

THE INSTITUTE FOR ADVANCED STUDY

September 14, 1979

To the Members of the Board of Trustees:

The Land Development Committee will meet on Wednesday, October 3, 1979, at 9:30 a.m. in Room 5600 at 30 Rockefeller Plaza, New York City.

The agenda will be

1. Review of the expanded version
of Paul Marshall's memorandum
(copy to be sent separately)
2. Relations with the Princeton community
3. Other business

It is anticipated that the meeting will adjourn well before 12:00 noon.

Sincerely,

John Hunt
Secretary of the Corporation

copies to Messrs. Dilworth (chairman),
Hansmann, Petersen, Taplin, Woolf

also to Messrs. Houghton, Segal, Straus

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Real Estate

Established 1868

Appraisal Department:

Robert Von Ancken, M.A.I., S.R.E.A.
Senior Vice President
J. Brian Bergen, S.R.P.A., I.F.A.S.

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51 East 42nd Street
New York, New York 10017
(212) 682-2300

June 4, 1979

Mr. J. Richardson Dilworth
30 Rockefeller Plaza Room 5600
New York, N.Y. 10020

Dear Mr. Dilworth:

Pursuant to your request, I have reviewed certain data provided concerning the plan of development of the 700[±] acres of contiguous land located in Princeton Township, New Jersey. The data that I have reviewed consists of a progress report dated April, 1979; a land development memo dated April 4, 1979, a memo to Richard Weinstein from Paul Marshall dated April 3, 1979 and proposal for land development from Collins Development Corp. dated April 29, 1979. I have also interviewed Mr. Paul Marshall of Peter Patterson Assoc. on April 3, 1979, and spoke to Jim Harvie of Collins Development several times on the telephone. In addition, we have sent an appraiser from our company to Princeton to inspect the site, find comparable sales and determine the present marketability of new subdivision and townhouse developments in the area.

The first phase of our study was to determine whether the development plan as outlined and the proposal for land development dated April 28, 1979 is the most profitable type of development for the Institute for Advanced Study.

Collins Development Corp. will work for a zone change to allow the construction of between 600-1,000 units of housing in a cluster-type of development. These will be divided, under the optimum development plan, into 200 rental units, 400 townhouses and 400 free-standing houses. They will occupy about 250[±] acres of land.

200 rental units	15 per acre	13 acres
400 townhouses (semi att.)	10 per acre	40 "
400 single family (det.)	2 per acre	200 "
		<u>253</u> acres (developed
		447 Undeveloped open
		land
		<u>700</u> acres

Each type of dwelling unit will vary in size from 1-3 bedrooms except for the free-standing houses which will have from 2-3 bedrooms. (It is suggested that the minimal townhouse style have at least 2 bedrooms and

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the minimum single family home have at least three bedrooms since it is the most saleable type of product. Depending on the number of units approved for construction, Collins will pay for the land in accordance with an appraisal made by an outside appraiser satisfactory to both Collins and the Institute. Review of sales that are attached hereto in the Princeton area indicate that land zoned for single acre development with more than 50 acres of land is \$3,500 to \$6,000 per acre and \$5,000 to \$14,000+ per lot. The subject land seems to be more desirable than most of the sales and, therefore, would sell at the higher price. The prices established by the appraiser will be escalated 12% per annum compounded from the date of the government approvals until the date of purchase by Collins. Here lies the weakness. The approvals from the government can take three years; if they do, the base appraisal should be raised in accordance with market activity. Then it is at this point that the escalator of 12% per annum be applied.

The next part of the deal involves an agreement whereby Collins will pay to the Institute 3% of the selling price per unit received for each townhouse or home that he sells but no payment shall be due until the end of the third year after the start of construction. Provision should be made in the deal to allow the Institute to be paid a portion of the profits for the rental units. These can be extremely profitable to Collins. The Institute should share in the net proceeds and the operation of the rental units on the basis of at least 10% of the net.

A meeting with Paul Marshall indicated that the Institute would receive $1\frac{1}{2}\%$ of the gross sales price of any transfer of a house that occurs after the initial sale. The proposal for land development dated April 28, 1979 excluded this highly desirable although probably illegal annuity.

Care must be taken in the preparation of the agreement to be certain that the take-downs of land by Collins are valued on the basis of the number of dwelling units proposed thereon is in accordance with building type (rental vs townhouse). In addition, as the deal goes on, there should be reappraisals from time to time in order that the Institute can take advantage of the escalation in basic land value brought about by the initial development. Furthermore, great care must be given to the initial phase of development and where it is located. If the initial phase fails, it should have the least adverse effect on the balance of the land.

The next phase of our study was to prepare a preliminary market study to determine whether the housing at the prices set forth by the developer could be absorbed in the present market and whether there are any government restraints that will prohibit development for a long period of time. The basic question to be answered is "is the deal realistic and will it work?" A simple answer is that it probably will work and that overall

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it seems very favorable to the Institute, however, the period of absorption will probably be much longer than what is indicated by the developer. Our absorption analysis indicates that a plan as indicated for the subject property will be marketed over 10 years with an absorption rate for 40 units per year for each building type.

$$\frac{400 \text{ townhouses}}{10 \text{ years}} = 40 \text{ units per year}$$

$$\frac{400 \text{ single family homes}}{10 \text{ years}} = 40 \text{ units per year}$$

It is estimated that the apartment units will be absorbed almost immediately upon completion.

Our analysis indicated other factors... new single family homes are generally 3,000 to 4,000 square feet in size and sell for \$150,000 to \$180,000 which is \$50-\$60 per square foot. Re-sale homes are selling for \$145,000- \$250,000 a home.

Constitutional Hill, another project in Princeton, presently being developed by Collins Development Corp. will contain 52 townhouses and 8 apartment units in a converted mansion. The townhouses will contain 1,900 to 2,400 square feet and will be from 1-3 bedrooms in size. Their expected sales price is from \$180,000 to \$220,000 or \$95 to \$109 per square foot. There is presently a sewer moratorium that is stalling the development of the 52 townhouses.

Mr. Jim Harvie of Collins Development Corp. indicated the type of development envisioned for the subject property. The one bedroom townhouse will contain 900 square feet; 2 bedrooms will contain 1,250 square feet and three bedrooms 1,400 square feet. The two-bedroom detached single-family home will contain 2,000 to 2,400 square feet; apartment units 600 square feet for one bedroom; 750 for two bedroom (very small); 1,000 square feet for three bedroom. The prices will average approximately \$100,000 for a typical townhouse from a low of \$80 to a high of \$120 per square foot. Attached homes will sell for an average of \$180,000 and will vary from a low of \$160,000 to a high of \$200,000. The sales price per square foot of building area will vary from \$80-\$85. These sales prices are at the top of the market but are marketable providing good amenities are provided.

Princeton Borough and Township have established a joint sewer operating department to oversee disposal of effluent.

A New Jersey State Department of Environmental Protection moratorium on new sewer hookups exists in the Township and the Borough. Reportedly due

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to poorly maintained and outmoded pipelines incapable of delivering existing volumes to a new regional waste treatment facility in eastern Princeton Township, the moratorium will be in effect for major subdivisions until at least 1980. This condition has effectively stalled at least two major development efforts in Princeton, which have already received final approvals in all other areas. Specifically, development of 14 single family detached units immediately south of Balcourt Drive and the Collins Development Corporation's construction of 60 townhouse units between Elm Road and Lovers Lane are awaiting approvals for new hookups.

While the sewer moratorium has not entirely halted construction of new detached single family housing in Princeton, it has stopped everything but spot building activity. Examination of tax assessment records at Princeton Township for 1978 shows that of 17 dwellings added to the rolls during 1978, four had special allowances for sewer hookups, while 13 new homes relied upon septic systems.

SUMMARY

There is an adequate market to absorb the contemplated units over a ten year period. The development plan is of a type that will maximize the return to the Institute of Advanced Study.

Very truly yours,



Robert Von Ancken, M.A.I., S.R.E.A.
Senior Vice President

RVA:eg
Encl.

ANALYSIS OF COMPETITIVE SINGLE FAMILY SUBDIVISIONS - PRIMARY HOUSING MARKET AREA

Code	Name & Location	Owner/Bldg	Sale Date Opening	# Lots &/or Homes	Lot Size	House/ S.F.	Bdrms	Bath- rooms	Price Range	Price/SF Bldg area	Lots/ Homes Sold	Ind. Ann. Absorption
A	Benedict Yodlin/ Cedarbrook Homes Inc. Herrontown Lane	Benedict Yodlin	10/77	7	1 [±] ac. (clustered)	3,100- 4,891	4-5	2-3	\$145,000- \$180,000	\$29.65- \$50.75	4	4 (lots & homes)
	Cluster development of contemporary homes with 6.6 acres open space owned in undivided 1/7th int. among homeowners											
B	Province Hill Packler Rd Lawrence Township	Dickson Con- struction Corp.	3/78	34	.691-1.06 ac (clustered)	2,058- 3,448	2-4	2½-3	\$150,000 \$170,000	\$51.33 \$82.60	9	12 (units)
	Clustered subdivision of 26 contemporary homes.											
C	Solar Constructors Inc. Stuart Rd Princeton Township	Solar Con- structors Inc.	10/78	4*	2.0-2.4 Ac	N/A	N/A	N/A	\$ 75,000	N/A	1	
	One lot has sold; one is being retained by the owner. Remaining 2 lots being offered @ \$77,500.											
D	Bedons Brook Sec 12 Duncan Lane Montgomery Township	Hunt & Augustine	6/78	7**	2.0-2.991 Ac.	3,500*	4-6	3½	\$190,000	\$54.28	7	12 (lots & homes)
	Development approved 12/77, sales opened 6/78. 2 homes were built on speculation; one has sold. Reportedly the remaining lots have also been sold with an option to use Hunt & Augustine to construct the subsequent improvement or to retain a separate contractor. To date only 1 lot sale has been recorded (See lot sales) and reflects \$75,000 for a 2.015 acre lot.											
E	Brookmead I Rte 206-Montgomery Township	Wm. Bucci Inc.	6/78	11	1.1-1.73 Ac	2,350- 2,500	4	2½	\$110,000- \$121,000	\$46.80- \$49.20	9	18 (units)
	Colonial and ranch style homes with some rear yards fronting on Route 206. Current asking price range \$125,000 to \$135,000.											
F	Rolling Meadows Sec II, Meadow Run Rd Montgomery Tnshp.	Rolling Meadows Inc	1/78	12	1.002- 1.886 ac	2,290- 2,480	4	2½	\$ 90,675- \$123,000	\$39.60- \$49.60	12	12 (Units)
	Basic colonial and ranch style development. Several lots were sold to other builders then developed and sold, all within one year.											

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Code	Name & Location	Owner/Bldg	Sale Date Opening	# Lots &/or Homes	Lot Size	House/ S.F.	Bdrms	Bath- rooms	Price Range	Price/SF Bldg area	Lots/ Homes Sold	Ind. Ann. Absorption
G	Hoagland Farms Bello Moad-Griggs- town Rd, Mont- gomery Tnship.	Guy Morola	6/78	17	1 ⁺ Ac	2,100- 2,400	4	2½	\$100,000 \$110,000	\$45.83- \$47.62	13	26 (units)
	Basic colonial and farmhouse design; 10 units completed; 3 under construction. Current asking prices start at \$109,500.											
H	Bridgepoint Acres Bridgepoint Rd Montgomery Tnshp.	Max Spinner	12/76	8	1 ⁺ Ac	2,400- 2,600	4	2½	\$110,000 \$165,000	\$45.83- \$63.46	8	4 (units)
	Builder indicated sales pace was slow intentionally as he prefers to maintain a small operation. Nice setting with brook running through portions of the property.											

* Lots only

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PRINCETON VICINITY
 SINGLE FAMILY HOME SALES

Sale No.	Location	Date of Sale	Land Area	Livable Building Area(1) (Sq. Ft.)	Zoning	No. of Bedrooms	No. of Bathrooms	Sale Price	Price Per Sq. Ft. Building Area	Remarks
1-	PRINCETON TOWNSHIP									
	31 Balcourt Drive	2/22/78	1.501	3,487*	R-2	4	3-1/2	\$147,500	\$42.30	Eleven year old, 8 room home with finished basement, 2 car garage, swimming pool, fire-place and central air conditioning.
2-	49 Balcourt Drive	5/17/78	1.501	4,348*	R-2	5	3-1/2	179,500	41.28	Twelve year old, 2-story french provincial house with 2 car garage 11 rooms, unfinished basement and swimming pool.
3-	106 Balcourt Drive	6/78	1.5	2,412	R-2	4	2-1/2	145,000	60.17	Eight room, 2-story colonial style home with fireplace, central air conditioning, 2 car garage and unfinished basement.
4	154 Balcourt Drive	8/78	1.5	3,344	R-2	5	3	158,500	47.40	Thirteen year old, 11 room home with fire-place. Garage was converted to living area.
5-	980 Stuart Road	7/28/77	4.264	6,360	R-1	7	4	248,000	39.00	Oversized lot.
6-	68 Herrontown Lane	9/15/77	1.086	3,152	R-2	4	2	155,000	49.18	Part of Yedlin Development, Herrontown Lane is a private road; new contemporary home, plus 1/7th interest in open space.
7-	45 Herrontown Lane	3/31/78	1.0	3,251	R-2	5	3	165,000	50.75	Part of Yedlin Development on Herrontown Lane New contemporary home plus 1/7th interest in open space.
8-	Ridgeview Road Block 51, Lot 34	6/23/77	3.68	2,684	R-1	4	4	200,000	74.52	Oversized plot.
9-	Herrontown Road Block 32, Lot 161	4/25/77	1.0	4,891	R-2	5	3	145,000	29.65	New contemporary home.
10-	Stuart Road Block 50, Lot 143	11/17/77	2.012	3,990	R-1	5	3	175,000	43.86	Lies along jug handle which accommodates traffic turning into Country Day School of the Sacred Heart.
11	MONTGOMERY TOWNSHIP									
	Rolling Hill Road Block 31002, Lot 2	11/14/78	3.61	2,588	R-1	4	3-1/2	171,000	66.07	Older home developed by Hunt & Augustine in Section I of Bedens Brook Subdivision. Property was purchased by Hunt & Augustine in 1/78 for \$163,500 (reflecting \$63.18 per square foot of living area).

* Gross Floor Area
 (1) Excludes garage and unfinished basement areas.

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PRINCETON VICINITY
SINGLE FAMILY HOME SALES

Page Two

<u>Sale No.</u>	<u>Location</u>	<u>Date of Sale</u>	<u>Land Area</u>	<u>Livable Building Area (1) (Sq. Ft.)</u>	<u>Zoning</u>	<u>No. of Bedrooms</u>	<u>No. of Bathrooms</u>	<u>Sale Price</u>	<u>Price Per Sq. Ft. Building Area</u>	<u>Remarks</u>
12	MONTGOMERY TOWNSHIP (continued)									
	Rolling Hill Road Block 31005, Lot 1	8/21/78	1.01	2,588	R-1	4	3	\$138,000	\$43.72	New single family home in Bedens Brook Subdivision.
13	Rolling Hill Road Block 31005, Lot 4	3/13/78	1.51	2,630	R-1	4	4	125,000	47.53	New single family home in Bedens Brook Subdivision.

(1) Excludes garage and unfinished basement areas.

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SUMMARY OF LAND SALES IN EXCESS OF 50 ACRES WITHIN ONE TOWNSHIP OF PRINCETON

<u>Sale #</u>	<u>Date</u>	<u>Size</u>	<u>Price/Acre</u>	<u>Price/Lot</u>
1	12/77 Contract 5/79	53 Acres	\$3,031 \$5,668	\$ 7,292 13,636
2	9/77	86	\$1,263 Farm Assessment	-
9	5/78	78	\$1,923 Farm Assessment	-
12	8/78	64	\$1,681	3,092
15,16, 17	12/77	228	\$4,355	4,618
19	7/76	123	\$2,148	N.A.
20	5/78	115	\$4,776	11,956
21	5/78	103	\$3,383	8,537
22	6/77	62	\$5,045	5,250
23,24, 25	12/75 7/77	256	\$4,421	2,696

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PRIMARY HOUSING MARKET AREA
 SINGLE FAMILY ACREAGE LAND SALES

<u>Sale No.</u>	<u>Location</u>	<u>Date</u>	<u>Land Area (Acres)</u>	<u>Zoning</u>	<u>Sale Price</u>	<u>Price Per Acre</u>	<u>Price Per Lot</u>	<u>Remarks</u>
<u>PRINCETON TOWNSHIP</u>								
1	Great Road Block 50, Lot 137	12/31/77	52.933	R-1	\$160,421	\$ 3,031	\$ 7,292	Property purchased as a land investment for near term resale. Land is vacant, heavily wooded and at grade relative to Great Road. R-1 zoning provides for minimum lots of 2.0 acres.
		Current contract			300,000	5,668	13,636	Current contract is subject to variance to build a maximum of 22 zero lot line condominium units.
2	Stuart Road Block 50, Lots 15, 136	3/24/78	9.46	R-1	157,500	16,649	39,375	Subdivided into 4 single family lots, one of which will be retained by owner. One lot recently sold for \$75,000. Remaining lots are being marketed at \$77,500. Property is steeply sloping and heavily wooded.
3	Herrontown Road Block 41, Lot 128	10/11/77	12.601	S-2	200,000	15,872	40,000	Initial phases of site improvements currently underway. Property is level and at grade with Herrontown Road. Site is not heavily wooded. Five lots are being developed.
4	Journey's End Lane Block 33, Lot 590	8/24/77	9.778	R-2	100,000	10,227	16,667	Land is generally level and is lightly wooded with some open areas. Situated at end of cul-de-sac road. Estimated potential for 6 single family lots. R-2 zoning provides for 1.5 acre minimum lots.
5	Herrontown Road Block 32, Lot 170	6/24/77	17.9	R-2	125,000	6,983	17,857	Development on private road known as Herrontown Lane. Seven lots on tax map, 6.589 acres open space clustered development. Site was wooded and rocky.
6	<u>HOPEWELL TOWNSHIP</u>							
	Fiddlers Creek Road Block 133, Lot 4	8/23/77	13.54	R-150	46,000	3,397	--	Property still vacant and is not served by public utilities. R-150 zoning permits residential development on minimum lots of 37,000 square feet for interior lots and 47,500 square feet for corner lots.
7	Van Dyke Road Block 7, Lot 2	9/30/77	21.07	R-100	82,500	3,916	--	Property qualifies for New Jersey Farmland assessment. R-100 zoning allows residential development on minimum interior lots of 20,000 square feet and 24,000 square feet for corner lots.
3	Georgetown Franklin Tpk Block 26, Lot 16	9/1/77	86.067	R-250	\$108,744	\$ 1,263	\$--	Property has qualified for farmland assessment. Zoning permits single family residential development on minimum lots of 100,000 square feet.
9	Pleasant Valley-Harbourton Road Block 52, Lot 19, 19Q	5/18/78	78.0	R-250	150,000	1,923	--	Qualified for farmland assessment; no utilities.

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PRIMARY HOUSING MARKET AREA
 SINGLE FAMILY ACREAGE LAND SALES

<u>Sale No.</u>	<u>Location</u>	<u>Date</u>	<u>Land Area (Acres)</u>	<u>Zoning</u>	<u>Sale Price</u>	<u>Price Per Acre</u>	<u>Price Per Lot</u>	<u>Remarks</u>
10	LAWRENCE TOWNSHIP							
	Rosedale Road Block 7, Lots 1, 2	9/15/77	39.59	RA	120,000	3,031	9,231	Sketch plot plan has been submitted for consideration calling for development of 13 lots. Since then, 1 lot has been subdivided and sold. Owner has not yet submitted preliminary plot plan. Lightly to heavily wooded with some open meadow. No sewers in street. RA zoning provides for development on minimum lots of 3 acres.
11	Van Kirk Road Block 6A, Lot 22	6/23/78	14.4	RB	70,000	4,861	11,667	Six lots approved prior to sale; builder is presently offering contemporary homes on the site. RB zoning provides for minimum lots of 60,000 square feet.
12	Carter Road Block 6, Lots 4, 32, 46	8/28/78	64.4	RB	108,226	1,681	3,092	Land is lightly wooded and rolling. Currently utilized as a semi-wild game preserve. Site probably could accommodate 35 homes per Township engineer. RB zoning provides for residential development on minimum lots of 60,000 square feet.
13	Five Parcel Assemblage as follows:							
	Cold Soil Road Block 13, Lot 7, 7Q	5/5/78	43.835	R-30	185,000	4,220	--	Improved with run down house, barn and out building of negligible value. R-30 zoning provides for residential development on minimum lots of 30,000 square feet.
14	E. of Cold Soil Road Block 6A, Lots 24, 42, 44	1/6/78	5.78	RB	18,000	3,114	--	Part of this conveyance is of paper street 50' wide providing access to rear acreage.
15	Five Parcel Assemblage Cold Soil Road Block 6A, Lots 2, 2Q, 50	12/15/77	115.08	RB	\$425,000	\$ 3,693	\$--	Rolling property, lightly wooded.
16	Rear Land Block 6A, Lots 8, 8Q	12/1/77	29.2107	RB	135,000	4,622	--	Open to lightly wooded land.
	Cold Soil Road Block 6A, Lots 9, 9Q	10/27/77	46.8	RB	380,000	8,120	--	Rolling terrain with mixed vegetation.
17	Total Five Parcel Assemblage		240.71		1,143,000	4,749	--	Owner has not declared his intentions relative to these parcels.
	Less Sale of House & Barns		-12.50		-150,000	--	--	
	Net Assemblage		228.21		993,000	4,355	4,618	We estimate that the assemblage could yield 215 lots±.

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Mr. J. Richardson Dilworth

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<u>Sale No.</u>	<u>Location</u>	<u>Date</u>	<u>Land Area (Acres)</u>	<u>Zoning</u>	<u>Sale Price</u>	<u>Price Per Acre</u>	<u>Price Per Lot</u>	<u>Remarks</u>
<u>FRANKLIN TOWNSHIP</u>								
18	E/S Old Georgetown Rd. Block 8, Lot 11	12/15/76	14.3	RA	35,000	2,448	3,500	Owner is building home for his own use. RA zoning permits minimum lots of 50,000 square feet and could probably be subdivided into 10 single family lots.
19	E/S Georgetown Franklin Turnpike Block 5, Lots 30, 35, 44, 69	7/30/76	123.14	RA	264,500	2,148	NA	RA zoning permits residential development on minimum lots of 50,000 square feet. A zoning variance was obtained recently to permit development of a sports complex with tennis, pool, health club, equestrian center and stadium.
<u>MONTGOMERY TOWNSHIP</u>								
20	W/S Great Road, S/S Bedens Brook Road Block 31001, Lot 27	5/30/78	115.17	R-2	550,000	4,776	11,956	Improved with single family house; a condition of sale permitted Grantor to live in house for 2 years after title closing. Property also contained a 17,800 square foot cemetery, which will remain in Grantor's family. R-2 zoning allows for single family residential development on minimum lots of 88,000 square feet. A brook runs through the property. No preliminary plan for subdivision have been filed for consideration of the Planning Board. Lot yield estimated at 46.
21	N/S Bedens Brook Road Block 30001, Lots 18, 19, 20, 10C, 10D	5/31/78	103.45	R-2	350,000	3,383	8,537	Vacant with no utilities except electric. Same buyers as transaction above (Hunt & Augustine). Brook runs through property. No preliminary plans have been filed for consideration of the Montgomery Planning Board. Lot yield estimated at 41.
<u>HILLSBOROUGH TOWNSHIP</u>								
22	Woods Road Block 203, Lot 7	6/15/77	62.44	RA	\$315,000	\$5,045	\$5,250	Sixty single family homes on clustered lots were developed on this site. Sewer was available from adjacent subdivision. RA zoning permits single family residential development on 1 acre lots.
<u>PLAINSBORO TOWNSHIP</u>								
Three Parcel Assemblage as follows:								
23	E/S Shalks Crossing Rd, S/O Perrine Road Block 6, Lots 38.01, 39.01	7/25/77	122.97	R-200	549,648	4,470	--	R-200 zoning specifies 1 dwelling unit per acre or 1.75 dwelling units per acre clustered. Property was improved with house and other out buildings. Purchaser, U.S. Homes, purchased as part of and assemblage which ultimately will accommodate 420 homes.
24	E/S Shalks Crossing Rd, S/O Perrine Road Block 6, Lot 37.01	12/23/75	60.54	R-200	281,661	4,652	--	Part of U.S. Homes assemblage referred to above.
25	S/S Perrine Road E/O Shalks Crossing Rd Block 6, Lot 2.3	7/29/77	72.6	R-200	300,960	4,145	--	Part of U.S. Homes assemblage referred to above.
Total Three Parcel Assemblage			256.11		1,132,269	4,421	\$2,696	

Collins Development Corporation
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Old Greenwich, Connecticut 06870
(203) 637-4593

Arthur Collins President

James B. Harvie III Vice President

Ira G. Kaplan Vice President - Finance

James A. Manzi, Jr. General Counsel

Mr. Robert Von Ancken
William A. White and Son
51 East 42nd Street
New York, N.Y. 10017

May 22, 1979

Dear Mr. Von Ancken,

Mr. James Harvie has asked that I send you the enclosed information regarding the Princeton housing market. I have enclosed the real estate section from last week's paper, and also a portion of a survey describing some developments in Princeton. We have sent away for a newsletter that deals with the real estate activity in Mercer County, and will forward it to you as soon as we receive it.

We feel that the enclosed information will give you a feeling for the current housing price levels and will be happy to supply you with further information if you feel you want it. Please contact our office if you have any questions.

Very truly yours,

SUSAN H. WEST

Susan H. West
(Mr. Harvie's secretary)

Collins Development Corporation

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April 23, 1979

While the Princeton area actually has no true comparables for new condominium construction, we have used the following:

I. NEW CONSTRUCTION:

A. The closest sales and market indicators come from a project called Province Hill. The smaller two-bedroom units here are currently selling at \$170,000, containing 2800 sq. ft., anywhere from 10-25 per cent larger than the Constitution Hill plans. These units are fee simple on 3/4 acre lots with a Homeowners' Association and a privately owned road. They also include air conditioning and fireplace. While they have a Princeton mailing address, they are physically in Lawrence Township. The larger 3-bedroom units with over 3000 sq. ft. are selling at \$190,000.

B. On Herrontown Lane, Princeton Township, there is a small cluster of eleven fee-simple contemporary houses, ranging in size from 2400-3200 sq. ft. This project has been a two-year build-out and prices start at \$135,000. Now the largest -- and final -- model is priced at \$225,000. The rooms are oversized with good cubage from cathedral ceilings and balconies. Air conditioning, fireplaces, deck and attached two-car garage are included.

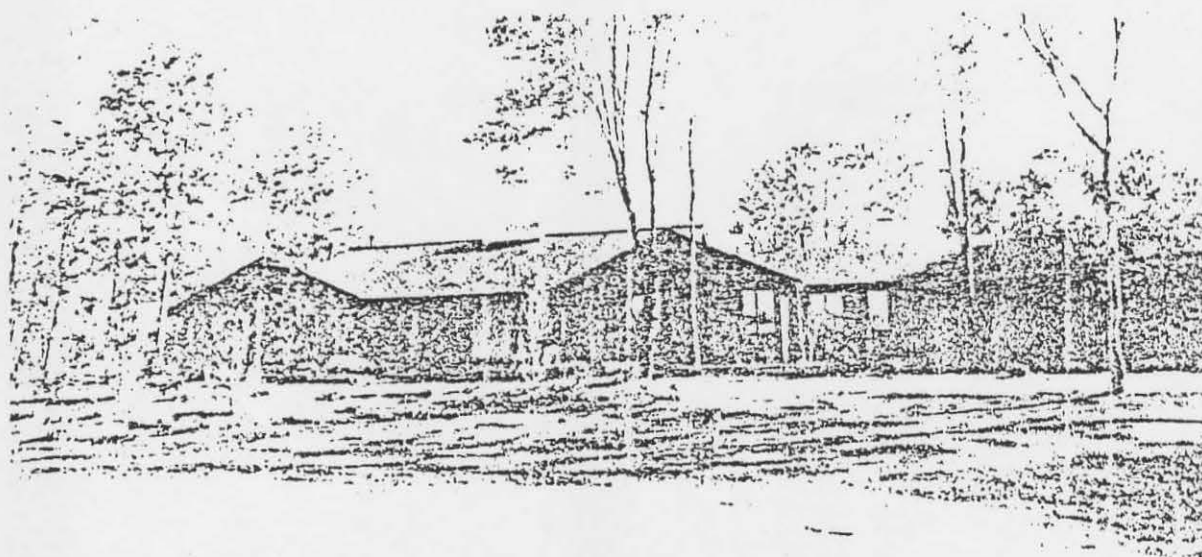
C. Rolling Hill Road, Montgomery Township, a mile from the Princeton border. Here we find a cluster of 20 houses being built over a seven-year expansion program, the most recent of which are a combination of contemporary and traditional designs with selling prices starting at \$235,000. They are fee simple; one-acre lots in a country club environment. They, too, are larger than the construction plans for Constitution Hill. One-acre lots on Rolling Hill Road are selling for \$55,000. They have city water and a developer-owned sewer plant on Bedens Brook.

JOHN I.
HENDERSON
 REALTORS



Two Views of PROVINCE HILL,
 Lawrenceville, (Princeton
 address) New Jersey.

A privately-owned group of
 new houses on a private road
 with gate and homeowners'
 association for amenities.



HOPEWELL	HAMILTON	WINDSOR	BELLE MEAD	FLEMINGTON	PRINCETON	LAMBERTVILLE	EWING
Hopewell House Square	2315 Highway 55	P.O. Box 98	Route 296	127 Main Street	4 Charlton Street	125 Franklin Street	1505 Parkway
Hopewell, N.J. 08525	Robbinsville, N.J. 08691	Princeton, Jct. N.J. 08550	Belle Mead, N.J. 08502	Flemington, N.J. 08522	Princeton, N.J. 08540	Lambertville, N.J. 08530	West Trenton, N.J. 08622
(609) 465-2350	(609) 586-1200	(609) 799-4500	(201) 874-5191	(201) 782-9500	(609) 921-2776	(609) 527-2300	(609) 863-9400

Collins Development Corporation

-5-

April 23, 1979

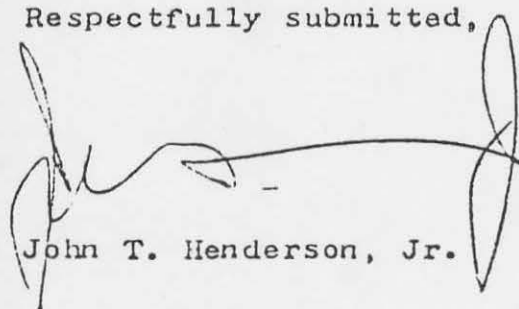
II. MAIN HOUSE RENOVATION:

The only comparable in the Princeton area is Guernsey Hall, an award-winning renovation of an older Princeton mansion into condominiums. This renovation was completed about six years ago and the first resale occurred last month. An elegant one-bedroom condominium with fireplace, two baths and balcony was on the market for \$175,000. The selling price has not been officially reported yet, but we suspect it was close to asking.

The renovation at Constitution Hill calls for larger units with more bedrooms, and gracious appointments. Based on the interest and questions we have received from potential buyers, we feel \$220,000 is a realistic selling price currently. The renovation in the stables would, of course, be somewhat less but still over \$200,000.

These selling prices are current and reflect market conditions and value as of today, April 23, 1979. Should construction not begin for six months or a year and delivery not be made for an even longer period, we would suggest a re-evaluation at that time. If inflation in labor and materials and in the resale market were to continue at the current rate, we would anticipate rather dramatic increases.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "John T. Henderson, Jr.", with a large, stylized flourish extending from the end of the signature.

JTH, jr.:phh

FRONT
HENDERSON
 REALTORS



Two Views of GUERNSEY HALL,
 Lovers Lane, Princeton, N.J.

A privately-owned group of
 condominiums designed in a
 remodeled mansion.



HOPWELL

Hopewell House Square
 Hopewell, N.J. 08525
 (609) 480-1350

HAMILTON

2315 Highway 55
 Robbinsville, N.J. 08691
 (609) 586-1200

WINDSOR

P.O. Box 98
 Princeton Jct., N.J. 08550
 (609) 799-4500

BELL MEAD

Route 206
 Bell Mead, N.J. 08502
 (201) 474-5191

FLEMINGTON

127 Main Street
 Flemington, N.J. 08822
 (201) 782-9500

PRINCETON

4 Chatham Street
 Princeton, N.J. 08540
 (609) 921-2776

LAMBERTVILLE

12 S. Franklin Street
 Lambertville, N.J. 08530
 (609) 397-2800

EWING

156 S. Parkway
 West Trenton, N.J. 08628
 (609) 885-9400

QUALIFICATIONS OF ROBERT VON ANCKEN, M.A.I., S.R.E.A.
Senior Vice President

WM. A. WHITE & SONS
51 East 42nd Street
New York, N.Y. 10017

EDUCATION

City College School of Business & Public Administration with a Bachelor of Business Administration.

Graduate Division of City College Business School with specialization in real estate.

Courses I, II, IV and VI on appraisal problems, condemnation and capitalization given by the American Institute of Real Estate Appraisers. Lectures given by the above institute, also the Society of Real Estate Appraisers and the American Society of Appraisers.

Testified as expert witness in the Supreme Court of the State of New York in New York City and Nassau County, the Court of Claims for the State of New York, Federal Tax Court, Southern Section, The Orphan Court-Commonwealth of Pennsylvania, plus other courts, commissions and hearings.

Publications-"How to Appraise Office Buildings" Encyclopedia of Real Estate Appraising-1978.

MY PROFESSIONAL AFFILIATIONS ARE:

Real Estate Board of New York since 1960.
American Institute of Real Estate Appraisers- M.A.I.
Society of Real Estate Appraisers- S.R.E.A. (Senior Real Estate Analyst)
Columbia Society of Real Estate Appraisers
New York State Society of Real Estate Appraisers
American Right-of-Way Association (Senior member)
International Real Estate Federation
Urban Land Institute
Regional Plan Association
Young Men's Real Estate Association

MY EXPERIENCE

Appraiser, consultant, expert witness, licensed real estate broker.

I have prepared appraisals and market studies for mortgage, income tax, estate, acquisition, sales, urban renewal and corporate purposes.

Clients include Chase Manhattan Bank, Citibank, Morgan Guaranty Trust Company of N.Y., Bankers Trust, Chemical Bank & Trust Company, Fiduciary Trust Company, Bowery Savings Bank, Bronx Savings Bank, The Knickerbocker Savings & Loan Association, The Troy Savings Bank, Community Savings Bank, Eastern National Bank, Bank of New York, Bank of Tokyo, New York Bank for Savings, Orange Savings Bank of New Jersey, National Bank of North America, Franklin Society Savings & Loan, New York State Teachers' Insurance Annuity Association, Unionamerica Mortgage & Equity Trust, Mortgage Trust of America, Bank Leumi, Banco Popular, First Federal Savings & Loan Association, Hong Kong & Shanghai Banking Corp Relocation Realty Services, Manufacturers Hanover Trust Co., Columbia University, Flushing Savings Bank, North Side Savings Bank, Mitsubishi International Corp., East New York Savings Bank,

Eastern Savings Bank-New York Urban League, ITT; New York City Employees Retirement; New York State Employees Retirement Fund; Federal Deposit Insurance Corp., Equitable Life Assurance Society.

Bradford Trust Co., The Gulf Oil Co., R.K.O. Stanley Warner Theatre Corp., National Academy of the Arts, Federated Department Stores, Inc., The New York Times, Texaco, American Refining Corp., Ogden Development Corp., Glen Alden Corp., International Terminal Operating Co., Inc., Anheuser-Busch Brewery, Chicago Pneumatic Tool Company, New York University, Calhoun School, Arlen Realty & Development Corp., Arlen Trust, Korvettes, Sylvan Lawrence, Inc., Cohen Brothers Co., Teco Properties, Silverstein & Partners; Muss Tankoos Corp., Tishman Realty & Construction Corp., C.B.L. Associates, Peat Marwick Mitchell & Co., accountants, The Rockefeller Foundation, UNICEF, Homequity Inc., T.I. Home Transfer Service, Relocation Associates, Bide-a-Wee Association, The Allen Group, Howard Johnson's, Gimbels, Saks Fifth Avenue, Nissho Iwai, American Corp. and U. S. Postal Services.

The City of New York, Arterial Highways of the City of New York, Board of Education of the City of New York, The Housing Authority of the City of New York, The Housing & Urban Development Association of the City of New York, New York City's Landmark Preservation Commission, The New York State Department of Transportation, The Urban Development Corporation of the State of New York, National Urban League, The Metropolitan Transit Authority, N.Y.S. General Services Administration, New York State Department of Parks, New York State Department of Environmental Conservation, New York State Institutional Facilities Corp., The Village of Freeport, L.I., The City of Glen Cove, Villages of Huntington Station and oth

Prepared over 1,600 appraisals for the New York State Department of Transportation and the Attorney General's office for such projects as the Newbridge Road widening from Broadway to Hempstead Turnpike, L.I.; Wantagh-Seaford Grade Crossing Elimination, Wantagh; Wantagh-Oyster Bay Expressway Extension in Seaford, N.Y.; Jericho-Oyster Bay Road, Muttontown, N.Y.; The Harlem State Office Building from West 125th Street through West 126th Street, Manhattan; Nesconset Highway-Middle Country Road Interchange, Smithtown, N.Y.; Jericho Turnpike Route 110 Interchange, Huntington, N.Y.; Widening of Route 110 at Huntington; State Office Building in Hauppauge; Realignment of Route 111 Hauppauge; Widening of Sunrise Highway in Patchogue; Route 684 in Lewisboro, Goldensbridge and Somers, Westchester County; Harlem River State Park; Nepperhan Avenue in Yonkers, N.Y.; Thruway and Route 59 Interchange; Spring Valley, N.Y.; Middle Country Road and Route 112 Interchange, Coram, N.Y.; Republic Airport Expansion, L.I.; Macombs Dam Bridge Interchange at Yankee Stadium, Bronx; WESTWAY from Moore Street to 36th Street, New York and others.

I have appraised all the properties within the following projects for the City of New York; P.S. 2 Extension; East New York Model Cities (120 parcels); P. S. 153, Manhattan (25 parcels); Harlem Triangle (80 parcels); I.S. 158, Bronx (35 parcels); LaGuardia Housing (10 parcels); Fresh Creek, Brooklyn; I. S. 195 Manhattan (36 parcels); Bruckner Expressway Interchange Parts I and II, Bronx (48 parcels); 14th Street Avenue B Housing (78 parcels); 2 Fire Engine Company sites; P. S. 74 Bronx (16 parcels); 14th Street, Third Avenue Garage (4 parcels); Grand Central Parkway Widening in Queens (25 parcels); Public Garage at West 68th Street and Amsterdam Avenue, two office buildings at 1 Liberty Street and 80 William Street, New York City, several re-use appraisals in the South Bronx and others.

Attorneys that I have worked for include:

White & Case
Dryer & Traub
Hill, Betts
Schulte & McGoldrick
Butler, Jablon & Geller
Linden & Deutsch
McKeown, Colby & Miller
Greenbaum, Wolff & Ernst
Galef & Jacobs
Robert S. Forman
Breed, Abbott & Morgan
Davis, Polk & Wardwell
Livermore & Lanier
Burke & Burke
Maxwell & Diamond
Emil Sebetic
Cravath, Swaine & Moore
Harper & Matthews
Scribner & Miller
Goodis, Greenfield, Henry, Shaiman & Levin
Paul, Weiss, Rifkind, Whattan & Garrison

Gordon, Frutkin & Rabin
Cox, Treanor & Shaughnessy
Rubin, Wachtel, Baum & Levin
Fried, Frank, Harris, Shriver & Jacobsen
Jackson, Nash, Brophy, Barringer & Brooks
Spencer, White & Prentiss, Inc.
Parker, Duryea, Zunino, Malone & Carter
Clark, Fox, LaGuardia, Ferri & Vickers
Marshall, Bratter, Allison & Tucker
Binder, Stark, Amron & Taft
Dorman, Spellman & San Filippo
Olin, Murphy, Manual & Lynch
Boal, Doti, Fitzpatrick & Hart
Hall, Casey, Dickler & Howley
Karelsen, Karelsen, Lawrence & Nathan
Davies, Hardy, Ives & Lawther
Kaye, Scholer, Fierman, Hayes & Handler
Raphael, Searles, Vischi, Scher, Glover & D'Elia
Prior, Cashman & Sherman
Robinson, Silverman, Aronsohn & Berman
Reavis & McGrath

Altogether, I have appraised over 6,000 individual properties including all types such as office and apartment buildings, loft buildings, factories, commercial taxpayers, rooming houses, catering halls, gas stations, parking garages, residential homes, walk-up ajartments, regional mall and community shopping centers, hotels, hospitals, co-operative apartments, drive-ins, theatres, schools, farms, Grand Central Terminal, sub-divisions and vacant land of all types.

I have acted as a consultant on valuation matters over 100 times and I have prepared land use, feasibility and marketability studies.

NEW SOURCES OF FUNDING, INC.

200 PARK AVENUE

SUITE 3024

NEW YORK, N. Y. 10017

(212) 697-8616

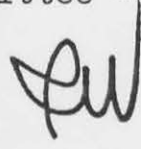
September 25, 1979

MEMORANDUM

To: Land Development Sub-Committee - Institute for Advanced Study

From: Richard Weinstein

Re: Revised Letter of Intent



Attached you will find the Letter of Intent modified to meet the guidelines suggested by the Board at their spring meeting. The letter provides improved financial benefits to the Institute on the upside in exchange for some additional downside protection for the developer. A memorandum from Paul Marshall summarizes the agreement and its financial benefits.

We will address several additional items on October 3rd. First, the impact on project cash flows of providing some housing at lower cost in response to community pressures. Secondly, some further thoughts on protecting the tranquility of the Institute grounds when development moves ahead. Thirdly, a report on the status of the Master Plan.

cc: J. Houghton
M. Segal
D. Strauss

MEMORANDUM OF INTENT

The Institute for Advanced Study, Princeton, New Jersey ("Institute") intends to sell to Collins Development Corporation, 1445 East Putnam Avenue, Old Greenwich, Connecticut ("Collins") the land shown as "development land" on the annexed Schedule "A" and to restrict the future use of the forest, the historic land and the wetlands shows as "restricted land" on Schedule "A" to permit Collins to construct, sell and/or lease no less than 600 and up to 1,000 units of housing on the development land.

Venturi & Rauch have been retained by Collins and have prepared a preliminary site plan. Collins intends to construct approximately 200 rental units, 400 townhouses and 400 free standing houses. The Institute must approve the architect, the allocation between building types, the site plan, the design concept and the development program for each purchase of land.

The Contract of Sale ("Contract") will provide that Collins is to carry out and pay for all necessary architectural, planning, engineering, legal and other services that may be required to properly develop the project, except as otherwise provided therein.

Collins and the Institute are cognizant of the proposed Master Plan for the Township of Princeton. The Institute will seek to obtain permission to develop the units specified herein. Collins will cooperate with the Institute in this effort. If the Institute is successful, Collins will then seek, with the assistance of the Institute, to gain all other necessary federal, state and local approvals ("Government Approvals") so that approval to build will be obtained as soon as possible. In the event that approval for less than 600 units is achieved either Collins or the Institute may elect to terminate the Contract.

The land will be appraised now by an appraiser acceptable to Collins and the Institute on the basis of eventual development of 600, 800 and 1,000 dwelling units. Collins and the Institute agree that the present appraised value is not less than \$5,600,000, \$6,800,000 and \$8,000,000 at the indicated densities.

After the Government Approvals are achieved, the land will be reappraised at the approved density.

Collins shall then have the option to purchase at least one-third of the land for its then appraised value. To exercise this option, Collins must pay at least 20% of the purchase price in cash and, if Collins adequately guarantees

payment, the Institute will give him a purchase money mortgage for the balance, for a term not to exceed five (5) years at 12% interest providing for subordination to any construction financing obtained by Collins.

Within four (4) years after his first purchase, Collins may purchase no less than an additional one-third of the land at the price of his original purchase plus interest at 12% a year, compounded to the date of the second purchase.

If Collins purchases at least two-thirds of the land within four (4) years after his first purchase, he may purchase the balance within eight (8) years of his first purchase at a price determined in the same way as the second purchase. Collins agrees to pay at least 20% of the purchase price in cash each time and the Institute agrees to give him a purchase money mortgage for the balance on the same terms as the original mortgage.

Collins also agrees to pay, as an additional part of the purchase price, the following percentages of the selling price per unit for each unit that he sells.

First one-third of the houses permitted by the Government Approvals.....	1%
Second one-third of the houses permitted by the Government Approvals.....	2%

Third one-third of the houses permitted
by the Government Approvals..... 4%

In no event will Collins pay less than the appraised price plus interest, or 11% of the sales price, whichever is greater.

However, Collins will not be required to make any percentage payments until the cost of land, including appraised value and interest payments, is no more than 15% of the gross sales price of all units sold if 1,000 units are permitted or more than 17% if 600 units are permitted, and he is not required to make any percentage payment that would increase his cost of land above 15% or 17% of the gross sales price.

If purchases are made in phases, then the Institute agrees to grant all licenses, easements, and rights of way necessary for the proper development and uses of the phase under development.

The land will be subject to certain restrictions and covenants which are to be negotiated and which are designed to achieve development and operation compatible with the purposes of the Institute and which will include:

- (a) The initial phase of construction will not be in the enclosed fields adjacent to the woods.

- (b) Provision for the forest and a buffer strip remaining open space in perpetuity.
- (c) Approval by the Institute of the rules and regulations governing operations of the condominium association or other owners' governing body, with the Institute having a veto over changes in certain enumerated sections, to the extent legally permissible.
- (d) An option of first refusal for the Institute to purchase any unit offered for sale at any time, to the extent legally permissible.

If subsequent to the receipt of all necessary approvals Collins fails to pursue the project diligently for a period of one hundred twenty (120) days, the Institute may terminate the Agreement by written notice giving Collins one hundred twenty (120) days to cure his default and again commence diligent work on the project. Collins' obligation will be conditioned with an appropriate force majeure clause. The Agreement may also be terminated by either party if no purchase of land has been made by Collins within six months after the receipt of all Government Approvals, or regardless of any approvals, by September 1, 1982.

The Institute and Collins will each pay their own expenses and not seek reimbursement from the other. However,

the Institute agrees to reimburse Collins for expenses actually incurred including fees of Collins personnel or affiliated entities if the Institute refuses to consummate the sale because it plans to use the land for other purposes but in no event will the Institute be required to reimburse Collins for any sums in excess of \$150,000.00.

This letter is intended to set forth the intent of Collins and the Institute with respect to the sale of the Institute's land. The sale is conditioned upon the Institute receiving a ruling from the Internal Revenue Service that the proceeds of the sale will not be taxable to the Institute. It is further conditioned upon the Institute and Collins negotiating a mutually acceptable Contract based on this Memorandum of Intent but no legal obligations on the part of either party will arise until such contract is formally executed by both parties. The parties will diligently pursue negotiating a formal written contract and intend to execute such a contract no later than April 1, 1980, unless extended by mutual agreement. Failure by either party to execute a contract shall give no cause to the other for damages of any kind.

Dated:

INSTITUTE FOR ADVANCED STUDY

By _____

COLLINS DEVELOPMENT CORPORATION

By _____

MEMORANDUM

To: Richard Weinstein
From: Paul G. Marshall
Re: Institute for Advanced Study (IAS)
Date: September 25th, 1979

Basic agreement has been reached with Collins Development Corporation on terms for the development of IAS property in Princeton, N. J. A Memorandum of Intent dated 7/23/79 which Don Elliott has drawn, sets out the agreement.

The negotiations with Collins have been lengthy and have undergone many changes. On April 26th, I reported to you on the status of the negotiations with Collins and you in turn presented my report to the Board of IAS. The changes that have occurred since then are as follows:

1. The interest which IAS is to receive from Collins and the appreciation factor applied to the land held for Collins but not yet purchased by him shall be 12%. This previously had been an open item, Collins offering 10% and we asking 12%.

2. The appraisal of the property is to be undertaken now (when convenient) and again after final zoning is received. Collins agrees that the value of the land is not less than \$8,000,000 if zoning permits 1,000 units; and not less than \$6,800,000 if zoning permits 800 units; nor less than \$5,800,000 if zoning permits 600 units. There will be no re-appraisal of the property once development begins. Cost of the appraisal will be paid by IAS but will be re-imbursed by Collins upon the purchase of the first parcel of the land. IAS has suggested that the property be re-appraised from time to time. Collins has resisted this, contending that the increases in value will result from the development of the property.

3. Collins will purchase the land in 3 tranches, paying IAS 20% down and the balance over 5 years at an interest rate as set out above. IAS will agree to subordinate its mortgage but it will receive such other collateral from Collins as to make receipt of the money undoubted. Collins will be allowed not more than 4 years from the date of the initial purchase to make the second purchase; and not more than 4 years thereafter to buy the balance of the land. Previously, Collins was to purchase 10% of the land at the closing and draw down the balance over 8 years.

Page 2

4. Collins will pay IAS a percent of the gross sales proceeds received from the sale of the housing as an Additional Payment.

First one-third of houses sold	1%
Second one-third of houses sold	2%
Third one-third of houses sold	4%

This payment is subject to adjustment. If Collins' cost of the land at the time of the purchase exceeds 15% of the gross sales proceeds, no Additional Payment will be made. If IAS has received less than 11% of the gross sales proceeds after the Additional Payment has been made, a further payment will be made, assuring that IAS receives not less than 11% of the sales price of the housing for its land.

In my earlier report to you, this item was open, with Collins offering 1-1/2% and IAS asking 3% of the sales proceeds as an Additional Payment. There had been no floor - ceiling arrangement earlier. This affords IAS some further inflation hedge in the event prices rise. Collins is protected in the event that costs rise as rapidly, or more rapidly, than his selling prices.

Attached exhibits give projections of the following:

1. Collins' of 4/18/79 used in presentation to the Board of IAS at the Spring 1979 Meeting.

2. Collins' of 7/9/79 showing effects of re-appraisals as suggested by the Board of IAS on reasons for rejection by Collins.

3. Collins' of 7/9/79 which is the basis of the agreement presently under discussion.

Fourth and Fifth exhibits analyze the Additional Payment.

P. G. M.

Exhibit 1

Collins Projection Dated April 18th, 1979

1,000 units

(As presented to IAS at the Spring Board Meeting)

<u>Year</u>	<u>Payments to IAS (\$000)</u>
1	1,000
2	2,000
3	2,798
4	2,678
5	2,558
6	1,274
7	450
8	<u>450</u>
Total	13,208

Assumptions:

1. 1-1/2% Additional Payment to IAS on gross sales.
2. 6% interest factor.
3. Total sales of \$180,000,000.

Exhibit 2

Collins Projections Showing Effects of Re-Appraisals

<u>Year</u>	<u>Payments to IAS (\$000)</u>
1	1,000
2	1,120
3	1,254
4	1,404
5	2,000
6	7,640
7	2,508
8	<u>4,000</u>
Total	20,926

Assumptions:

1. 3% of gross sales Additional Payment.
2. 12% interest factor.
3. Re-appraisal at end of 3rd and 6th year, with land value doubling each time.

Collins Projection Based on Revised Proposal

1980	530,000
1981	1,311,000
1982	1,490,000
1983	720,000
1984	1,787,000
1985	2,663,000
1986	930,000
1987	2,306,000
1988	<u>4,883,000</u>
	16,620,000

Present Value of projected cash flow discounted at 12%:

\$9,534,000

ASSUMPTIONS:

1. 1/3 of the land is "taken down" every three years.
2. 20% of the purchase price of each one-third of the land is paid upon exercising the option to purchase.
3. The land not "taken down" escalates at the rate of 12% per year.
4. The interest rate on the unpaid balance of each purchase money mortgage is 12% per annum.
5. The purchase price is \$8,000,000 based upon obtaining zoning approvals for 1,000 units. Additional compensation is paid to the Institute as follows: For the first one-third of the units, 1% of gross sales; for the second one-third, 2%; for the last one-third, 4%.
6. In no event will the amounts paid to the Institute for raw land, interest and participation in gross sales exceed 15%.

Exhibit 4

Effect of 11% Floor and 15% Ceiling on Additional Payments

Collins Projections:

	<u>\$000</u>	
	Cash Flow	Adjusted for 11% Floor*
1980-1982	3,333	3,333
1983-1985	5,170	5,775
1986	<u>8,119</u>	<u>8,119</u>
	16,620	17,225

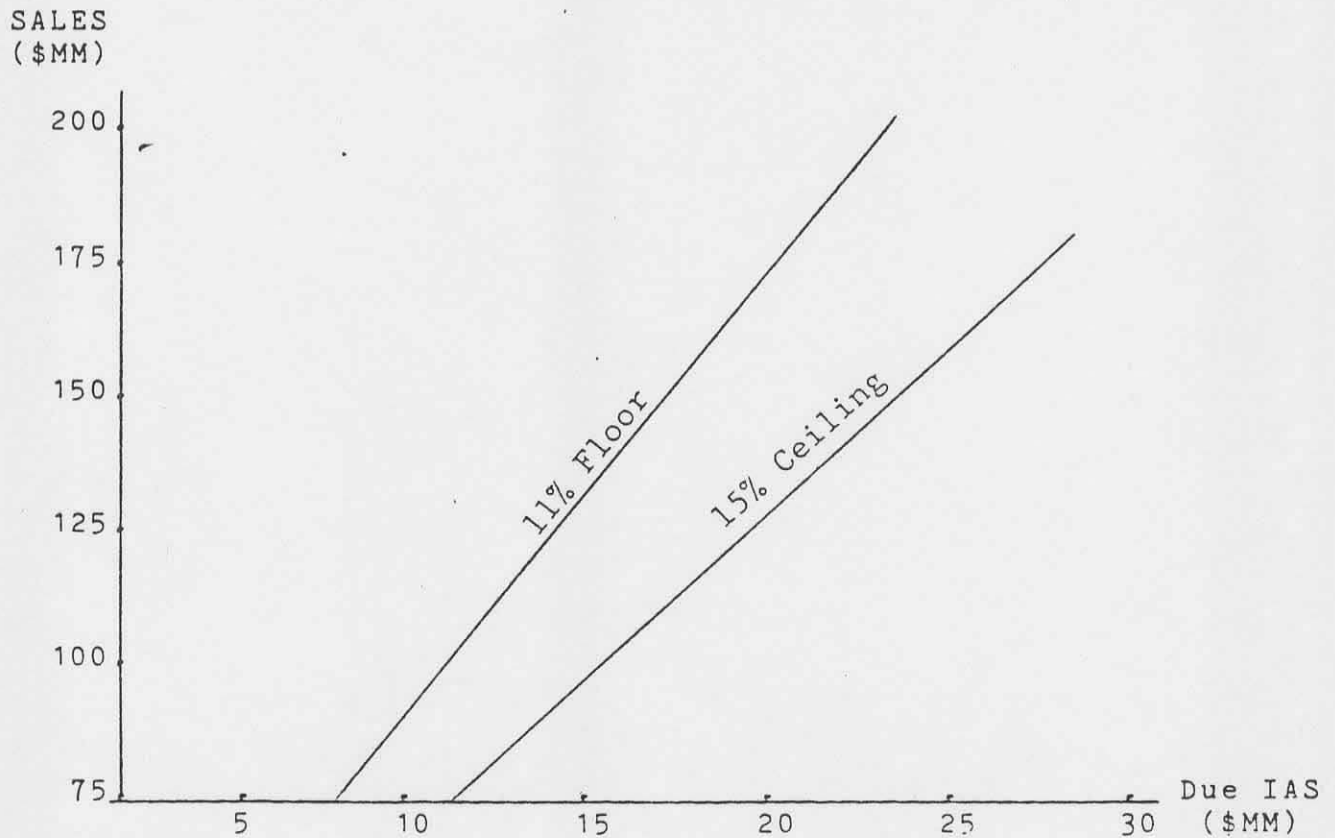
* No adjustment is needed for the 15% Ceiling as the receipts projected for IAS under this model are well below 15% of total sales. As noted in #2 below, sales would have to fall below \$110,800,000 before the ceiling reduced IAS' receipts of Additional Payments.

1. Above based on sales of \$152,500,000 or \$190,600 per unit (based on 1,000 unit project with 200 rental units) on average.

2. If sales total \$110,800,000 or \$138,500 per unit, the ceiling of 15% would limit total payment including Additional Payments to exactly \$16,620,000. If sales total \$83,000,000 or an average of \$103,700 per unit, no Additional Payments would be made to IAS and they would receive \$12,470,000.

3. If sales exceed \$151,000,000 then Additional Payments based on not less than 11% of the sales proceeds to be paid for the land, will be made to IAS. If sales amount to \$160,000,000 IAS will receive not less than \$17,600,000.

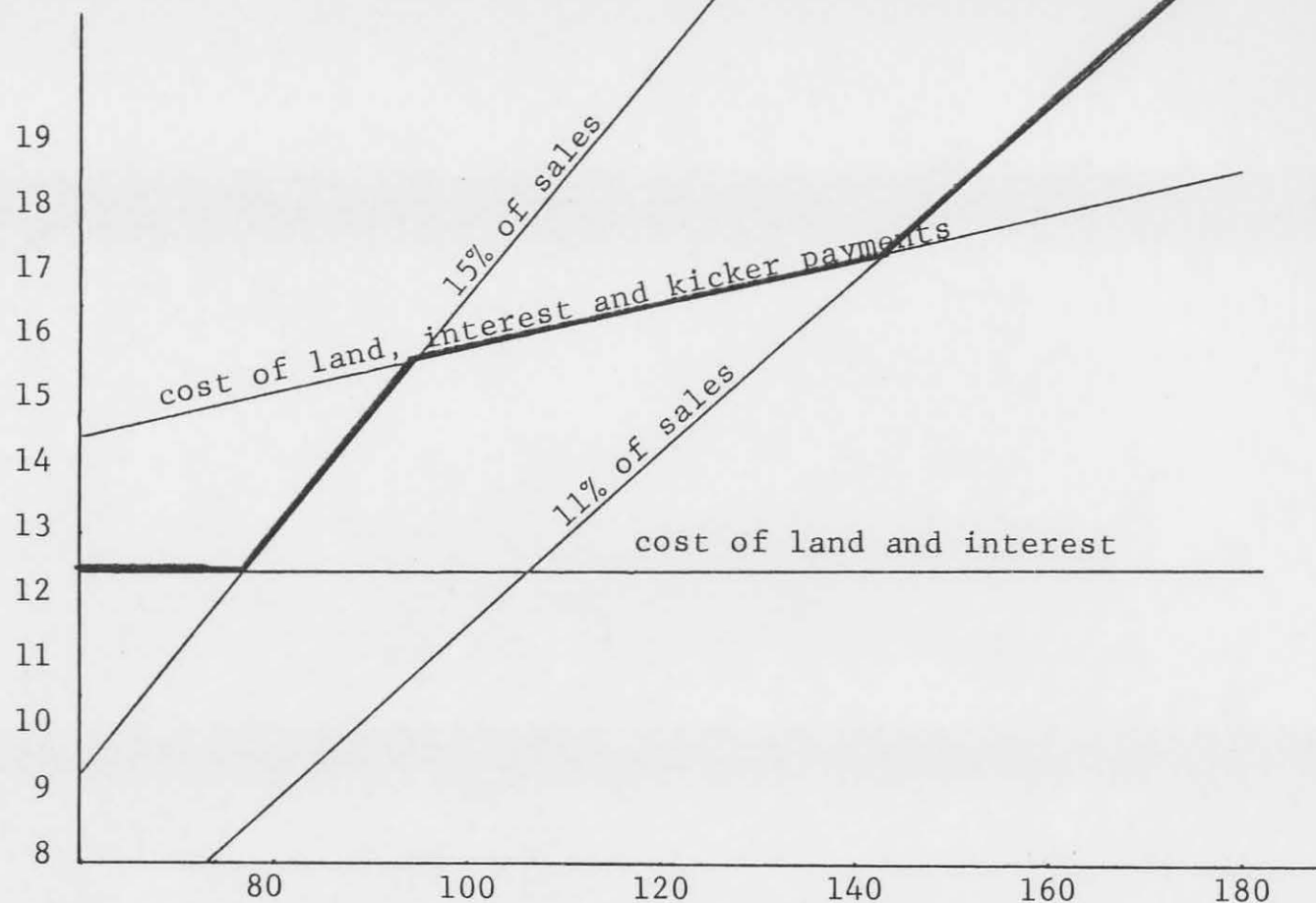
Exhibit 5



<u>Collins achieves Sales of</u>	<u>Floor or Minimum Due IAS</u>	<u>Ceiling or Maximum Due IAS*</u>
\$ 75,000,000	\$ 8,250,000	\$11,250,000
100,000,000	11,000,000	15,000,000
125,000,000	13,750,000	18,750,000
150,000,000	16,500,000	22,500,000
200,000,000	22,000,000	30,000,000

*Applies only to the Additional Payment due IAS on the sale of housing units.

IAS
 Cash Flow
 \$MM



Sales
 \$MM

The red line denotes IAS cash flow under the revised cash flow provisions. If housing sales are less than \$80,000,000, the IAS will receive the amounts specified in the schedule of payments based on the appraised cost of the land and interest; if housing sales are between approximately \$80,000,000 and \$100,000,000, the kicker payments will be reduced as the result of the 15% sales limitation; and if housing sales are between approximately \$100,000,000 and \$150,000,000, the IAS cash flow will be equal to the amounts specified in the schedule of payments based on the appraised cost of land and interest, plus the kicker payments, as provided in the original proposal. If housing sales exceed approximately \$150,000,000, IAS cash flow will equal to 11% of sales which would be greater than the IAS cash flow as calculated on the basis of the original proposal.