MFLoan Update

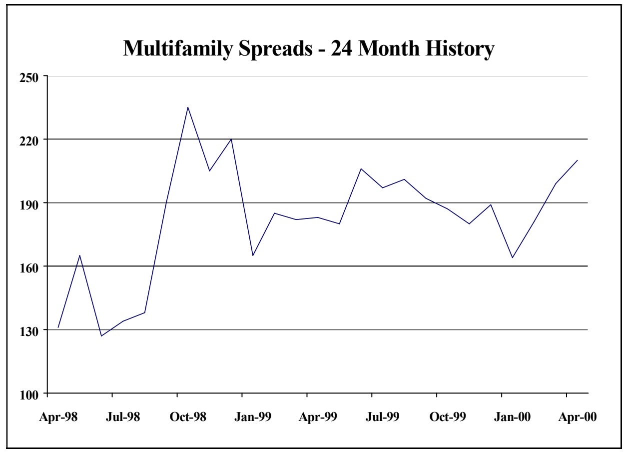
April 4, 2000

The First Quarter ends with increased volatility and an uncertain future about rate movement. The Fed continues with its steady increase in short-term rates while long-term rates trend down because of a limited supply of 30-year bonds and a flight to quality. The yield curve is inverted with 30-year bonds trading at 28 bps below the one-year treasury and 30-day LIBOR trading slightly above the 10-year security. At the same time, increases in the CMBS market and a scare that Congress could remove Freddie and Fannie's implicit guarantee have lead to an across-the-board increase in multifamily spreads. On average, spreads are up 10-15 bps over the last couple of weeks. Overall, this has left multifamily mortgage rates stable to slightly down.

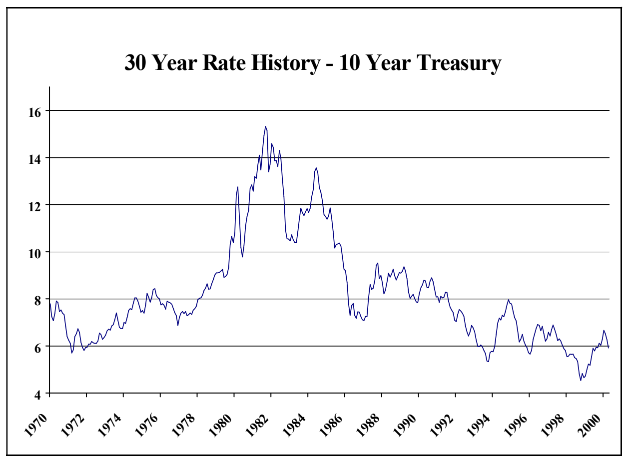
On the positive side, lenders still have a strong demand for multifamily mortgages. They are aggressively seeking new loan product and are trying to be more creative about getting what the borrower wants. This has resulted in an increase in floating rate debt and/or earn-out loans. Also, as rates have risen, debt coverage ratio and not loan-to-value now restrict many loans. This forces lenders and borrowers to be more creative about their financing structures.

On the pricing front, the life companies have regained the pricing edge for "A" quality loans. While Freddie Mac and, to a lesser extent, Fannie Mae can still compete on these loans, life companies are now able to meet or beat their spreads/prices on many transactions. Freddie Mac remains the best pricing entity for low LTV and fully amortizing transactions. The conduits are having difficulty finding acceptable product and are willing to look at a wider range of product quality and stretch the underwriting parameters in order to get the borrower full dollars. Banks are still viable for smaller transactions, but with Prime at 9%, it is hard for them to compete on most loans.

There are no new products announced by major lenders, but the trend toward Internet cyber lenders or on-line mortgage bankers continues. How this will effect rates and costs of apartment financing is still undetermined.



Market Rate Watch			
	4/4/00	Last Week	Last Year
30 Day LIBOR	6.13%	6.13%	6.53%
1 Year Treasury	6.12%	6.62%	4.67%
5 Year Treasury	6.12%	6.51%	5.07%
10 Year Treasury	5.87%	6.20%	5.20%
30 Year Treasury	5.76%	5.99%	5.59%
Prime	9.00%	9.00%	7.75%



Fixed Rate Lending Programs						
	Max LTV	Min. DCR	Term	Amortization	Loan Size	Spread/Rate
Freddie Mac	80%	1.25x	5-30 years	10-30 years	\$1-\$50 + million	160-220 BPS
Fannie Mae	80%	1.25x	10-30 years	20-30 years	\$2-\$50 + million	7.80%-8.70%
Conduits	80%	1.20x	10-20 years	25-30 years	\$2-\$25+ million	190-240 BPS
Life Company Loans	75% - 80%	1.25x	10-15 years	15-30 years	\$2-\$40+ million	170-250 BPS
HUD	85% - 90%	1.11-1.17x	35-40 years	35-40 years	\$2-\$50+ million	8.25%-9.00%
Banks	75% - 80%	1.25x	3-10 years	20-30 years	\$250k-\$20 million	8.50%-9.50%

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