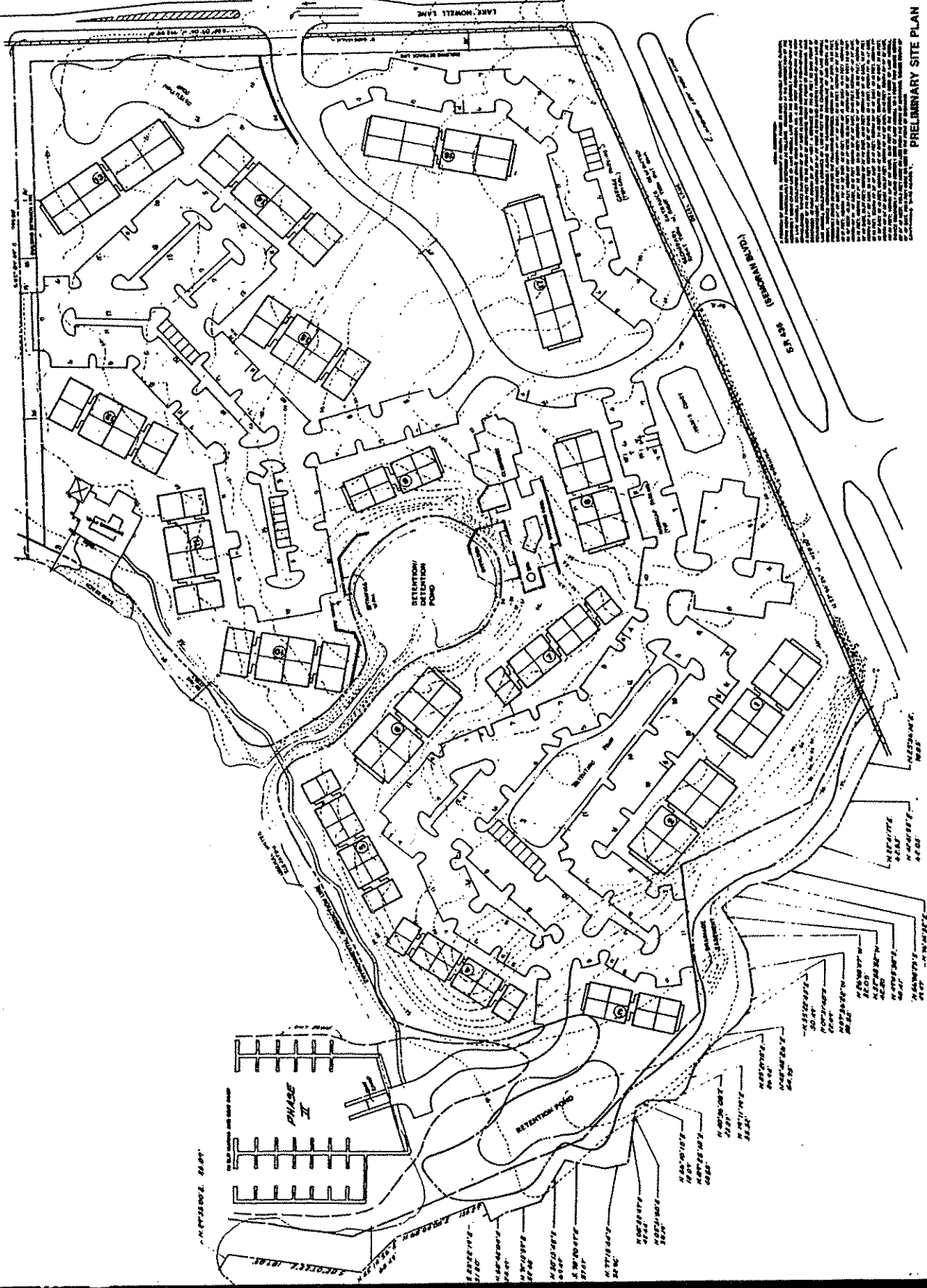
Subject

N

Exhibit II-6 Site Plan Vinings at Lake Howell

TOTAL AREA: 1,271 AC
 PARKING: 748 AC
 OPEN SPACE: 1,633 AC
 TOTAL IMPERVIOUS: 400
 TOTAL ADIR: 3182
 IMPERV: 12.04 IMPER / ACRE

SCALE: 1" = 80'
 NORTH



This site plan is prepared for the Vinings at Lake Howell project, located in the City of Atlanta, Georgia. The plan shows the proposed layout of the development, including building footprints, parking areas, and roads. The plan is subject to the approval of the City of Atlanta Planning Commission and the Georgia Department of Transportation. The plan is not to be used for any other purpose without the written consent of the City of Atlanta.

PRELIMINARY SITE PLAN

NO.	DESCRIPTION	DATE
1	PRELIMINARY SITE PLAN	10/1/00
2	REVISION	10/1/00
3	REVISION	10/1/00
4	REVISION	10/1/00
5	REVISION	10/1/00
6	REVISION	10/1/00
7	REVISION	10/1/00
8	REVISION	10/1/00
9	REVISION	10/1/00
10	REVISION	10/1/00
11	REVISION	10/1/00
12	REVISION	10/1/00
13	REVISION	10/1/00
14	REVISION	10/1/00
15	REVISION	10/1/00
16	REVISION	10/1/00
17	REVISION	10/1/00
18	REVISION	10/1/00
19	REVISION	10/1/00
20	REVISION	10/1/00

Exhibit I-7A
 RENDERINGS
 VININGS at LAKE HOWELL



CHARACTER ELEVATION
 BUILDING TYPE III

1/8" SCALE

TRAMMELL CROW
CASSELLBERRY
3.5.77 103A

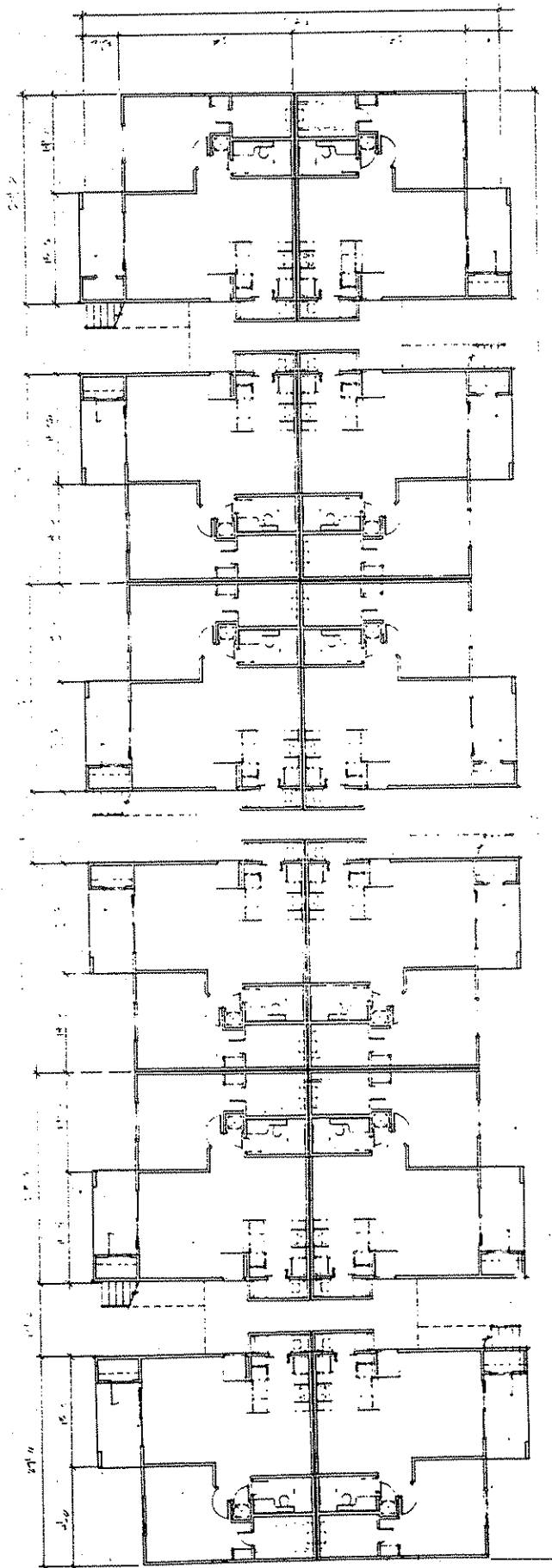
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1 BUILDING TYPE III- UNIT C 20 UNITS/BUILDINGS 3/2 STORY
BUILDING TYPE IV- UNIT C 24 UNITS/BUILDINGS 3 STORY

This architectural floor plan depicts a symmetrical, four-story building. A central vertical corridor runs through the middle, providing access to various rooms on each floor. The building is divided into four main sections by this central axis. Each section contains a large central hall, smaller rooms, and a kitchen area. The rooms are furnished with tables, chairs, and beds. The plan includes dimensions for the overall building and individual rooms, as well as a scale bar at the top. The layout is highly organized and symmetrical, suggesting a formal or institutional purpose.

224,0

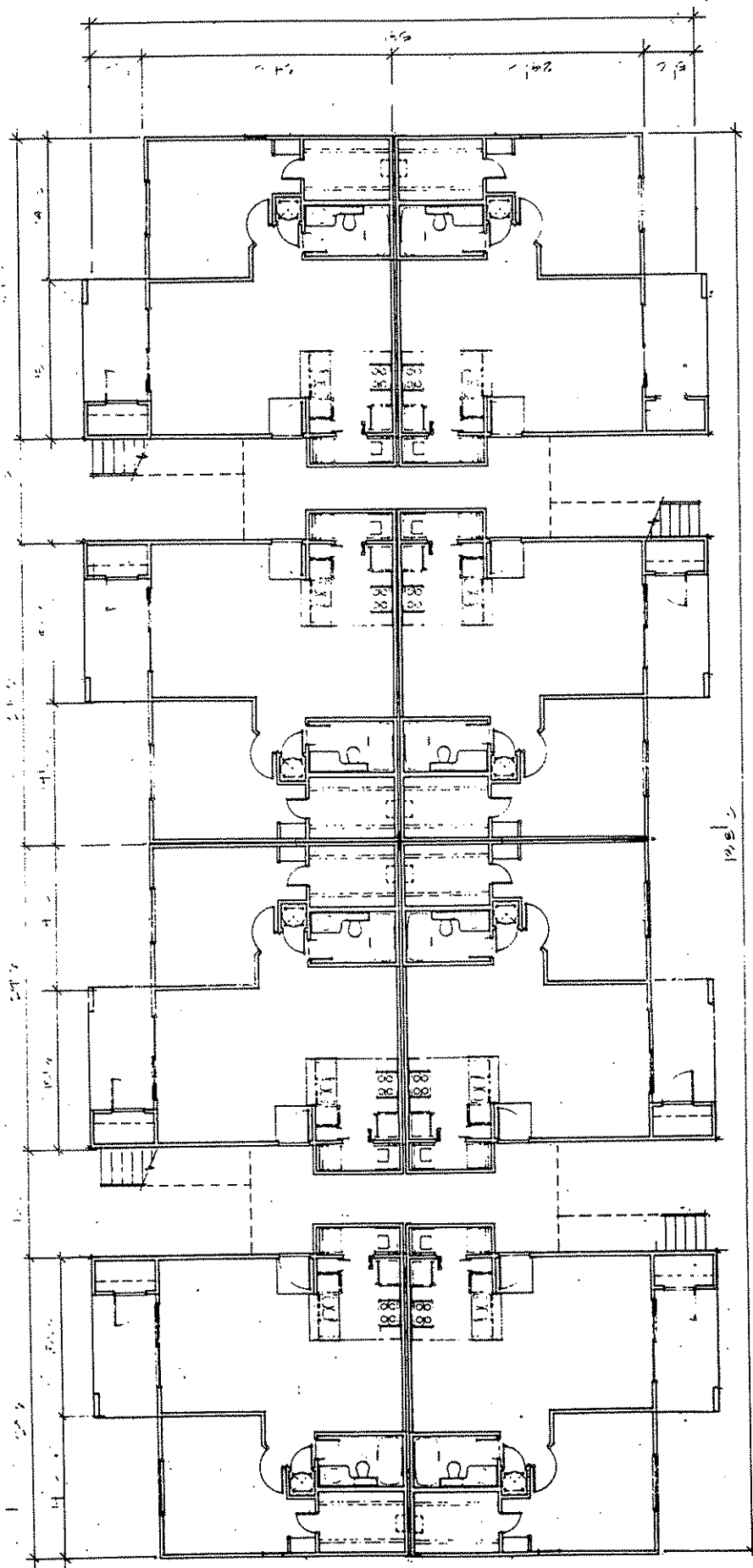
Exhibit 1-7B
(continued)
BUILDING FLOOR PLAN
VININGS at LAKE HOWELL



1 BUILDING TYPE I - UNIT A (812.4 SF/UNIT)

38 UNITS/BUILDING 3 STORY

Exhibit II-7B
 (continued)
 BUILDING FLOOR PLAN
 VININGS at LAKE HOWELL



BUILDING TYPE II - UNIT A (812.4 SF/UNIT)

20 UNITS/BUILDING 3/2

2

**EXHIBIT II-8
SOURCES AND USES OF FUNDS
VININGS AT LAKE HOWELL**

<u>Source of Funds</u>	<u>Amount</u>	<u>Per Unit</u>	<u>Per S.F.</u>
Participating 1st Mortgage Loan:	\$25,600,000	\$62,745	\$59.19
Total Sources of Funds:	<u>\$25,600,000</u>	<u>\$62,745</u>	<u>\$59.19</u>
<u>Uses of Funds</u>			
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Direct Construction Costs	15,330,291	37,575	35.44
Indirect Costs:			
Architect & Engineering	350,000	857	.81
Legal, Closing, and Taxes	331,000	811	.77
Lease-Up & Marketing	200,000	490	.46
Water & Sewer Fees	1,287,355	3,156	2.98
Other Impact Fees	372,566	913	.86
Developer's Fee	795,000	1,948	1.84
Interest & Construction Loan Fee	2,054,288	5,036	4.75
USF&G Commitment Fee	384,000	941	.89
Appraisal	<u>7,500</u>	<u>18</u>	<u>.01</u>
Total Uses of Funds	<u>\$25,600,000</u>	<u>\$62,745</u>	<u>\$59.19</u>

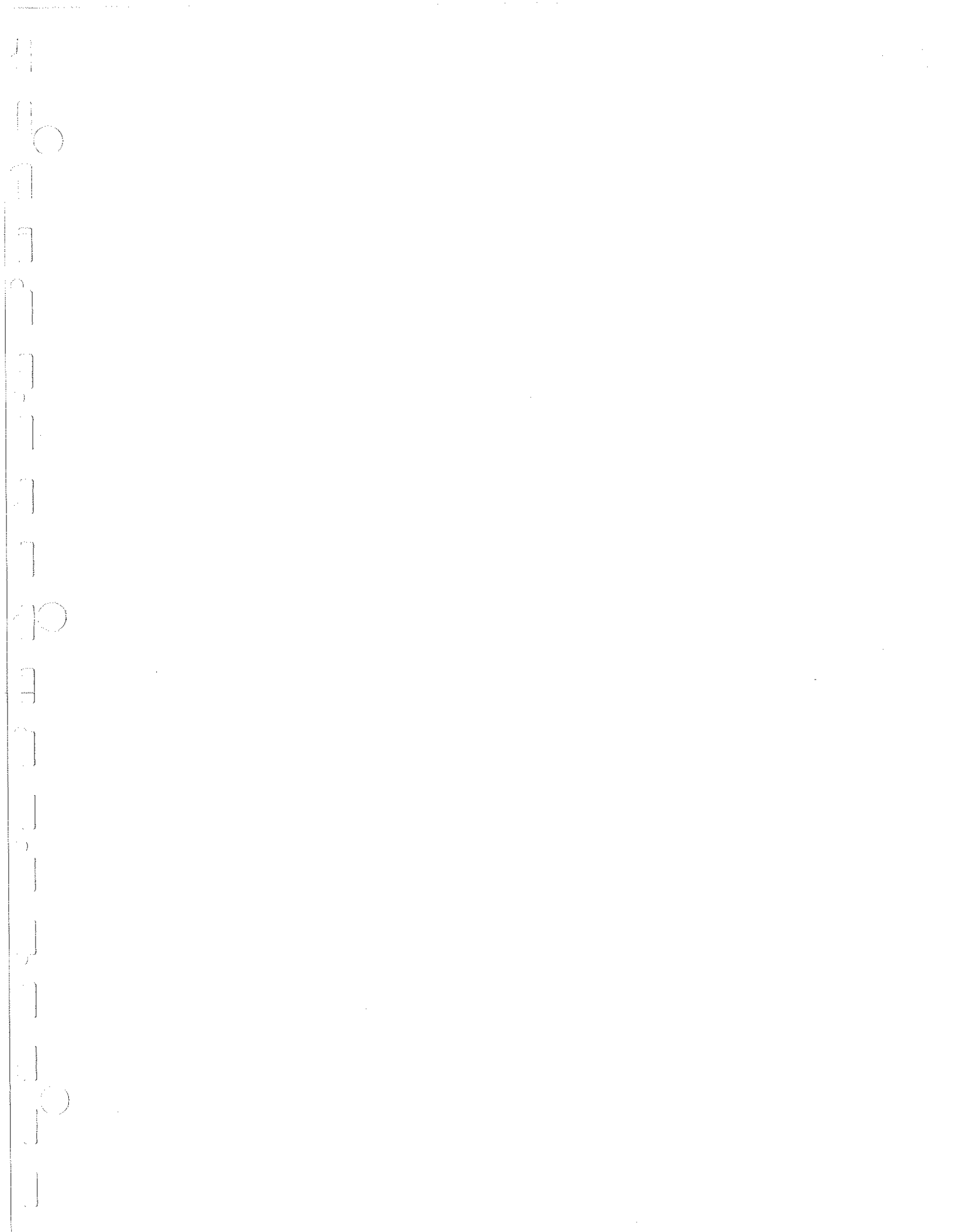
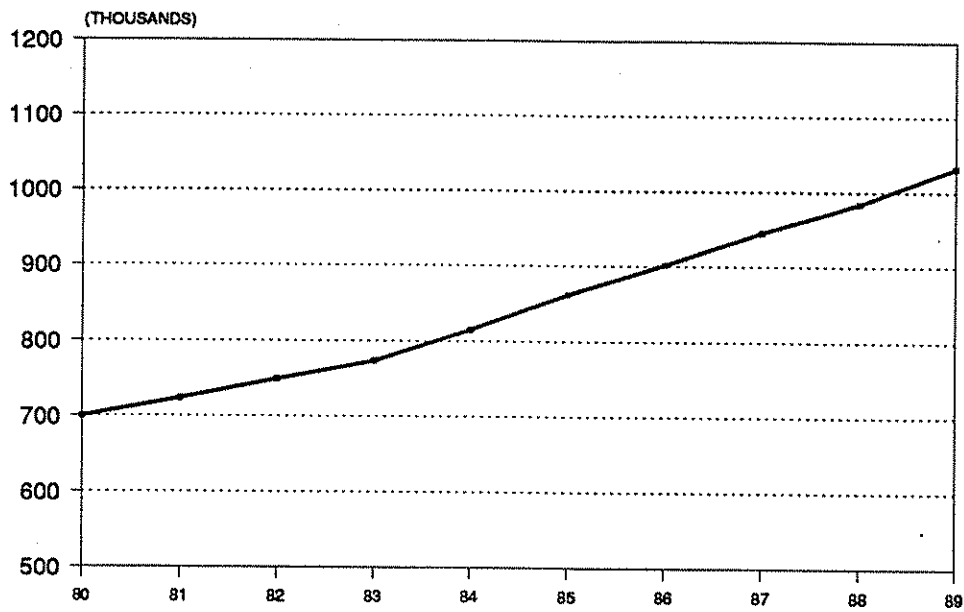
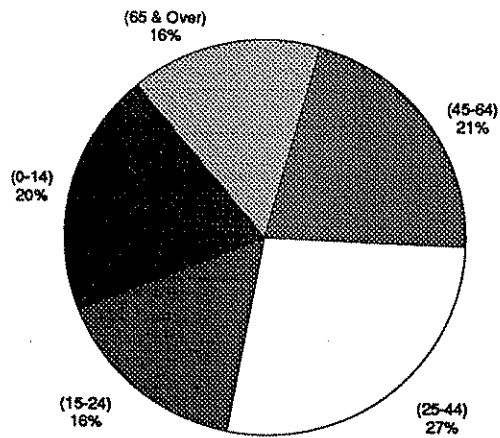


EXHIBIT III-1
POPULATION GROWTH
ORLANDO, FLORIDA



AVG. ANNUAL GROWTH 1980-1989: 5%

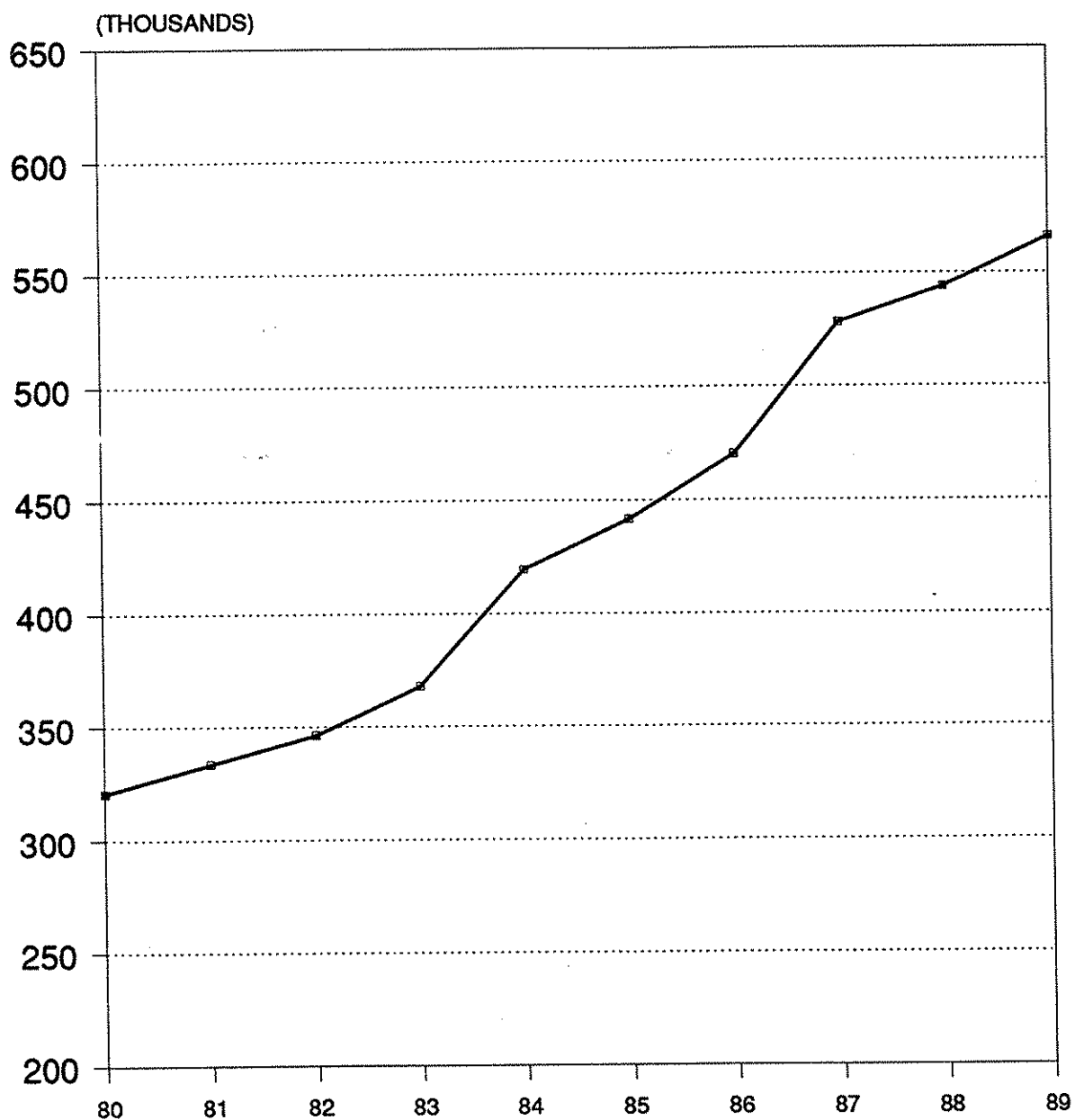
AGE DISTRIBUTION OF
CURRENT POPULATION BASE
ORLANDO, FLORIDA



1989

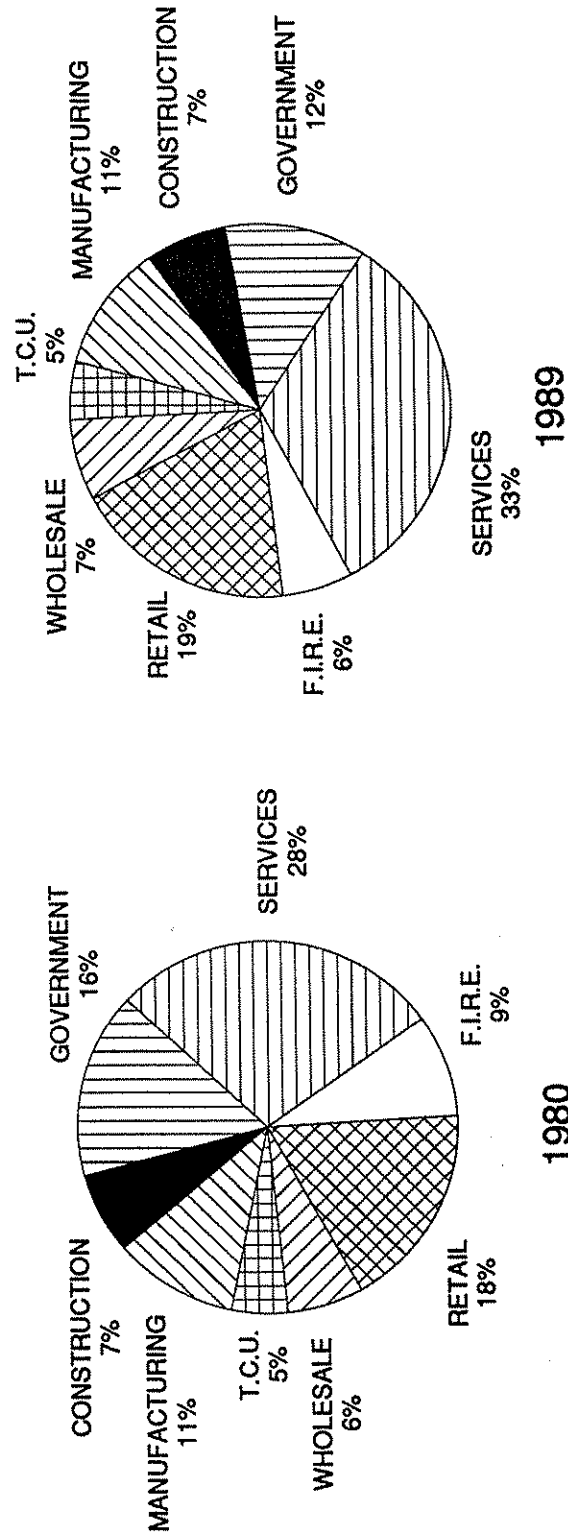
SOURCE: U.S. CENSUS

EXHIBIT III-2
EMPLOYMENT GROWTH
ORLANDO, FLORIDA



SOURCE: FLORIDA DEPARTMENT OF
LABOR AND EMPLOYMENT SECURITY

EXHIBIT III-3 COMPOSITION OF EMPLOYMENT BASE ORLANDO, FLORIDA

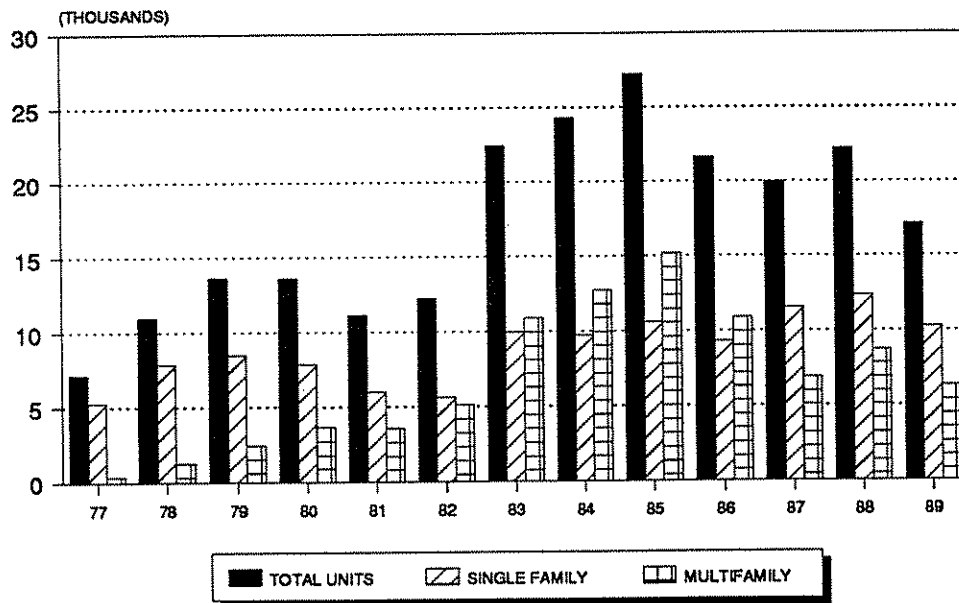


FISHKIND AND ASSOCIATES, INC.

Exhibit III-4
MAJOR EMPLOYERS
Mid-Florida Area
1989

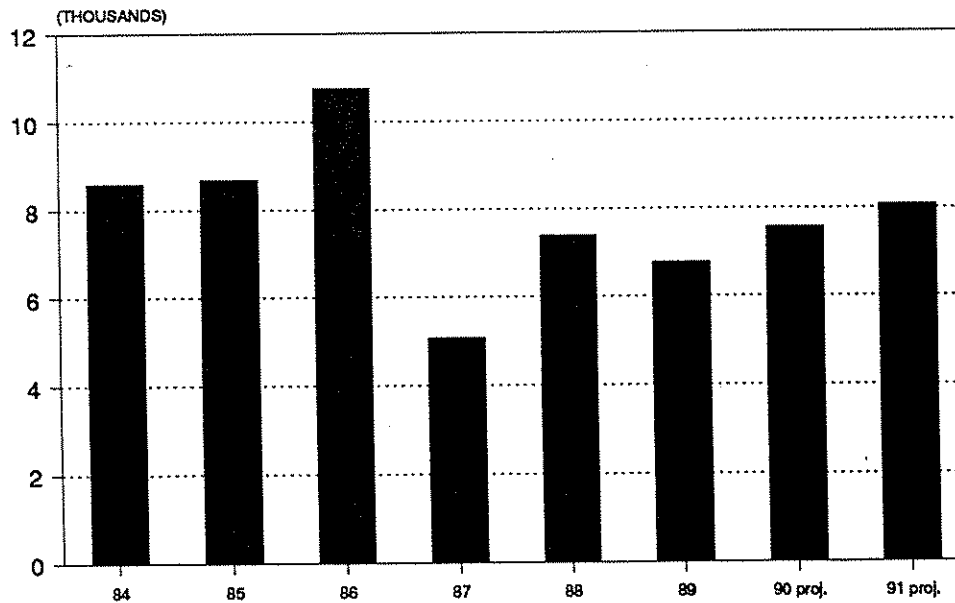
<u>FIRM</u>	<u># OF EMPLOYEES</u>
Walt Disney Co.	28,600
Naval Training Center	18,487
Orange County Public School System	14,300
Martin Marietta Orlando Aerospace	13,384
Harcourt Brace Jovanovich, Inc.	12,200
United Telephone Co. of Florida	5,350
Sun Bank, N.A.	5,000
Seminole County Public School System	4,833
AT&T	4,800
Orlando Management Sectional Center	4,800
Orlando Regional Medical Center, Inc.	3,200
Orange County Government	2,682
Orlando, City of	2,300
Winn Dixie Stores, Inc.	2,300
Dept. of Health and Rehabilitative Services	2,153
Florida Hospital	2,000
Marriott Orlando World Center	2,000
Red Lobster	2,000
K-Mart Corporation	1,960
Publix Supermarkets, Inc.	1,900
Stromberg-Carlson Corp.	1,700
University of Central Florida	1,700
Osceola County Public School System	1,622
Southern Bell Telephone & Telegraph	1,616
Orange County Sheriff's Office	1,613
Centrust Services Corp.	1,600
Hughes Supply, Inc.	1,600
ABC Liquors, Inc.	1,500
Sentinel Communications	1,400
Martin Marietta Data Systems	1,200
Eckerd Drugs	1,113
Barnett Bank of Central Florida	1,110
Gooding's of Florida, Inc.	1,105
Burger King	1,100
Hyatt Regency Grand Cypress	1,100
Lake Buena Vista Communities	1,100
Southland Corporation	1,054
Buena Vista Palace	1,042
General Mills Restaurant Group	1,000

**EXHIBIT III-5
ANNUAL RESIDENTIAL BUILDING PERMITS
ORLANDO, FLORIDA**



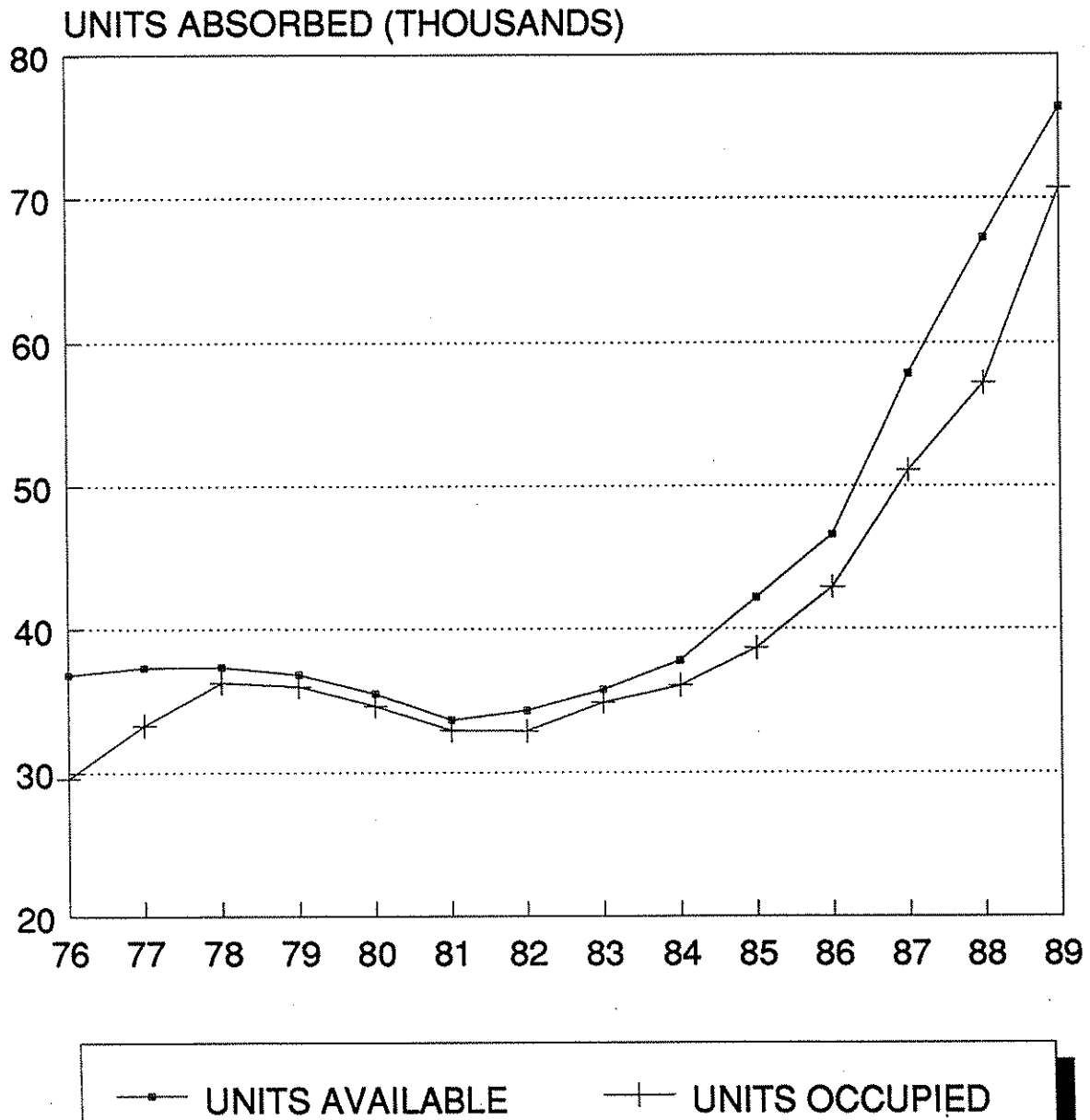
SOURCE: CITY AND COUNTY
BUILDING DEPARTMENTS

**ANNUAL MULTIFAMILY STARTS
ORLANDO, FLORIDA**



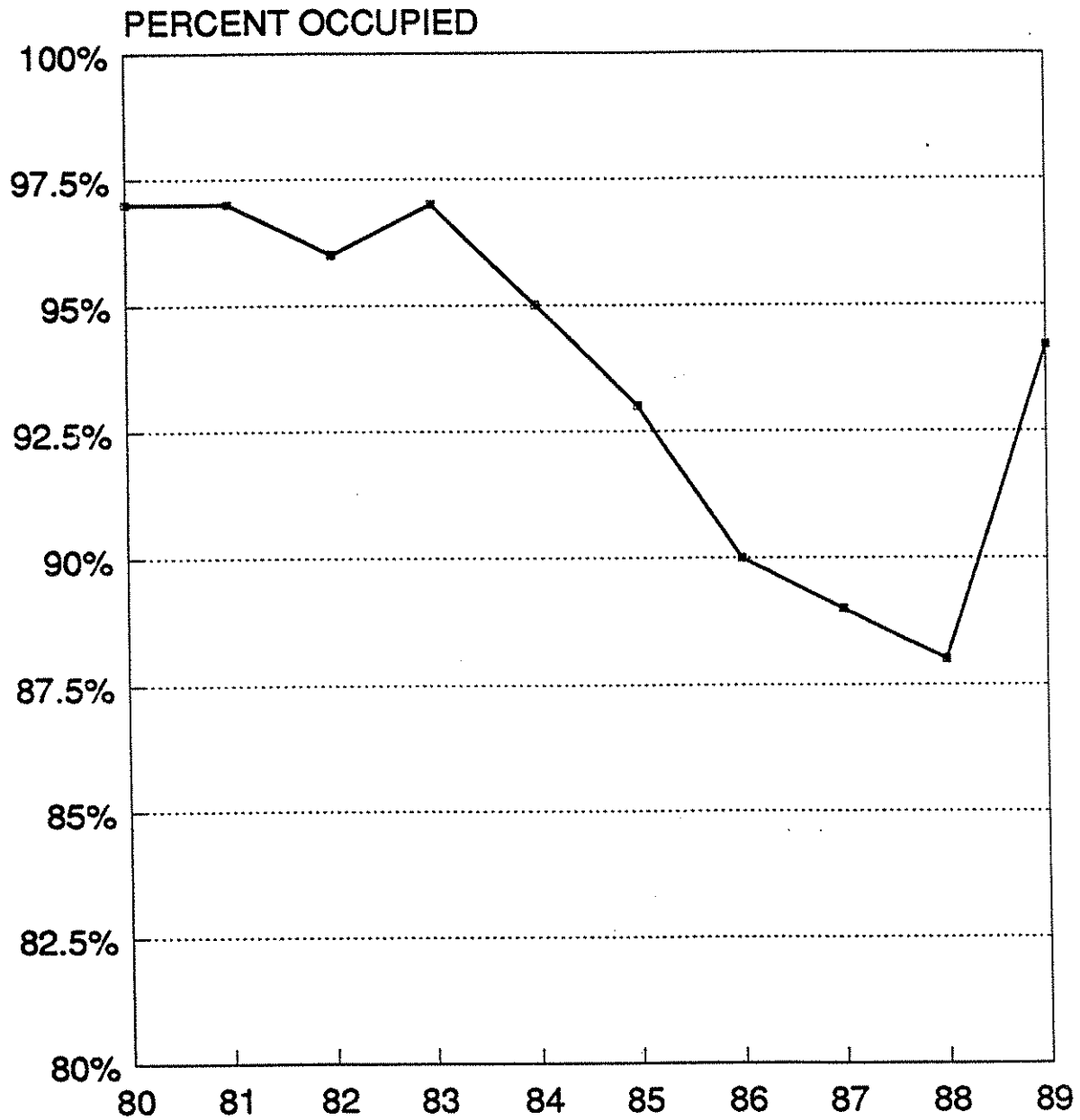
FISHKIND & ASSOCIATES, INC.
NOTE - NUMBER INCLUDES FOR-SALE CONDOS

EXHIBIT III-6
DEMAND ANALYSIS
ORLANDO, FLORIDA



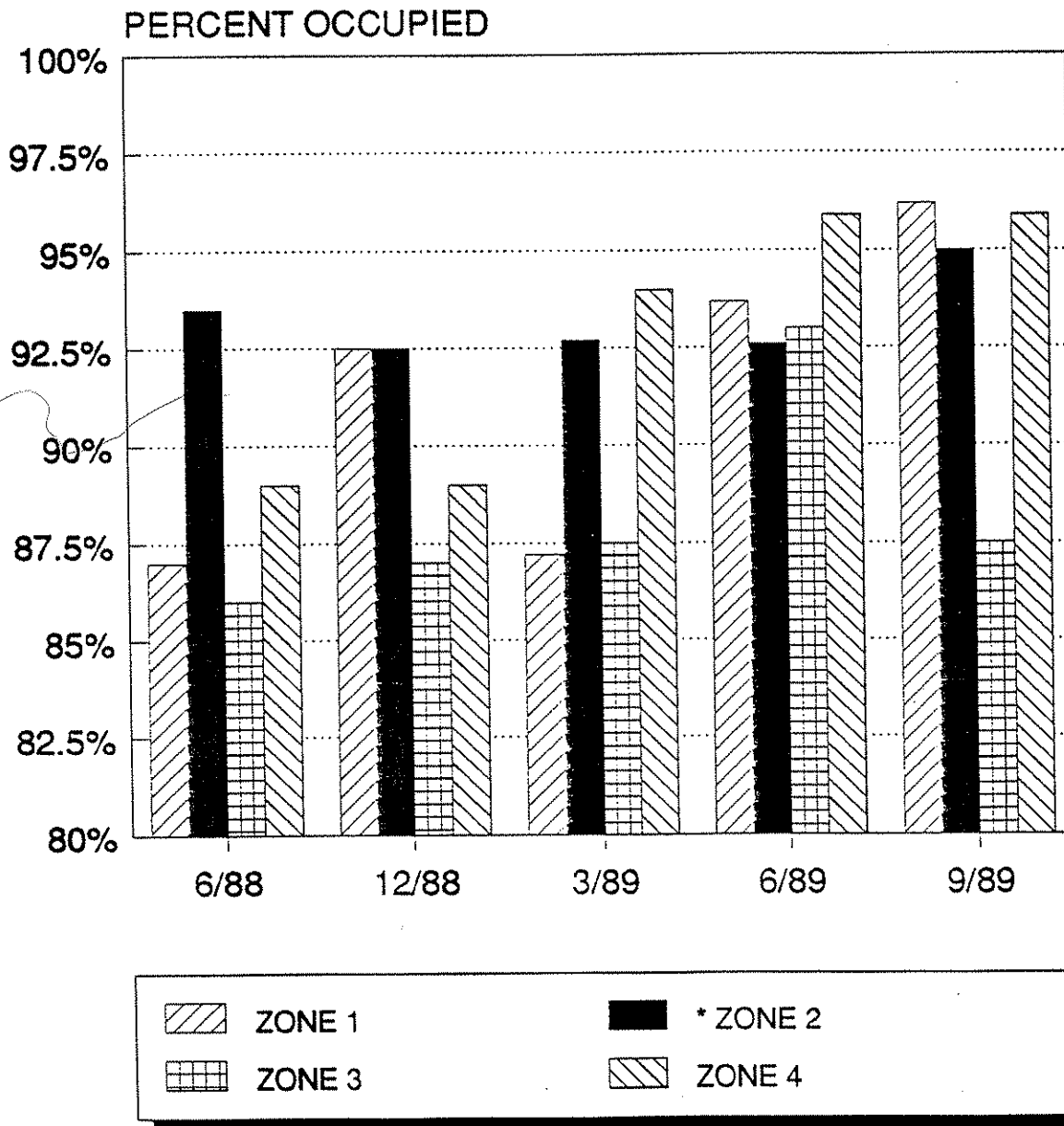
SOURCE: BARBOUR AND MONROE

Exhibit III-7A
Historical Occupancy
Orlando, Florida



CENTRAL FLORIDA MULTI-HOUSING ASSOC.
1989 OCCUPANCY AS OF 10/89

Exhibit III-7B
Historical Occupancy By Area
Orlando, Florida



CENTRAL FLORIDA MULTI-HOUSING ASSC.
* SUBJECT AREA

Exhibit III-7C
AREA VACANCY MAP
ORLANDO, FLORIDA

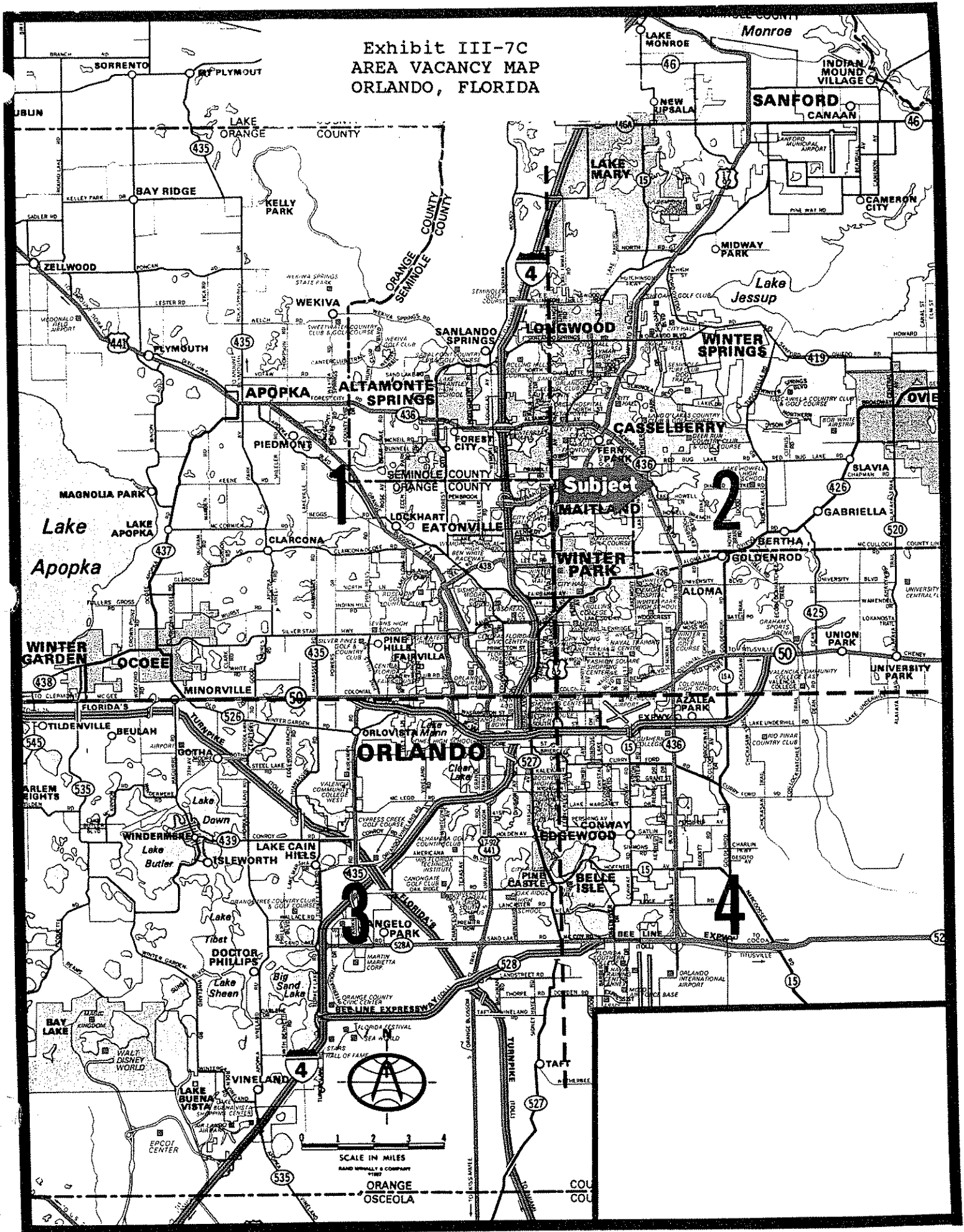


Exhibit III-8A
Projected Residential Development
Northern Orlando

Map #	Name	Location	Total No. of Units	Units Delivered 1989	Units U/C 1990	Units Proposed 1991-93
----	-----	-----	-----	-----	-----	-----
1	Colonial Ridge	649 Cannon Ridge Drive	195	83	112	
2	Crane's Landing	3440 Goldenrod Road	252		252	
3	Auver's Village	East side of S.R. 436 south of University Blvd.	600	280	20	360
4	Glen of Winter Park	East side of Goldenrod south of University Blvd.	104		104	
5	Colonial Pointe	West side of Goldenrod Trail, north of Highway 50	48	248		100
6	Alafaya Woods	401 Alafaya Woods Blvd.	296	120	74	
7	Calibre	Pembroke Drive	480			480
8	Silver Oaks II	3024 North Powers Road	320	152	168	
9	Chatham Landing	2550 Alafaya Trail	264	264		
10	Los Altos	311 Los Altos Way	328		328	
11	West Town Colony Phase I-III	1037 Alden Parkway	882	290		592
12	Sunshadow I-II	Sunshadow Drive Casselberry	384	165		104
13	Sun Lake II	Sun Lake Circle Lake Mary	200	200		
14	Chatam Pines At Wood Creek	Spring Villas Point Seminole County	208			208
15	Newport Colony	Cassel Creek Boulevard off 436	470			470
16	Carmel (Subject)	436 on Lake Howell	408			408
17	Summit at Sabal	Sabal Palms Altamonte Springs	249			249
18	Summit at Carrington Place	S.R. 436 at Orange/Seminole County	328		328	
19	Silver Terrace II	2420 Flower Coral	60	60		
20	Pineview Apartments	4817 Pine Hills Road	67	67		
21	Barclay Place	1415 Farrindon Circle	146	146		
22	Blue Lagoon	Greenwood Lakes	504			504
23	Pebble Creek	780 Creekwater Terrace	472	220	16	236
24	Mission Bay	University Boulevard	692		692	
Total				2,295	2,094	3,711
				-----	-----	-----

Exhibit III-8B
PROJECTED RESIDENTIAL
DEVELOPMENT MAP

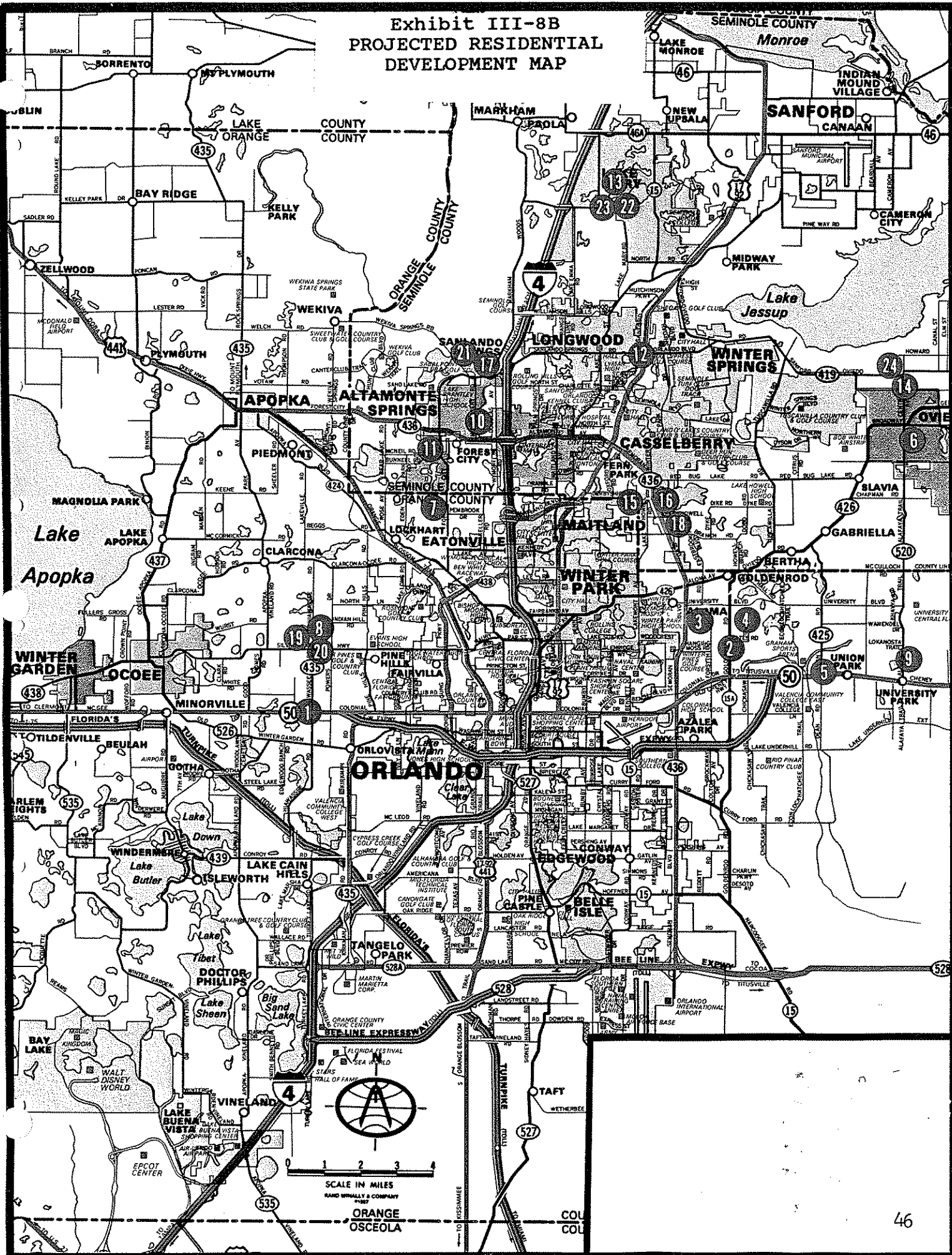


Exhibit III-9A
COMPETITIVE PROPERTY SURVEY
VININGS at LAKE HOWELL

Map #	Project Name and Location	Unit Type	Unit Mix	Area Sq. Ft.	Monthly Rent	Rent P.S.F.	Developer	Date Completed	Occ.	Comments
1	Subject The Vinings at Lake Howell Rt. 436 and Lake Howell Seminole County, Florida	1BR/1BATH	148	812	\$517	\$0.64	Trammell Crow Residential	T.B.B.	N/A	Amenities: Swimming pools (2), clubhouse, tennis courts, tot lot, spa, exercise room, lake boardwalk, beach area and boat slips. Rental premiums: lakeview \$25-\$40 per month, garages \$80 per month, car ports \$25 per month, pool, boats slips \$30 per month, boat parking \$15 per month.
		2BR/2BATH	176	1,140	\$693	\$0.61				
		3BR/3BATH	84	1,330	\$763	\$0.57				
			408	1,060	\$644	\$0.61				
1	Vinings at Lake Lotus 520 Terrace View Cove Altamonte Springs, Florida 32714 (407) 291-1577	1BR/1BATH	120	595	\$460	\$0.77	Trammell Crow Residential	1/89	98%	Amenities: Swimming pools (2), clubhouse, tennis courts, tot lot, spa, exercise room, lake boardwalk. Rental premiums: lakeview \$40-60 per month, fireplace \$10 per month, vaulted ceiling \$15 per month, pool, tennis court view \$10-25 per month.
		1BR/1BATH	98	766	\$515	\$0.67				
		2BR/1BATH	28	911	\$580	\$0.64				
		2BR/2BATH	76	1,018	\$630	\$0.62				
		2BR/2BATH	90	1,138	\$690	\$0.61				
		3BR/2BATH	48	1,356	\$760	\$0.56				
		3BR/2BATH	36	1,427	\$780	\$0.55				
			496	944	\$598	\$0.63				
			78	543	\$425	\$0.78				
			96	671	\$470	\$0.70				
2	West Town Colony 1037 Alden Parkway Altamonte Springs, Florida 32714 (407) 862-6115	1BR/1BATH	25	784	\$515	\$0.66	Embrey and Associates	4/89	92%	Amenities: Swimming pool, tennis courts (2), volleyball, exercise room, spa/sauna, clubhouse. Rental premiums: vaulted ceilings \$15 per month, fireplace \$15 per month, waterfront \$25 per month, inner courtyard \$10 per month.
		1BR/1BATH	5	844	\$545	\$0.65				
		2BR/1BATH	20	838	\$540	\$0.64				
		2BR/1BATH	20	907	\$570	\$0.63				
		2BR/2BATH	48	970	\$600	\$0.62				
		2BR/2BATH	24	1,088	\$665	\$0.61				
			316	754	\$509	\$0.68				

Exhibit III-9A
(continued)
COMPETITIVE PROPERTY SURVEY
VININGS at LAKE HOWELL

Map #	Project Name and Location	Unit Type	Unit Mix	Area Sq. Ft.	Monthly Rent	Rent P.S.F.	Developer	Date Completed	Occ.	Comments
3	Post Lake 700 Post Lake Place Apopka, Florida (407) 682-1050	EFF	56	520	\$389	\$0.75	Post Properties	1986	95%	Amenities: swimming pools (2), clubhouse/ exercise room, tennis courts (4), volleyball, spas. Rental Premiums: lakefront \$50 per month, vaulted ceilings \$10 per month, pool view \$20 per month, fireplace \$25 per month.
		EFF	56	530	\$389	\$0.73				
		1BR/1BATH	180	630	\$430	\$0.68				
		1BR/1BATH	148	815	\$499	\$0.61				
		2BR/1BATH	120	1,005	\$570	\$0.57				
		2BR/2BATH	96	1,050	\$630	\$0.60				
		3BR/2BATH	84	1,360	\$745	\$0.55				
4	Thunder Hollow 3780 Idlebrook Circle Casselberry, Florida (407) 699-5530	1BR/1BATH	16	515	\$409	\$0.79	FRG Management, Inc.	3/86	97%	Amenities: Swimming pool, clubhouse, volleyball, spa. Rental premiums: upstairs \$10 per month, and fireplace \$20 per month.
		1BR/1BATH	40	629	\$449	\$0.71				
		2BR/1BATH	56	765	\$489	\$0.64				
		2BR/2BATH	24	865	\$539	\$0.62				
		2BR/2BATH	24	972	\$570	\$0.59				
		160	752	\$491	\$0.65					
5	Willa Springs 4545 Willa Creek Drive Winter Springs, Florida (407) 699-6988	1BR/1BATH	56	659	\$455	\$0.69	Trammell Crow Residential	3/86	95%	Amenities: swimming pool, clubhouse/exercise room, tennis courts (2), spa, sauna, screened porches. Rental premiums: vaulted ceilings \$10 per month, fireplace \$15 per month.
		1BR/1BATH	40	765	\$485	\$0.63				
		2BR/2BATH	104	1,020	\$585	\$0.57				
		3BR/2BATH	40	1,240	\$715	\$0.58				
		240	930	\$560	\$0.60					

Exhibit III-9A
(continued)
COMPETITIVE PROPERTY SURVEY
VININGS at LAKE HOWELL

Map #	Project Name and Location	Unit Type	Unit Mix	Area Sq. Ft.	Monthly Rent	Rent P.S.F.	Developer	Date Completed	Occ.	Comments		
6	Sabal Club 525 Sabal Lake Drive Longwood, Florida (North Orlando) (407) 774-5707	1BR/1BATH	48	1,000	\$579	\$0.58	NTS Management Company	1985	92%	436 units. Amenities: pool, spa, sauna, tennis courts, indoor racquetball, fitness center. 15 garages for entire project \$115 per month with waiting list. Rental premiums: pondfront \$30 per month, courtyard view \$15-20 per month, garage \$110 per month.		
		1BR/1BATH	88	1,050	\$599	\$0.57						
		1BR/1BATH	72	1,100	\$649	\$0.59						
		2BR/2BATH	128	1,321	\$729	\$0.55						
		2BR/2BATH	56	1,325	\$749	\$0.57						
		2BR/2BATH	22	1,400	\$839	\$0.60						
		2BR/2BATH	22	1,650	\$900	\$0.55						
		2BR/2BATH	22	1,517	\$899	\$0.59						
<hr/>												
			458	1,230	\$700	\$0.57						
7	Sabal Park 302 Sabal Park Place Longwood, Florida (North Orlando) (407) 682-4501	2BR/2BATH	82	1,206	\$749	\$0.62	NTS Management Company	1986	73%	162 units. Amenities: pool, spa, tennis courts, racquetball, fitness center, access to golf course. Rental premiums: pondfront \$20 per month, upstairs \$20 per month, courtyard \$20 per month.		
		2BR/2BATH	48	1,263	\$779	\$0.62						
		3BR/2BATH	32	1,552	\$1,039	\$0.67						
					162	1,291					\$815	\$0.63
		<hr/>										
8	Golf Brooke 385 Golf Brook Circle Longwood, Florida (North Florida) (407) 682-7888	2BR/2BATH	37	1,391	\$970	\$0.70	NTS Management Company	1987	82%	195 units. Amenities: pool, spa, tennis courts, fitness center, garages. Rental premiums: golfcourse frontage, location, upper or end units \$15-40 per month.		
		2BR/2BATH	54	1,522	\$1,145	\$0.75						
		3BR/2BATH	104	1,600	\$1,225	\$0.77						
					195	1,539					\$1,154	\$0.75
		<hr/>										

Exhibit III-9B
COMPETITIVE PROPERTY SURVEY MAP
VININGS at LAKE HOWELL

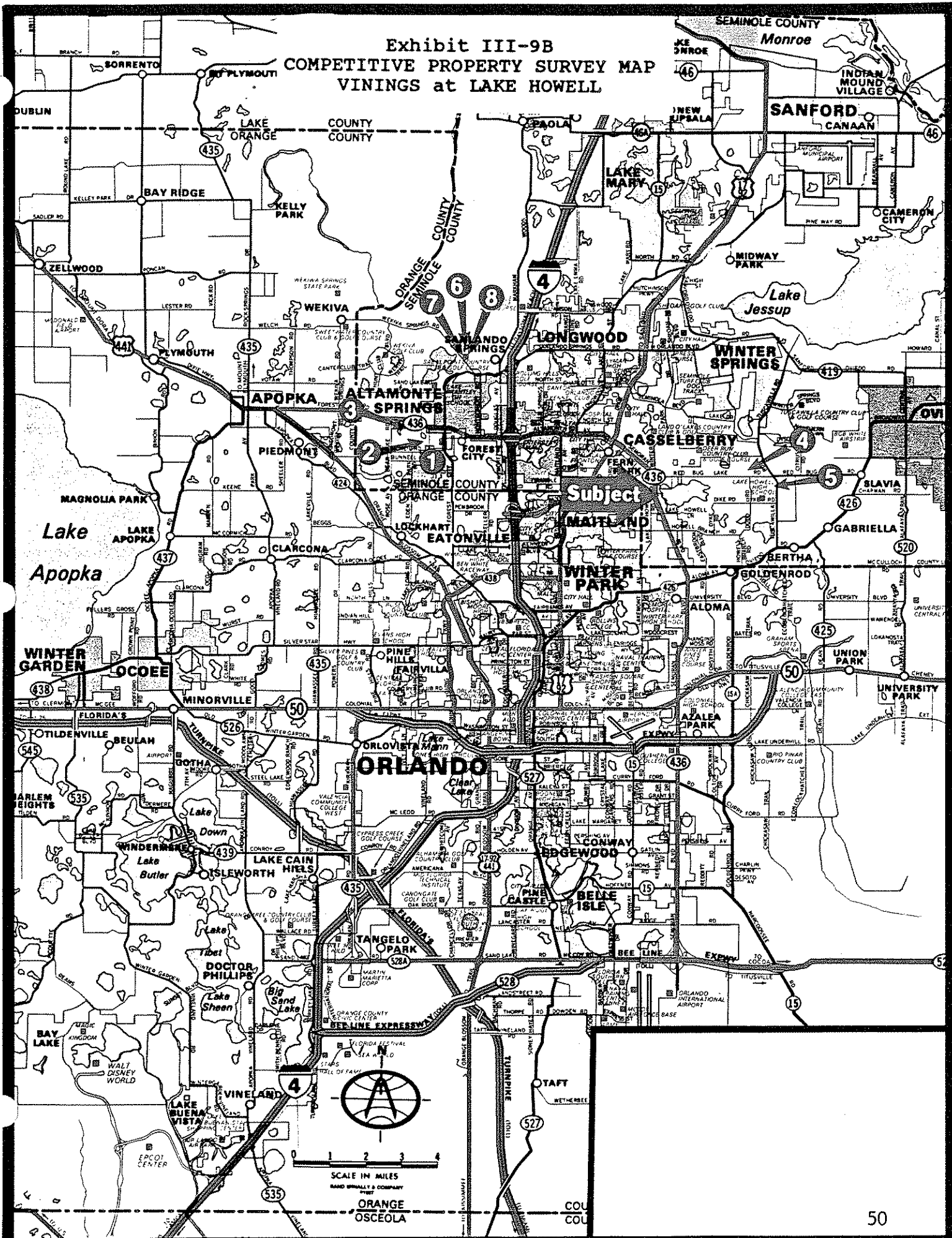


Exhibit III-9C
Direct Unit Comparison
Vinings at Lake Howell

Map	Project Name and Location	Unit Type	Unit Mix	Area Sq. Ft.	Monthly Rent	Rent P.S.F.
Sub	The Vinings @ Lake Howell	1BR/1BATH	148	812	\$517	\$0.64
		2BR/2BATH	176	1140	\$693	\$0.61
		3BR/3BATH	84	1330	\$763	\$0.57
			408	1,060	\$644	\$0.61
1	Vinings at Lake Lotus	1BR/1BATH	98	766	\$515	\$0.67
		2BR/2BATH	90	1138	\$690	\$0.61
		3BR/2BATH	48	1356	\$760	\$0.56
			236	1,028	\$632	\$0.61
2	West Town Colony	1BR/1BATH	25	784	\$515	\$0.66
		2BR/2BATH	24	1088	\$665	\$0.61
			49	933	\$588	\$0.63
3	Post Lake	1BR/1BATH	148	815	\$499	\$0.61
		2BR/2BATH	96	1050	\$630	\$0.60
		3BR/2BATH	84	1360	\$745	\$0.55
			328	1,023	\$600	\$0.59
4	Thunder Hollow	1BR/1BATH	40	629	\$449	\$0.71
		2BR/2BATH	24	972	\$570	\$0.59
			64	758	\$494	\$0.65
5	Willa Springs	1BR/1BATH	40	765	\$485	\$0.63
		2BR/2BATH	104	1020	\$585	\$0.57
		3BR/2BATH	40	1240	\$715	\$0.58
			184	1,012	\$592	\$0.58
6	Sabal Club	1BR/1BATH	48	1000	\$579	\$0.58
		2BR/2BATH	56	1355	\$749	\$0.55
			104	1,191	\$671	\$0.56
7	Sabal Park	2BR/2BATH	82	1206	\$749	\$0.62
		3BR/2BATH	32	1552	\$1,039	\$0.67
			114	1,303	\$830	\$0.64
8	Golf Brooke	2BR/2BATH	37	1391	\$970	\$0.70
		3BR/2BATH	104	1600	\$1,225	\$0.77
			141	1,545	\$1,158	\$0.75

Exhibit IV-1
ORGANIZATIONAL CHART
TRAMMELL CROW RESIDENTIAL

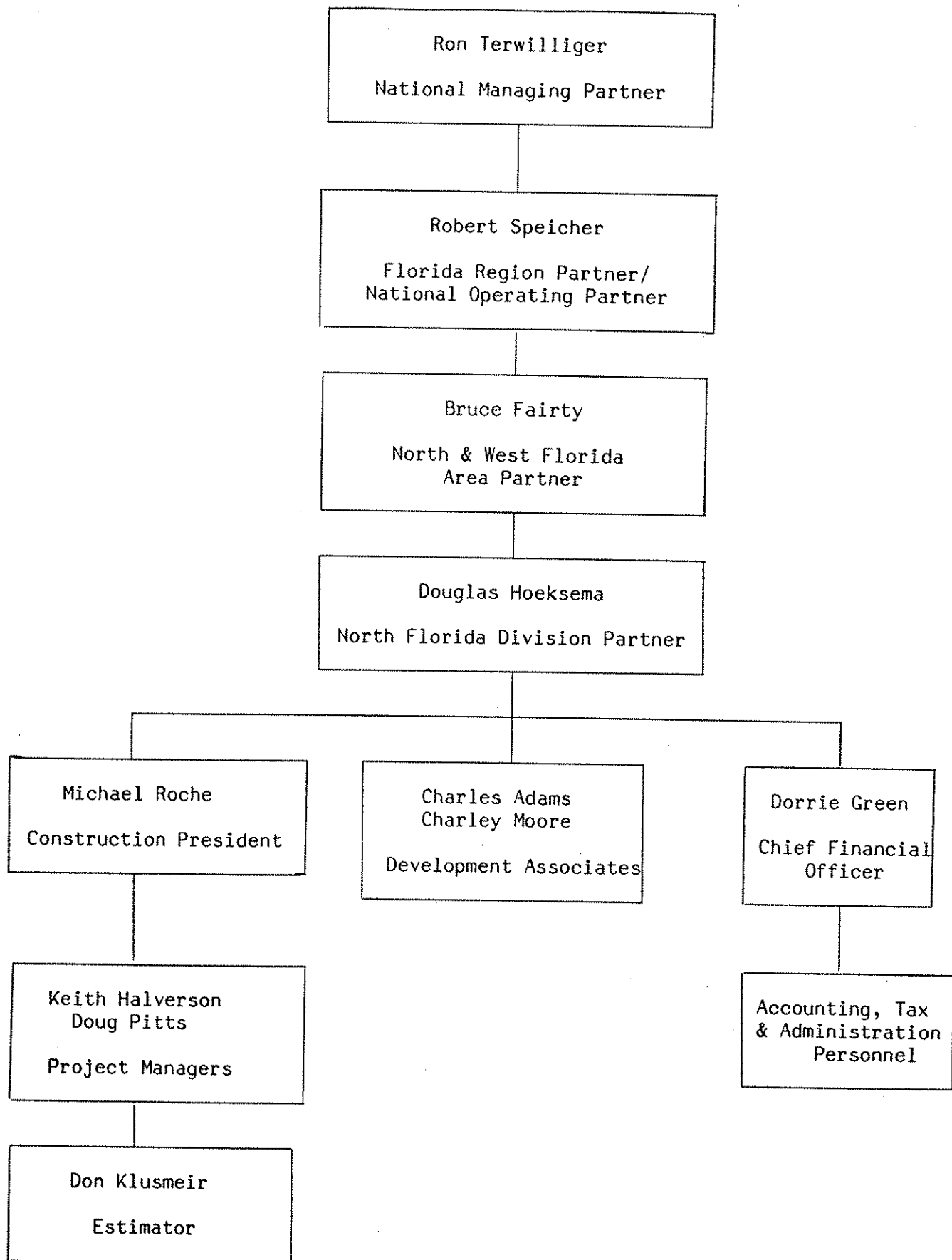


Exhibit IV-2
BIOGRAPHICAL SKETCHES
TRAMMELL CROW RESIDENTIAL

DEVELOPMENT TEAM

J. Ronald Terwilliger is Managing Partner of Trammell Crow Residential. Based in Atlanta, he is the Chief Operating Officer responsible for all residential development and operations conducted by Trammell Crow partners in 65 cities throughout the United States. Prior to joining the Trammell Crow organization in 1979, he was a Vice President and Director of Henry C. Beck Company in Dallas and President and Chief Operating Officer of Sea Pines Plantation and Hilton Head Plantation Companies in South Carolina. Mr. Terwilliger is a graduate of the United States Naval Academy, where he was captain of the basketball team. After serving five years in the Navy, he received his M.B.A. degree with High Distinction in 1970 from the Harvard Graduate School of Business.

Robert C. Speicher is a National Partner of Trammell Crow Residential and a Regional Partner responsible for residential development in Florida and California. Since joining Crow in 1980, he has developed over 12,000 multi-family rental units valued at over \$600 million. From 1975-1980 Bob was Vice President of Arvida Corporation where he was responsible for residential development in Palm Beach County, including the establishment of Boca West. Prior, to Arvida, he was on the resort development team of Sea Pines at Hilton Head Island. Mr. Speicher received a B.S. from the Georgia Institute of Technology and, in 1973, an M.B.A. from the Harvard University Graduate School of Business Administration.

Bruce R. Fairty is the Area Partner for North and West Florida Trammell Crow Residential. Based in Orlando, he has been responsible for the financing and development of 29 communities in North Florida, containing over 7,000 units and representing over \$350 million in asset value. From 1977 to 1983 he was with the Real Estate division of Mutual Benefit Life. At Mutual Benefit he was involved in developing tax exempt instruments for the financing of residential development. Mr. Fairty is a graduate of Drew University and received his M.B.A. from Rutgers University.

Douglas A. Hoeksema is the Divisional Partner for North Florida Trammell Crow Residential. He is a graduate of the Washington University Law School and has a business degree from the University of Missouri. Mr. Hoeksema was a partner in the Tampa law firm of Hill, Ward & Henderson specializing in real estate, zoning and land use prior to joining Trammell Crow Residential. As an attorney, Mr. Hoeksema worked with a large number of real estate developers and represented Trammell Crow Residential in the Northwest Florida region for a number of years.

Michael J. Roche is Partner and President of Trammell Crow Construction, North and West Florida. He is responsible for construction of all Crow residential projects in North and West Florida. Prior to joining Trammell Crow in 1988 he was with an Atlanta based developer as Director of Construction in South Florida involved with development and construction of over 2,000 multi-family units. Mike holds a Florida General Contractors License.

Jeffery Duke is the President of Trammell Crow Residential Services, Florida. He currently oversees approximately 16,000 multi-family residential units from Jacksonville to Miami, Florida. Previous to Trammell Crow Residential, he was employed by the Quaker Oats Company in product marketing. His formal educational background consists of a B.A. in economics at Brigham Young University and an M.B.A. from the Harvard Graduate School of Business.

Exhibit IV-3A
DEVELOPER TRACK RECORD
TRAMMELL CROW RESIDENTIAL

Map #	Project	Financing	Units	Completion Date	Percentage Leased At 1/1/90	Absorption Per Month
1	Sundown I and II	Tax Exempt Bonds	396	11/84 & 5/86	98%	
2	Lakeside South	Tax Exempt Bonds	200	1/86	98%	
3	Chichasaw Crossing	Tax Exempt Bonds	292	10/86	97%	
4	Heritage Place I and II	Tax Exempt Bonds	400	2/87 & 3/88	95%	
5	Spring Colony	Tax Exempt Bonds	188	4/87	99%	
6	Vinings at Westwood	Participating Loan	400	9/88	97%	42
7	Vinings at Lake Buena Vista	Tax Exempt Bonds	400	11/88	99%	38
8	Vinings at Lake Lotus	Participating Loan	496	1/89	98%	54
9	Vinings at Blue Tree Ridge	30% Equity/ Conventional Debt	270	2/89	In Lease-up (March '90) 50% Leased	

Exhibit IV-3B
DEVELOPER TRACK
RECORD MAP

Trammell Crow Communities

- 1-Sundown I and II
- 2-Lakeside South
- 3-Chickasaw Crossing
- 4-Heritage Place I and II
- 5-Springs Colony
- 6-Vinings at Westwood
- 7-Vinings at Lake Buena Vista
- 8-Vinings at Lake Lotus
- 9-Vinings at Blue Tree Ridge

SCALE IN MILES
ORANGE
OSCEOLA

- 1-Sundown I and II
- 2-Lakeside South
- 3-Chickasaw Crossing
- 4-Heritage Place I and II
- 5-Springs Colony
- 6-Vinings at Westwood
- 7-Vinings at Lake Buena Vista
- 8-Vinings at Lake Lotus
- 9-Vinings at Blue Tree Ridge

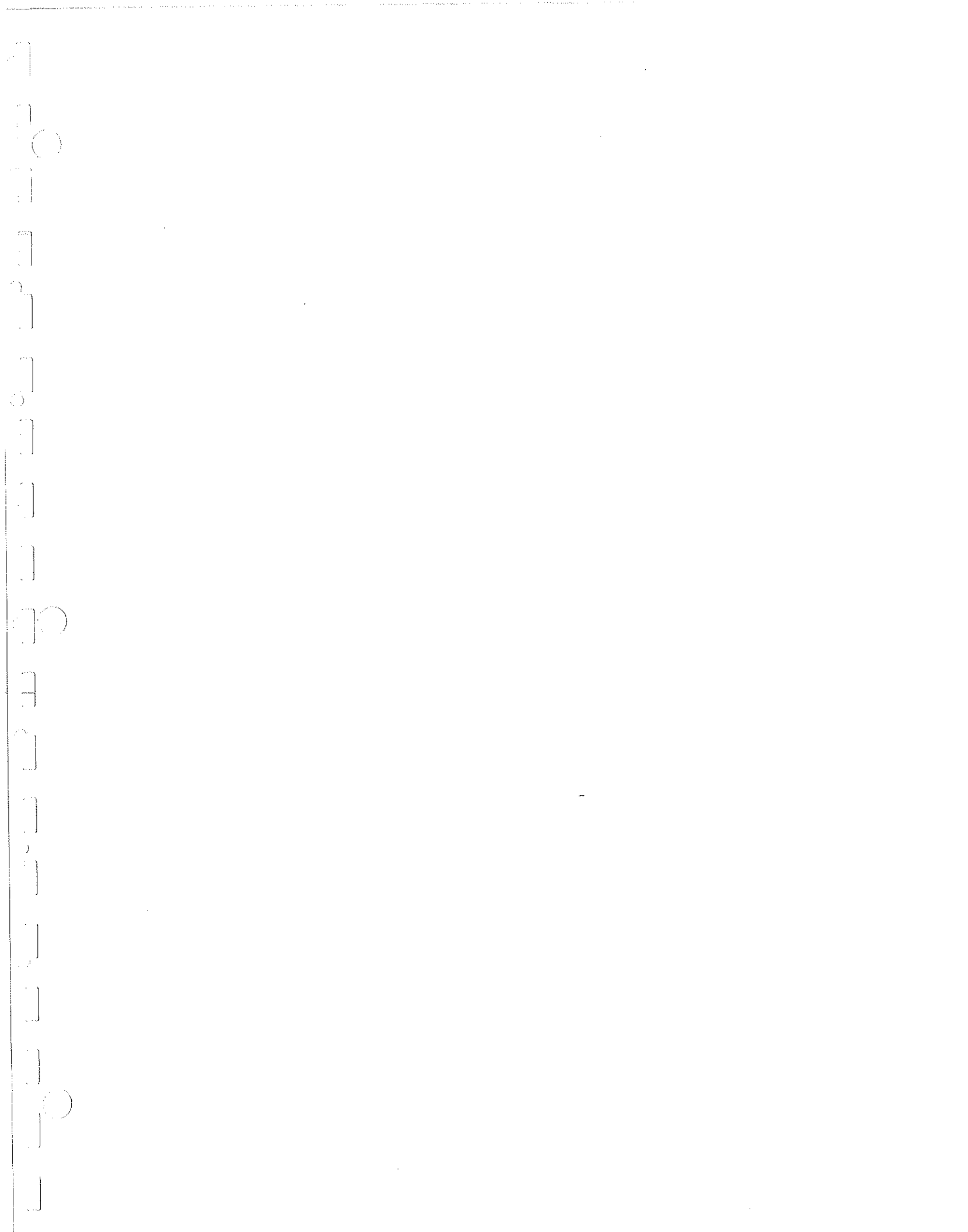


EXHIBIT V-1
Pro Forma Income and Expenses
Vinnings at Lake Howell

		Conservative	Most Likely	Optimistic
	Rental Income	3,142,138	3,308,458	3,474,778
Plus:	Other Income @ \$62 per unit/per month	289,838	289,838	289,838
Equals:	Gross Income	3,431,976	3,598,296	3,764,616
Less:	Vacancy @ 5.0%	171,599	179,915	188,231
Equals:	Effective Gross Income	3,260,377	3,418,381	3,576,385
Less:	Total Operating Expenses:	1,006,740	1,006,740	1,006,740
	Payroll and Related	226,195	226,195	226,195
	Landscape	62,118	62,118	62,118
	Utilities	123,808	123,808	123,808
	Redecorating	22,277	22,277	22,277
	Maintenance	36,842	36,842	36,842
	Marketing	95,105	95,105	95,105
	Administration	27,418	27,418	27,418
	Management Fees	164,077	164,077	164,077
	Insurance	49,694	49,694	49,694
	Ad Valorem Taxes	199,206	199,206	199,206
Equals:	Net Operating Income	2,253,637	2,411,641	2,569,645
	Debt Service Owed	1,968,000	1,964,535	1,954,839
Less:	Debt Service Paid	2,253,637	2,411,641	2,476,130
Less:	Repayment of Accrued Interest	0	0	70,136
Equals:	Cash Flow to Split	0	0	23,379
	Indicated Debt Coverage Ratio	1.17	1.26	1.34
	Annual Cash on Cash Return	8.8%	9.4%	9.7%
Note :	(1) Initial Rental Rate Per/Sq/Ft	\$0.58	\$0.61	\$0.64
	(2) Debt service is equal to the greater of the pay rate or the net operating income, not to exceed 9.5% of the Outstanding Loan Balance.			

Exhibit V-2A
PRELIMINARY VALUATION ANALYSIS
VININGS AT LAKE HOWELL

Cost Approach

	Cost Approach (Exhibit II-8) 432,536 SF@ \$48.81 PSF	\$21,112,000
plus:	Land Value @ \$9,989 per unit (Exhibit V-2B)	+4,075,512
plus:	<u>Developer's Profit @ 15%</u>	<u>+3,778,127</u>
equals:	Estimated Value	\$28,965,639
	Rounded to:	\$28,965,000

Direct Sales Comparison Approach

	Direct Capitalization Method	
	Net Operating Income (Exhibit V-4B)	\$2,411,641
divided by:	<u>Overall Capitalization Rate (OCR) (Exhibit V-4B)</u>	<u>/.084</u>
equals:	Estimated Value	\$28,710,012
	Rounded to:	\$28,700,000

Capitalization Income Approach

	Present Value of Net Operating Income @ 12% (Exhibit V-4B)	\$15,195,665
plus:	<u>Present Value of Net Sales Proceeds @ 12% (Exhibit V-4B)</u>	<u>+13,746,396</u>
equals:	Estimate Value	\$28,940,051
	Rounded to:	\$28,900,000

The three approaches to value indicate a range of values from 28,700,000 to \$28,965,000. In the correlation of value estimates little weight is given to the cost approach because it reflects primarily historical costs. The capitalized income or discounted cash flow approach is often used as the best indication of value because it reflects a reasonable estimate of the property's earning power on an annual cash basis over the next ten years. Therefore, the value of the subject property when it is fully leased at the most likely rental rates is estimated to be:

\$28,900,000

Indicated Loan to Value Ratio: 88.6%

*Note: The commitment will contain an appraisal contingency which requires valuation by a Lender approved MAI-designated appraiser indicating a market value at stabilized occupancy of at least \$28,765,000.

Exhibit V-2B
Comparable Land Sale Map
Vinings at Lake Howell

No.	Location	Sale Date	Parcel Size (Acres)	Total Price	Price Per Acre	No. of Units	Price/ Unit	Unit/ Acre
1	West side of Turkey Lake Rd./ East side of Sand Lake Rd. Orange County, Florida	Current Contract	25.6	\$4,390,000	\$171,484	398	\$11,030	15.55
2	West side of Westwood Lakes Blvd./ Northwest of International Dr. Orlando, Florida	12/88	14.4	\$2,201,500	\$152,882	259	\$8,500	17.99
3	South side of Lake Underhill Dr./ West of Convoy Rd. Orlando, Florida	2/88	12.9	\$2,000,000	\$155,039	192	\$10,417	14.88
4	South side of Winter Springs Blvd./ West of Tuscaville Country Club Seminole County, Florida	9/87	16.32	\$1,950,000	\$119,485	195	\$10,000	11.95
	North side of S.R. 535/ Southeast of I-4 Orlando, Florida	9/87	21.816	\$4,000,000	\$183,352	400	\$10,000	18.34
						Average	\$9,989 =====	
Sub	Route 436/ Lake Howell Lane Seminole County, Florida	N/A	31.5	\$4,488,000	\$142,476	408	\$11,000	12.95

Exhibit V-2C
Comparable Land Sale Map
Vinings at Lake Howell

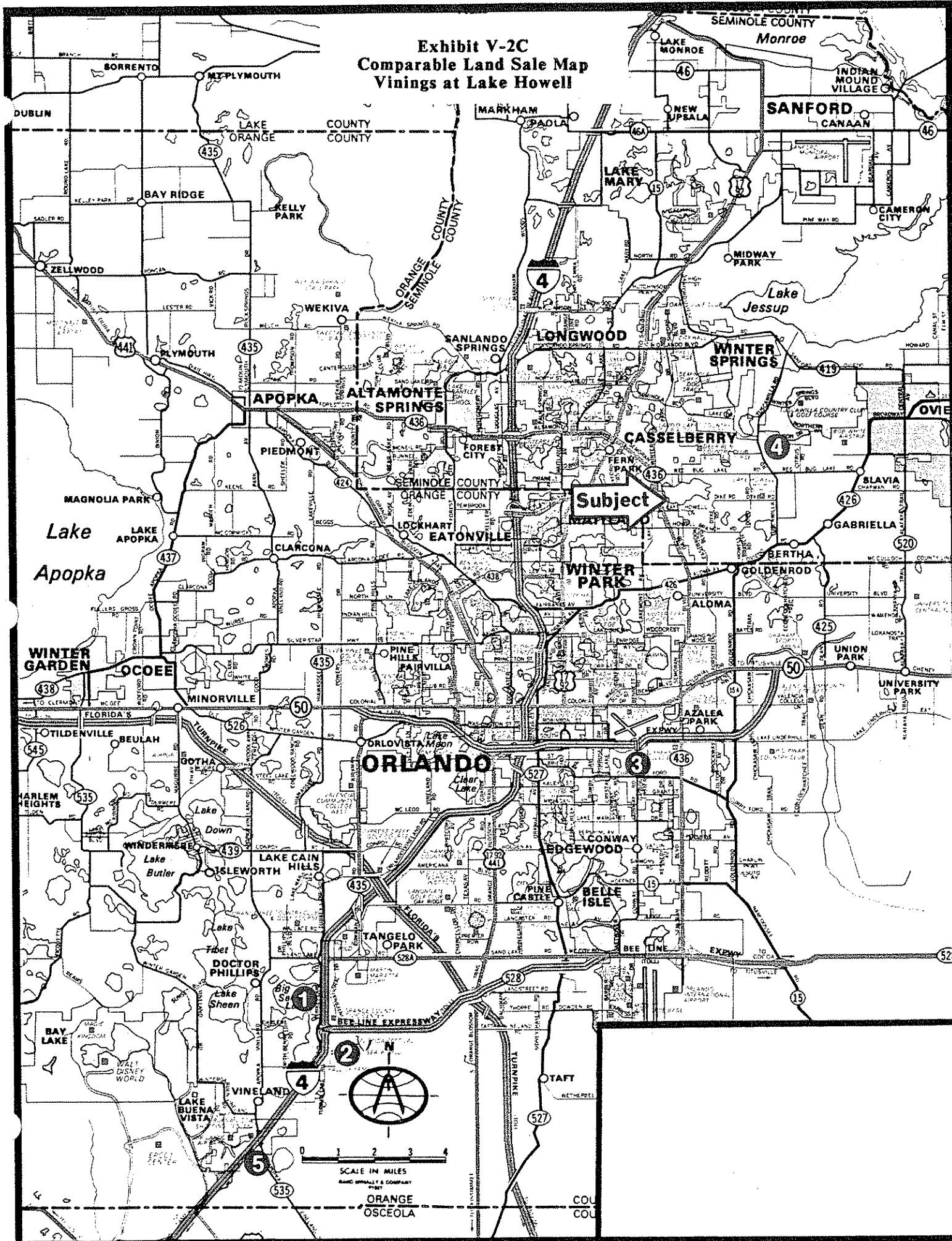


Exhibit V - 2D
Comparable Building Sales
Winings at Lake Howell

	COMPARABLE #1	COMPARABLE #2	COMPARABLE #3	COMPARABLE #4	COMPARABLE #5	COMPARABLE #6	COMPARABLE #7	AVG.
PROJECT:	Hunter's Ridge	Lake Pointe	Lake Vista Village	Windemere Lakes Apts	Fountain Head Apts	Cedar Cove Apartments	Sabal Club Apartments	
LOCATION:	Goldenrod Rd./S. of University Orlando, Orlando, Fla.	250 Lake Pointe Dr. Altamonte Springs, Fla.	Rt. 535 and Lake Buena Vista Orange Co., Fla.	Kirkman Rd./Conroy Rd. Orlando, Fla.	Central Ave./ Columbia St. Kissimmee, Fla.	Conroy Road/ Vineland Road Orange Co., Fla.	Sabal P.U.D. Longwood, Fla.	
DATE OF SALE:	June 1988	June 1988	December 1986	July 1988	April 1989	June 1986	December 1988	
SALES PRICE:	\$9,390,000	\$23,945,000	\$32,000,000	\$12,750,000	\$8,887,700	\$18,800,000	\$32,000,000	
NUMBER OF UNITS:	238	502	688	276	184	418	436	
PRICE PER UNIT:	\$38,235	\$47,809	\$46,512	\$46,196	\$48,302	\$44,976	\$73,395	
EFFECTIVE GROSS INCOME MULTIPLIER:	6.80	8.23	7.98	7.21	7.40	7.30	8.54	7.71
NET INCOME MULTIPLIER:	11.75	12.73	11.98					
OVERALL CAP RATE:	8.25%	7.86%	8.35%	8.65%	8.5%	8.5%	8.6%	8.39%

Source: The Real Estate Consortium
USF&G Realty Advisors

Vinings at Lake Howell

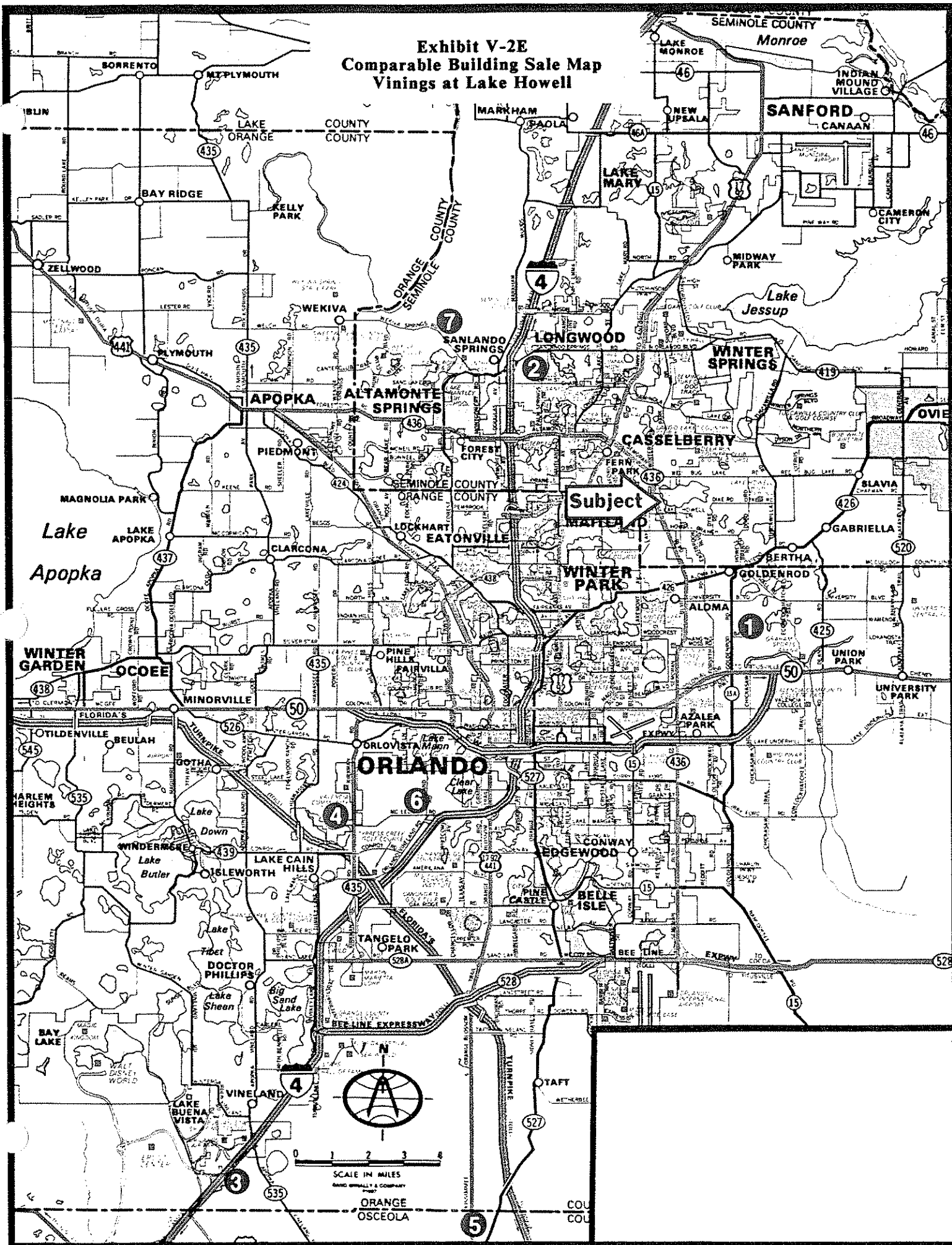


Exhibit V - 3
Assumptions to Cash Flow Summaries
Vinnings at Lake Howell

	Conservative	Most Likely	Optimistic
	-----	-----	-----
Loan Amount -----	\$25,600,000	\$25,600,000	\$25,600,000
Interest Rate -----	9.50%	9.50%	9.50%
Participation -----	50%	50%	50%
Minimum Pay Rate (per Application Letter):			
Year 1 -----	7.00%	7.00%	7.00%
Year 2 -----	7.50%	7.50%	7.50%
Year 3 -----	8.00%	8.00%	8.00%
Year 4 -----	8.50%	8.50%	8.50%
Year 5 -----	9.00%	9.00%	9.00%
Years 6-10 -----	9.50%	9.50%	9.50%
Actual Pay Rate (per Cash Flow Summary):			
Year 1 -----	7.00%	7.18%	7.68%
Year 2 -----	8.59%	9.21%	9.77%
Year 3 -----	8.94%	9.60%	10.16%
Year 4 -----	9.33%	9.97%	10.37%
Number of Payments (per year) -----	12	12	12
Growth Rate (Income) -----	5.00%	5.00%	5.00%
Growth Rate (Expenses) -----	5.00%	5.00%	5.00%
Vacancy Allowance First Year -----	18.40%	18.40%	18.40%
Vacancy Allowance Throughout -----	5.00%	5.00%	5.00%
Initial Rental Rate (per square foot) -----	\$0.58	\$0.61	\$0.64
Initial Rental Rate (per unit/per month) -----	\$611	\$644	\$676
Operating expenses (per unit/per year) -----	\$2,350	\$2,350	\$2,350
Other Income (per unit/per month) -----	\$56.38	\$56.38	\$56.38
Capitalization Rate -----	8.50%	8.50%	8.50%
Sale Expenses -----	3.00%	3.00%	3.00%

EXHIBIT V-4A CASH FLOW SUMMARY VININGS AT LAKE HOWELL CONSERVATIVE

GROSS INCOME:

UNIT TYPE	# OF UNITS	SF PER UNIT	MONTHLY RENT	RENT PER SF	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1BR/1BA	148	812	\$491	\$0.60	872,016	915,617	961,398	1,009,468	1,059,941	1,112,938	1,168,585	1,227,014	1,288,365	1,352,783	1,420,422
2BR/2BA	176	1,140	\$658	\$0.58	1,189,696	1,459,181	1,532,140	1,608,747	1,689,184	1,773,643	1,862,326	1,955,442	2,053,214	2,155,875	2,263,668
2BR/2BA	84	1,330	\$725	\$0.55	730,800	767,340	805,707	845,992	888,292	932,707	979,342	1,028,309	1,079,724	1,133,711	1,190,396
	408	1,060	\$611	0.58	2,992,512	3,142,138	3,299,244	3,464,207	3,637,417	3,819,288	4,010,252	4,210,765	4,421,303	4,642,368	4,874,487
• Other Income @ \$56 per/unit/month					276,036	289,838	304,330	319,546	335,523	352,300	369,913	388,410	407,831	428,222	449,634
- Gross Income					3,268,548	3,431,975	3,603,574	3,783,753	3,972,941	4,171,588	4,380,167	4,599,175	4,829,134	5,070,591	5,324,120
- Vacancy @ (18.4% - Year one, 5% thereafter)					(600,836)	(171,599)	(180,179)	(189,188)	(198,647)	(208,579)	(219,008)	(229,959)	(241,457)	(253,530)	(266,206)
- Effective Gross Income					2,667,712	3,260,377	3,423,395	3,594,565	3,774,293	3,963,008	4,161,159	4,369,216	4,587,677	4,817,061	5,057,914
- Operating Expenses- \$2,350.0 per/unit/month					(958,800)	(1,006,740)	(1,057,077)	(1,109,931)	(1,165,427)	(1,223,699)	(1,284,884)	(1,349,128)	(1,416,584)	(1,487,413)	(1,561,784)
- Net Operating Income					1,708,912	2,253,637	2,366,318	2,484,634	2,608,866	2,739,309	2,876,275	3,020,089	3,171,093	3,329,648	3,496,130
- Debt Service					(1,792,000)	(2,253,637)	(2,366,318)	(2,484,634)	(2,533,975)	(2,528,639)	(2,513,629)	(2,487,791)	(2,449,865)	(2,432,000)	
- Net Cash Flow (Deficit) -- Operations					(83,088)	0	0	0	74,891	210,670	362,646	532,298	721,229	897,648	
+ Cash Flow Guaranty					83,088	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0
- Repayment of Accrued Interest (75% of Cash Flow from Operations)					0	0	0	0	(56,168)	(158,002)	(271,984)	(399,223)	(188,048)		
- Cash Flow to Split					0	0	0	0	18,723	52,667	90,661	133,074	533,181	897,648	
x USF&G's Participation					50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
- Cash Flow To USF&G					0	0	0	0	9,361	26,334	45,331	66,537	266,590	448,824	
- Projected Sales Price @ 8.5% cap on 11th year NOI														41,130,942	
- Selling Expenses @ 3%														(1,233,928)	
- Outstanding Loan Balance														(25,600,000)	
- Net Sales Proceeds														14,297,014	
- Unpaid Accrual														0	
- Cash Proceeds from Sale to Split														14,297,014	
USF&G's Share														10,045,906	
Developer's Share *														4,251,108	
* Developer's sales proceeds are subordinate to USF&G receiving its yield (IRR) of 11.90%															
USF&G Yield Analysis															
Invested Capital					(25,600,000)	0	0	0	0	0	0	0	0	0	0
Debt Service					1,792,000	2,253,637	2,366,318	2,484,634	2,533,975	2,528,639	2,513,629	2,487,791	2,449,865	2,432,000	
Cash Flow From Operations					0	0	0	0	9,361	26,334	45,331	66,537	266,590	448,824	
Return of Accrued and Unpaid Interest					0	0	0	0	56,168	158,002	271,984	399,223	188,048	0	
Return of Capital					N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	25,600,000
Cash Proceeds from Sale					N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10,045,906
USF&G's Total Cash Flow					(25,600,000)	1,792,000	2,253,637	2,366,318	2,484,634	2,599,505	2,712,976	2,830,944	2,953,551	2,904,503	38,526,730
Estimated Yield (IRR)															11.9%
Annual Return on Capital						7.0%	8.8%	9.2%	9.7%	10.2%	10.6%	11.1%	11.5%	11.3%	11.3%
Loan to Value Ratio						N/A	99.9%	95.7%	91.3%	86.7%	82.1%	77.4%	72.6%	68.6%	65.4%
Debt Service Ratio						0.95	1.17	1.16	1.14	1.13	1.13	1.18	1.24	1.30	1.37
Breakeven Occupancy						84.2%	86.7%	88.1%	89.2%	89.8%	89.9%	86.7%	83.4%	80.1%	77.3%

EXHIBIT V-4B CASH FLOW SUMMARY VININGS AT LAKE HOWELL MOST LIKELY

GROSS INCOME:

UNIT TYPE	# OF UNITS	SF PER UNIT	MONTHLY RENT	RENT PER SF	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1BR/1BA	148	812	\$517	\$0.64	918,192	964,102	1,012,307	1,062,922	1,116,068	1,171,872	1,230,465	1,291,988	1,356,588	1,424,417	1,495,638
2BR/2BA	176	1,140	\$693	\$0.61	1,463,616	1,536,797	1,613,637	1,694,318	1,779,034	1,867,986	1,961,385	2,059,455	2,162,427	2,270,549	2,384,076
2BR/2BA	84	1,330	\$763	\$0.57	769,104	807,559	847,937	890,334	934,851	981,593	1,030,673	1,082,207	1,136,317	1,193,133	1,252,789
	408	1,060	\$644	0.61	3,150,912	3,308,458	3,473,880	3,647,575	3,829,953	4,021,451	4,222,523	4,433,650	4,655,332	4,888,099	5,132,504
+ Other Income @ \$56 per/unit/month					276,036	289,838	304,330	319,546	335,523	352,300	369,915	388,410	407,831	428,222	449,634
- Gross Income					3,426,948	3,598,295	3,778,210	3,967,121	4,165,477	4,373,751	4,592,438	4,822,060	5,063,163	5,316,321	5,582,137
- Vacancy @ (18.4% - Year one, 5% thereafter)					(629,954)	(179,915)	(188,911)	(198,356)	(208,274)	(218,688)	(229,622)	(241,103)	(253,158)	(265,816)	(279,107)
- Effective Gross Income					2,796,994	3,418,381	3,589,300	3,768,765	3,957,203	4,155,063	4,362,816	4,580,957	4,810,005	5,050,505	5,303,030
- Operating Expenses- \$2,350.0 per/unit/month					(958,800)	(1,006,740)	(1,057,077)	(1,109,931)	(1,165,427)	(1,223,699)	(1,284,884)	(1,349,128)	(1,416,584)	(1,487,413)	(1,561,784)
- Net Operating Income					1,838,194	2,411,641	2,532,223	2,658,834	2,791,775	2,931,364	3,077,932	3,231,829	3,393,421	3,563,092	3,741,246
- Debt Service					(1,838,194)	(2,411,641)	(2,495,705)	(2,493,103)	(2,481,295)	(2,459,173)	(2,432,000)	(2,432,000)	(2,432,000)	(2,432,000)	(2,432,000)
- Net Cash Flow (Deficit) -- Operations					0	0	36,518	165,731	310,481	472,191	645,932	799,829	961,421	1,131,092	
+ Cash Flow Guaranty					0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0
- Repayment of Accrued Interest (75% of Cash Flow from Operations)					0	0	(27,388)	(124,298)	(232,861)	(286,029)	0	0	0	0	0
- Cash Flow to Split					0	0	9,129	41,433	77,620	186,162	645,932	799,829	961,421	1,131,092	
x USF&G's Participation					50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
- Cash Flow To USF&G					0	0	4,565	20,716	38,810	93,081	322,966	399,915	480,710	565,546	
- Projected Sales Price @ 8.5% cap on 11th year NOI														44,014,660	
- Selling Expenses @ 3%														(1,320,440)	
- Outstanding Loan Balance														(25,600,000)	
- Net Sales Proceeds														17,094,221	
- Unpaid Accrual														0	
- Cash Proceeds from Sale to Split														17,094,221	
USF&G's Share														8,547,110	
Developer's Share *														8,547,110	
* Developer's sales proceeds are subordinate to USF&G receiving its yield (IRR) of 11.90%															
USF&G Yield Analysis															
Invested Capital	(25,600,000)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Service		1,838,194	2,411,641	2,495,705	2,493,103	2,481,295	2,459,173	2,432,000	2,432,000	2,432,000	2,432,000	2,432,000	2,432,000	2,432,000	2,432,000
Cash Flow From Operations		0	0	4,565	20,716	38,810	93,081	322,966	399,915	480,710	565,546				
Return of Accrued and Unpaid Interest		0	0	27,388	124,298	232,861	286,029	0	0	0	0	0	0	0	0
Return of Capital		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	25,600,000
Cash Proceeds from Sale		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8,547,110
USF&G's Total Cash Flow	(25,600,000)	1,838,194	2,411,641	2,527,658	2,638,117	2,752,963	2,838,283	2,754,966	2,831,915	2,912,710	3,000,000	3,087,915	3,175,910	3,263,910	3,351,910
Estimated Yield (IRR)					11.9%										
Annual Return on Capital		7.2%	9.4%	9.9%	10.3%	10.8%	11.1%	10.8%	11.1%	11.4%	11.7%	12.0%	12.3%	12.6%	12.9%
Loan to Value Ratio		N/A	92.6%	88.1%	83.5%	78.8%	74.2%	70.7%	67.3%	64.1%	61.1%	58.2%	55.4%	52.6%	50.0%
Debt Service Ratio		1.03	1.26	1.24	1.22	1.21	1.21	1.21	1.21	1.21	1.21	1.21	1.21	1.21	1.21
Break-even Occupancy		80.3%	82.6%	83.6%	84.2%	84.4%	84.2%	84.2%	84.2%	84.2%	84.2%	84.2%	84.2%	84.2%	84.2%

EXHIBIT V-4C CASH FLOW SUMMARY VININGS AT LAKE HOWELL OPTIMISTIC

GROSS INCOME:

UNIT TYPE	# OF UNITS	SF PER UNIT	MONTHLY RENT	RENT PER SF	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1DR/1BA	148	812	\$543	\$0.67	964,368	1,012,586	1,063,216	1,116,377	1,172,195	1,230,805	1,292,345	1,356,963	1,424,811	1,496,051	1,570,854
2BR/2BA	176	1,140	\$728	\$0.64	1,537,536	1,614,413	1,695,133	1,779,890	1,868,885	1,962,329	2,060,445	2,163,468	2,271,641	2,385,223	2,504,484
2BR/2BA	84	1,330	\$801	\$0.60	807,408	847,778	890,167	934,676	981,409	1,030,480	1,082,004	1,136,104	1,192,909	1,252,555	1,315,183
	408	1,060	\$676	0.64	3,309,312	3,474,778	3,648,516	3,830,942	4,022,489	4,223,614	4,434,795	4,656,534	4,889,361	5,133,829	5,390,571
+ Other Income @ \$56 per/unit/month					276,036	289,838	304,330	319,546	335,523	352,300	369,915	388,410	407,831	428,222	449,634
- Gross Income					3,585,348	3,764,615	3,952,846	4,150,488	4,358,013	4,575,914	4,804,709	5,044,945	5,297,192	5,562,052	5,840,154
- Vacancy @ (18.4% - Year one, 5% thereafter)					(659,071)	(188,231)	(197,642)	(207,524)	(217,901)	(228,796)	(240,235)	(252,247)	(264,860)	(278,103)	(292,008)
- Effective Gross Income					2,926,277	3,576,385	3,755,204	3,942,964	4,140,112	4,347,118	4,564,474	4,792,697	5,032,332	5,283,949	5,548,146
- Operating Expenses- \$2,350.0 per/unit/month					(958,800)	(1,006,740)	(1,057,077)	(1,109,931)	(1,165,427)	(1,223,699)	(1,284,884)	(1,349,128)	(1,416,584)	(1,487,413)	(1,561,784)
- Net Operating Income					1,967,477	2,569,645	2,698,127	2,833,033	2,974,685	3,123,419	3,279,590	3,443,570	3,615,748	3,796,535	3,986,362
- Debt Service					(1,967,477)	(2,476,130)	(2,469,467)	(2,453,175)	(2,432,000)	(2,432,000)	(2,432,000)	(2,432,000)	(2,432,000)	(2,432,000)	(2,432,000)
- Net Cash Flow (Deficit) -- Operations					0	93,515	228,660	379,858	542,685	691,419	847,590	1,011,570	1,183,748	1,364,535	
+ Cash Flow Guaranty					0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0
- Repayment of Accrued Interest (75% of Cash Flow from Operations)					0	(70,136)	(171,495)	(222,892)	0	0	0	0	0	0	0
- Cash Flow to Split					0	23,379	57,165	156,966	542,685	691,419	847,590	1,011,570	1,183,748	1,364,535	
x USF&G's Participation					50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
- Cash Flow To USF&G					0	11,689	28,583	78,483	271,342	345,710	423,795	505,785	591,874	682,268	
- Projected Sales Price @ 6.5% csp on 11th year NOI														46,898,379	
- Selling Expenses @ 3%														(1,406,951)	
- Outstanding Loan Balance														(25,600,000)	
- Net Sales Proceeds														19,891,428	
- Unpaid Accrual														0	
- Cash Proceeds from Sale to Split														19,891,428	
USF&G's Share														9,945,714	
Developer's Share *														9,945,714	

* Developer's sales proceeds are subordinate to USF&G receiving its yield (IRR) of 11.90%

USF&G Yield Analysis

Invested Capital	(25,600,000)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Service		1,967,477	2,476,130	2,469,467	2,453,175	2,432,000	2,432,000	2,432,000	2,432,000	2,432,000	2,432,000	2,432,000	2,432,000	2,432,000	2,432,000
Cash Flow From Operations		0	11,689	28,583	78,483	271,342	345,710	423,795	505,785	591,874	682,268	781,000	887,000	1,000,000	1,120,000
Return of Accrued and Unpaid Interest		0	70,136	171,495	222,892	0	0	0	0	0	0	0	0	0	0
Return of Capital		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	25,600,000
Cash Proceeds from Sale		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	9,945,714
USF&G's Total Cash Flow	(25,600,000)	1,967,477	2,557,955	2,669,544	2,754,550	2,703,342	2,777,710	2,855,795	2,937,785	3,023,874	3,105,268	3,187,000	3,269,000	3,351,000	3,433,000
Estimated Yield (IRR)		12.5%													
Annual Return on Capital		7.7%	10.0%	10.4%	10.8%	10.6%	10.9%	11.2%	11.5%	11.8%	12.1%	12.4%	12.7%	13.0%	13.3%
Loan to Value Ratio		N/A	86.0%	81.4%	76.8%	73.2%	69.7%	66.3%	63.2%	60.2%	57.2%	54.2%	51.2%	48.2%	45.2%
Debt Service Ratio		1.10	1.34	1.32	1.30	1.29	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28
Breakeven Occupancy		76.7%	78.7%	79.4%	79.6%	79.6%	79.9%	80.2%	80.5%	80.8%	81.1%	81.4%	81.7%	82.0%	82.3%

EXHIBIT V-5A
INVESTOR'S YIELD SUMMARY
VININGS AT LAKE HOWELL
CONSERVATIVE

Note:	(1)	(2)	(3)	(4)	(5)
Loan Year	Annual Debt Service	Return of Accrued Interest	Cash Flow From Operations	Outstanding Loan Balance	Cash Flow From Sale
1	1,792,000	0	0		
2	2,253,637	0	0		
3	2,366,318	0	0		
4	2,484,634	0	0		
5	2,533,975	56,168	9,361		
6	2,528,639	158,002	26,334		
7	2,513,629	271,984	45,331		
8	2,487,791	399,223	66,537		
9	2,449,865	188,048	266,590		
10	2,432,000	0	448,824	25,600,000	10,045,906

Estimated Yield (IRR): 11.9%

(1) Pay Rate Schedule:

Year 1 _____ the greater of 7.0% or the net operating income not to exceed 9.5%
 Year 2 _____ the greater of 7.5% or the net operating income not to exceed 9.5%
 Year 3 _____ the greater of 8.0% or the net operating income not to exceed 9.5%
 Year 4 _____ the greater of 8.5% or the net operating income not to exceed 9.5%
 Year 5 _____ the greater of 9.0% or the net operating income not to exceed 9.5%
 Year 6-10 _____ 9.5%

(2) USF&G receives 75% of the net cash flow from operations to pay down accrual.

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

(4) Original Loan Balance = \$25,600,000

(5) USF&G's cash proceeds from sale is derived by subtracting the sum of USF&G's Outstanding Loan Balance from the net sales proceed (\$39,897,014) and multiplying the difference by the percent participation which is the greater of 50% or the minimum additional interest necessary for USF&G to receive an internal rate of return of 11.9%, not to exceed 87.5%.

**EXHIBIT V-5B
INVESTOR'S YIELD SUMMARY
VININGS AT LAKE HOWELL
MOST LIKELY**

Note:	(1)	(2)	(3)	(4)	(5)
Loan Year	Annual Debt Service	Return of Accrued Interest	Cash Flow From Operations	Outstanding Loan Balance	Cash Flow From Sale
1	1,838,194	0	0		
2	2,411,641	0	0		
3	2,495,705	27,388	4,565		
4	2,493,103	124,298	20,716		
5	2,481,295	232,861	38,810		
6	2,459,173	286,029	93,081		
7	2,432,000	0	322,966		
8	2,432,000	0	399,915		
9	2,432,000	0	480,710		
10	2,432,000	0	565,546	25,600,000	8,547,110

Estimated Yield (IRR): 11.9%

(1) Pay Rate Schedule:

Year 1 ----- the greater of 7.0% or the net operating income not to exceed 9.5%
 Year 2 ----- the greater of 7.5% or the net operating income not to exceed 9.5%
 Year 3 ----- the greater of 8.0% or the net operating income not to exceed 9.5%
 Year 4 ----- the greater of 8.5% or the net operating income not to exceed 9.5%
 Year 5 ----- the greater of 9.0% or the net operating income not to exceed 9.5%
 Year 6-10 ----- 9.5%

(2) USF&G receives 75% of the net cash flow from operations to pay down accrual.

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

(4) Original Loan Balance = \$25,600,000

(5) USF&G's cash proceeds from sale is derived by subtracting the sum of USF&G's Outstanding Loan Balance from the net sales proceed (\$42,694,221) and multiplying the difference by the percent participation which is the greater of 50% or the minimum additional interest necessary for USF&G to receive an internal rate of return of 11.9%, not to exceed 87.5%.

**EXHIBIT V-5C
INVESTOR'S YIELD SUMMARY
VININGS AT LAKE HOWELL
OPTIMISTIC**

Note:	(1)	(2)	(3)	(4)	(5)
Loan Year	Annual Debt Service	Return of Accrued Interest	Cash Flow From Operations	Outstanding Loan Balance	Cash Flow From Sale
1	1,967,477	0	0		
2	2,476,130	70,136	11,689		
3	2,469,467	171,495	28,583		
4	2,453,175	222,892	78,483		
5	2,432,000	0	271,342		
6	2,432,000	0	345,710		
7	2,432,000	0	423,795		
8	2,432,000	0	505,785		
9	2,432,000	0	591,874		
10	2,432,000	0	682,268	25,600,000	9,945,714

Estimated Yield (IRR): 12.5%

(1) Pay Rate Schedule:

Year 1 _____ the greater of 7.0% or the net operating income not to exceed 9.5%
 Year 2 _____ the greater of 7.5% or the net operating income not to exceed 9.5%
 Year 3 _____ the greater of 8.0% or the net operating income not to exceed 9.5%
 Year 4 _____ the greater of 8.5% or the net operating income not to exceed 9.5%
 Year 5 _____ the greater of 9.0% or the net operating income not to exceed 9.5%
 Year 6-10 _____ 9.5%

(2) USF&G receives 75% of the net cash flow from operations to pay down accrual.

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

(4) Original Loan Balance = \$25,600,000

(5) USF&G's cash proceeds from sale is derived by subtracting the sum of USF&G's Outstanding Loan Balance from the net sales proceed (\$45,491,428) and multiplying the difference by the percent participation which is the greater of 50% or the minimum additional interest necessary for USF&G to receive an internal rate of return of 11.9%, not to exceed 87.5%.

EXHIBIT V-6
SENSITIVITY ANALYSIS
VININGS AT LAKE HOWELL

Conservative

Initial Rental Rate: \$0.58 P/S/F

Overall Cap Rate	Inflation Rate		
	3.0%	5.0%	7.0%
9.0%	10.4%	11.9%	12.2%
8.5%	10.7%	11.9%	12.5%
8.0%	11.1%	11.9%	12.8%

Most Likely

Initial Rental Rate: \$0.61 P/S/F

Overall Cap Rate	Inflation Rate		
	3.0%	5.0%	7.0%
9.0%	11.2%	11.9%	12.9%
8.5%	11.5%	11.9%	13.1%
8.0%	11.9%	12.2%	13.4%

Optimistic

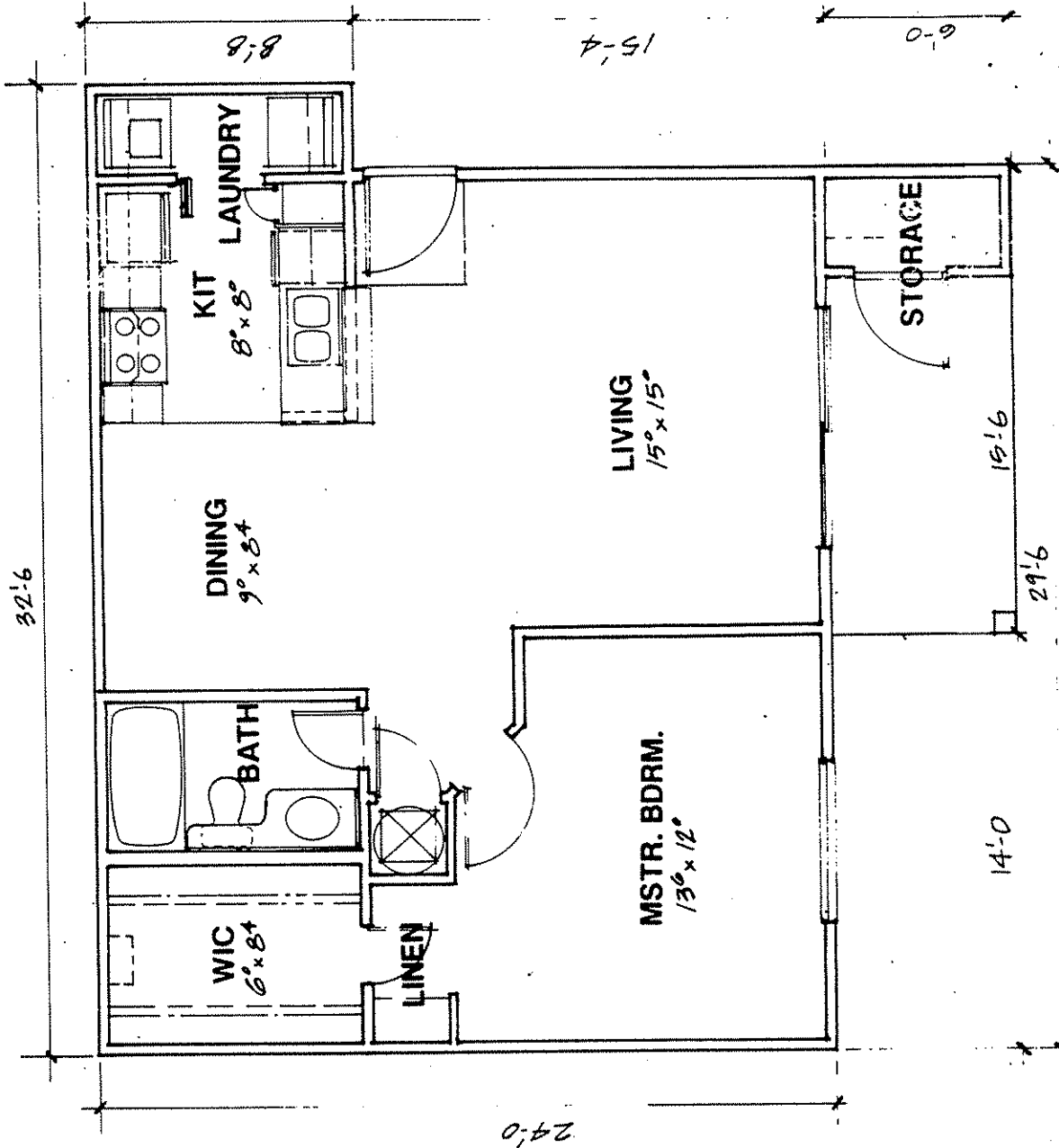
Initial Rental Rate: \$0.64 P/S/F

Overall Cap Rate	Inflation Rate		
	3.0%	5.0%	7.0%
9.0%	11.9%	12.2%	13.5%
8.5%	11.9%	12.5%	13.7%
8.0%	11.9%	12.8%	14.0%

APPENDICES

**Unit Floor Plans
Vinings at Lake Howell**

ATTACHMENT A-1
ONE BEDROOM ONE BATH
UNIT FLOOR PLAN

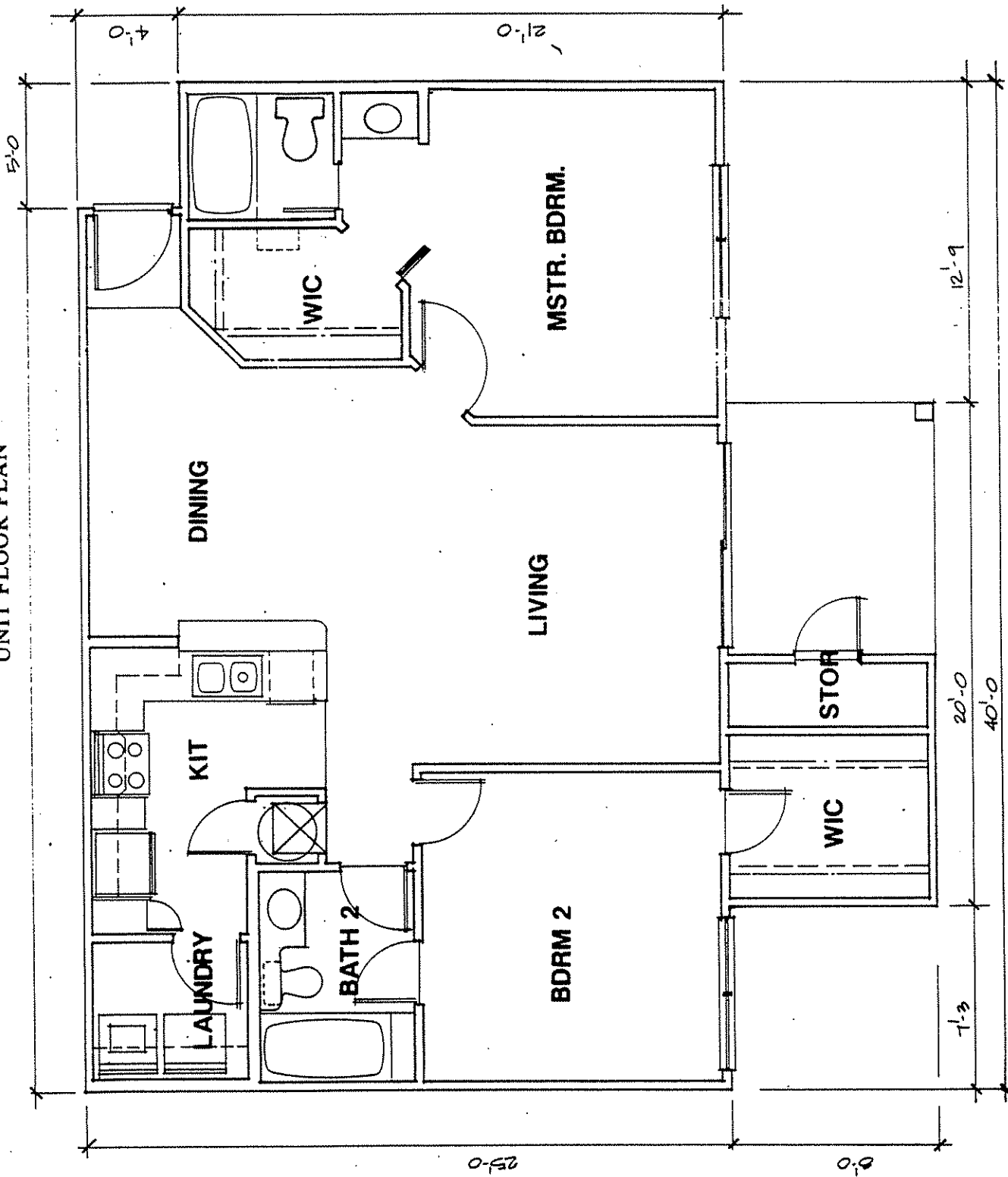


HVAC 734.0 SF
BALC/STOR 93.0 SF
TOTAL 827.0 SF

A - 1 BED / 1 BATH

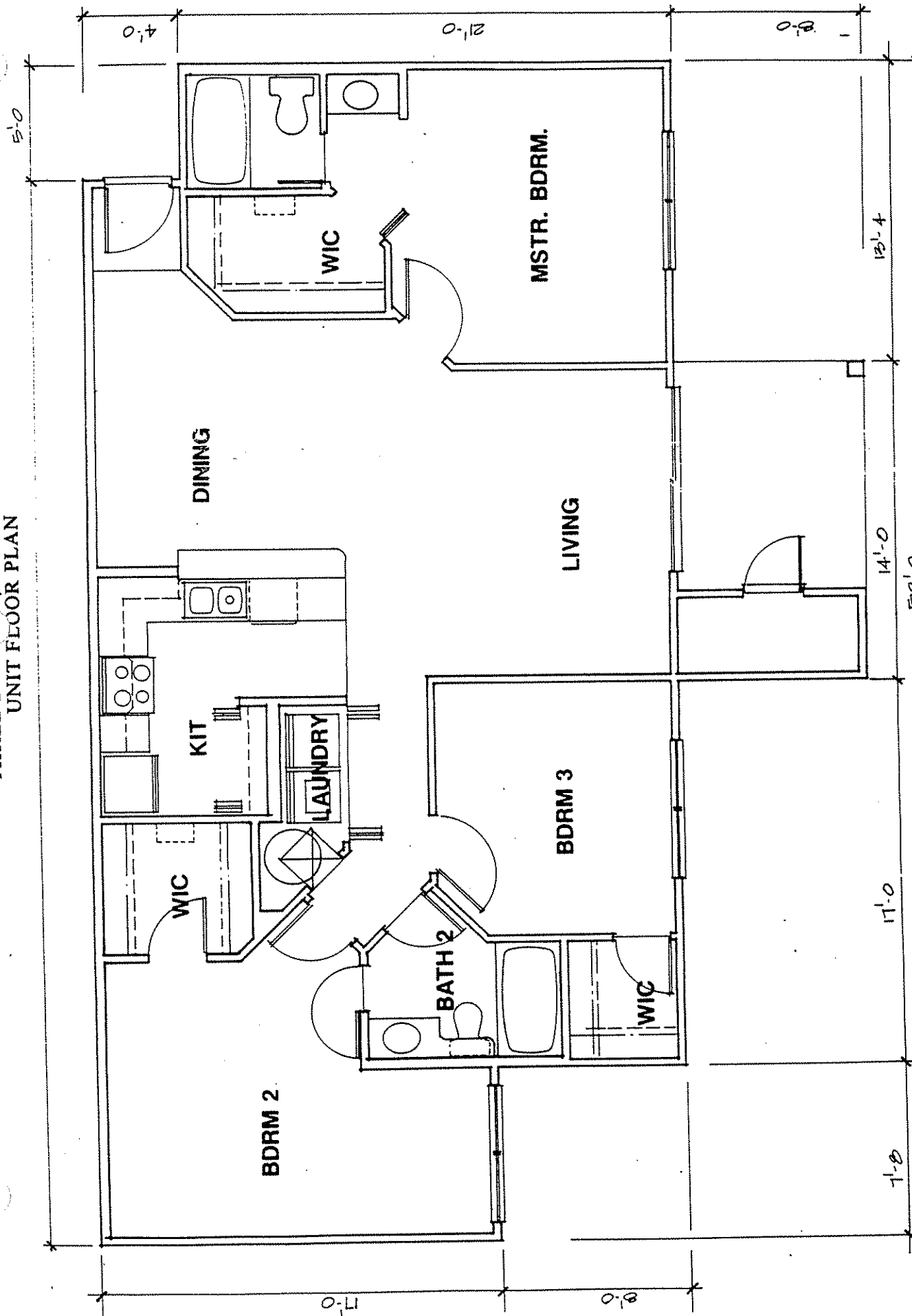
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APPENDIX A-2
TWO BEDROOM TWO BATH
UNIT FLOOR PLAN



<div>2</div>	UNIT C- 2 BATH/ 2 BED		1/4"=1'-0"	
	HVAC	1036.7 SF	BALC/STOR	103.3 SF
	TOTAL	1140.0 SF		

APPENDIX A
THREE BEDR M/THREE BATH
UNIT FLOOR PLAN



HVAC	1218.7 SF
BALC/STOR	112.0 SF
TOTAL	1330.7 SF

1/4"=1'-0"

UNIT D-3 BED/2 BATH

3